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January 2015

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Institute of Chartered Secretaries

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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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Graduates: 499
Associates: 4,951
Fellows: 519

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January 2015

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中国资本市场近年来在监管方面进行了许多重大变革。上海证券交易所实行了信息披露直通车，也颁布了优先股与并购重组的新规则。在本文中，几位资深董秘为我们分析了该等发展对董秘工作及对中国资本市场的完善和效率提升所产生的影响。

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The road ahead

I was honoured and delighted to be elected as president of the Institute at the Council meeting which followed our Annual General Meeting on 19 December 2014. I would like to thank all the members of the Institute for placing faith in me and I will do my best to justify your trust. I would also like to take this opportunity to express my appreciation for the work of our immediate past president Edith Shih FCIS FCS(PE). Edith will remain on Council as an ex-officio member, of course, and as a Vice-President of the Institute of Chartered Secretaries and Administrators (ICSA), so I look forward to working with her to further our goals.

It is an interesting and exciting time to be taking on the HKICS presidency. We have seen progress towards our goals in Hong Kong, Mainland China and internationally, but there remain many challenges we will need to address in the years ahead.

Here in Hong Kong, the value a Chartered Secretary brings to an organisation is increasingly recognised and regulators are keen to engage with us as a key stakeholder in their agenda to maintain market standards. This is no time, however, to rest on our laurels – the regulatory and operating environment in which our members work is becoming increasingly complex and the skills needed to help companies navigate their way through this environment are much more diverse than previously. We will need to continue to enhance our professional development, membership and educational services to ensure that

our members are well prepared for the challenges ahead. For instance, a major recent initiative of Hong Kong Exchanges and Clearing Ltd (HKEx) is to promote a risk management culture among listed issuers. We are going to hold a seminar to seek to highlight HKEx's proposals and its impact upon the governance of listed issuers, and to bring out the emerging trends which Hong Kong is to adopt and to give thoughts to other jurisdictions, particularly in Asia, to follow suit. This seminar has been organised in partnership with the Hong Kong Trade Development Council as part of the International Financial Week events following the Asian Financial Forum 2015.

Internationally, while we have seen an unprecedented convergence of the global profession in recent years, there is still a lot of work ahead of us to build the international profile of the profession and to find ways to recognise the diversity of its membership. We will be doing so, however, with the benefit of a much more secure foundation. As ICSA President Frank Bush FCIS points out in this month's In Profile (see pages 16–20), the ICSA has set itself on a new and much more globally-oriented course – it aspires to be the leading global professional body in governance.

In Mainland China, our ties with stakeholders are closer than ever, and we are starting to see concrete progress towards the professionalisation of the board secretarial role. While the fast-changing regulatory and business environment in the Mainland is certainly bringing much better recognition of the board secretarial role, it is also increasing the demands on our peers in the Mainland. This is evident from our cover story this month which updates readers on some of the key Mainland regulatory reforms of last year (see pages 6–15).

The article gives very useful and practical information on regulatory changes, but it also highlights the macro trends

which these reforms are part of. The move by the Shanghai Stock Exchange to a post-vetting regime for corporate announcements, for example, is part of the general shift towards a less interventionist regulatory regime in the PRC. This trend has put the work of board secretaries in the Mainland under a spotlight since they are responsible for ensuring that companies' regulatory compliance and corporate disclosure systems are sufficiently robust.

This article would not have been possible without the broad network of affiliate members we now have in the Mainland. It is therefore a good example of how our Mainland work is not just about assisting in the development of the profession in the PRC – it is also very much about keeping our Hong Kong members up to date with Mainland developments. Having a good knowledge of the Mainland market is increasingly a must for company secretaries in Hong Kong. Topical issues relating to the regulatory and business environment of Mainland China have therefore been an increasing focus of our ECPD offerings and articles in this journal.

I look forward to working with members of the Institute, our students and the Institute's secretariat on taking forward our work in Hong Kong, Mainland China and internationally.

I hope the coming Year of the Sheep brings health, happiness and success for all of us, our families and our profession.

Happy new year!

A handwritten signature in black ink, appearing to read 'Maurice Ngai'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Maurice Ngai FCIS FCS(PE)

未来发展路向

我很荣幸和高兴能于2014年12月19日的会员周年大会后所举行的理事会会议中，被推举并当选为公会会长。在此，非常感谢会员对我的信任，我必将竭尽所能以答谢大家对我的支持。我并谨此对上一任会长施熙德律师(Edith) FCIS FCS(PE) 于任内所作的贡献表示谢意。当然，Edith身为当然成员将继续留任于理事会，并担任英国特许秘书及行政人员公会 (ICSA) 的副会长。我十分期待与她继续共事，并进一步推展公会的发展目标。

担任香港特许秘书公会会长是饶有趣味和令人振奋的工作。公会在香港、中国内地和国际上均取得了不少进展，但未来我们仍需面对许多挑战。

在香港，特许秘书为其服务的机构所作的贡献已经获得更多肯定，而监管机构在维护市场运作标准的过程中，也乐意将我们视为主要持份者。然而，我们绝不能安于现状一本会会员所面对的监管与运作环境已变得越来越复杂，而带领企业跨越此等复杂环境所需的技能，也与过往截然不同。我们需要不断更新自身的专业发展、会员和教育等方面的服务，确保为会员提供充足装备面对未来的挑战。例如，香港交易及结算所有限公司（港交所）近期倡议向上市发行人推广风险管理文化。我们正计划举办研讨会介绍港交所这项倡议，以及其对上市发行人的管治所产生之影响，并阐述

各种香港将会顺应的各种新兴趋势，并考虑其他司法管辖区（尤其亚洲区）的趋势和值得效法的地方。是次研讨会将与香港贸易发展局合办，作为「亚洲金融论坛2015」的「国际金融周」活动之一。

在国际层面上，我们察觉到这一环球专业在近年出现前所未有的趋同，但在建立其国际地位，以及如何认可背景回异的会员等方面，我们仍有许多未完的工作。故此，我们将着手这些工作，以期稳固行业根基。恰如ICSA会长Frank Bush FCIS 在本月的In Profile（见第16-20页）中所指出，ICSA也定调朝着一个崭新并更具国际视野的发展路向，旨在企业管治领域成为全球领先专业机构。

在中国内地方面，我们与当地持份者的联系，较以往任何时间都更紧密，而我们也开始看到董事会秘书的角色正迈向专业化。内地在监管及业务环境方面的迅速发展，让董事会秘书的角色得到更大肯定，但同时提高了对董事会秘书的要求。本期有关内地若干重大监管改革的封面故事（见第6-15页），正好反映这情况。

该文章为我们提供有关监管改革非常实用的资讯，并阐释该等改革的宏观趋势。例如，上海证券交易所对企业所发的公告实行事后审查制度，反映中国证券监管制度朝向减少干预的趋

势。在内地，这趋势掀起了对董事会秘书工作的关注，因为他们的职责是确保公司的监管合规，以及确保企业的披露制度运作良好。

假如我们未在内地建立一个像目前联席成员计划的广泛网络，这篇文章也许无法成文。本刊的专业文章显示我们在内地的工作，并非仅为了协助发展内地的董事会秘书专业，同时亦让本会会员及时掌握内地的最新发展。对香港的公司秘书而言，了解内地市场已逐渐变得不可或缺。因此，关于内地监管及业务环境的专题，成为本会强化持续专业发展讲座及本刊的关注重点。

我衷心期待与公会会员、学员，以及秘书处的同仁，共同推动我们在香港、内地及国际间的会务发展。

我在此祝愿各位和家人，以及我们的专业，在2015年身体健康及生活愉快！

新年新乐！



魏伟峰博士

Regulatory reform in the PRC



Senior board secretaries assess the implications of regulatory reforms in the PRC, both for the work of board secretaries and for the integrity and efficiency of China's capital markets.

China's capital markets have been developing very rapidly in recent years and board secretaries are playing a key role in this development. They are dedicated to not only creating value for their enterprises but also to improving the capital markets and the flourishing economy of China. This article focuses on three reforms to the regulatory infrastructure of China's capital markets:

1. the introduction of a new 'direct information disclosure' system whereby corporate announcements are made directly to the market without having to be pre-vetted by the stock exchange
2. the launch of preferred shares, and
3. the introduction of new rules relating to mergers and acquisitions.

1. Direct information disclosure

Information disclosure is one of the most important obligations of listed companies and corporate announcements are one of the main channels for communication between listed companies and investors. In the last two years, China has been implementing its new 'direct information disclosure' reform. CSj interviewed Xie Bing, Board Secretary of China Southern Airlines, on the implications of this reform.

'To put it simply, the new direct information disclosure system means that listed companies have to directly register, transmit and distribute documents for the purpose of information disclosure by electronic means,' he says. Previously such

announcements had to go through the stock exchange and were pre-vetted by the exchange. Since the implementation of this reform the exchange will only post-vet such announcements.

The new disclosure regime was introduced on 1 July 2013 and has been underpinned by the new electronic information disclosure system introduced by the Shanghai Stock Exchange on 3 December 2012. Listed companies can now directly upload their announcements by electronic means in an effective, secure and controllable way.

'Direct information disclosure might seem to be only a small change in the method of disclosure, but in fact it is a significant change to regulatory philosophy in the PRC,' says Mr Xie. He points out that the reform is part of the shift towards more reliance on self-regulation by companies. 'Securities regulation in China has been focusing too much on managing companies rather than regulating them – the focus was too much on prior scrutiny rather than subsequent supervision.'

The new disclosure regime is therefore part of the general shift towards relying on market forces to discipline behaviour. 'In simple terms, it means a relaxation of control and a reinforcement of regulation and a clear distinction between the functions of government and functions of the market,' says Mr Xie.

The new regime is also part of wider reforms to information disclosure in the Mainland. Mr Xie points out that regulators have formalised new disclosure requirements, particularly in the 'Announcement Classification Concerning Information Disclosure of Listed Companies and the Guideline for the Formats of Interim Announcements of Listed Companies'. This states explicitly the specific requirements, operating processes and regulation measures relating to information disclosure.

The recent reforms have clarified the roles of the different parties involved in disclosure. In particular, listed companies need to take responsibility for information disclosure while regulators are responsible

Highlights

- China's new information disclosure regime is part of a general shift towards an increased reliance on market forces to discipline behaviour
- recent deregulatory reforms, including the launch of preferred shares and new rules relating to mergers and acquisitions, seek to encourage innovation and market development
- Mainland China's capital markets have been developing very rapidly in recent years and board secretaries are playing a key role in this development

“
I think the standard of regulation of information disclosure in China’s capital markets has caught up with that of Hong Kong and the US, and is even stricter and more effective than Hong Kong and the US in certain respects
 ”

Xie Bing, Board Secretary, China Southern Airlines

for making rules, taking measures against violations and protecting the interest of investors. The stock exchange will no longer give its 'endorsement' to corporate announcements via the pre-vetting regime. Regulators are seeking to encourage other parties, such as investors, to participate in the regulation of listed companies to increase the efficiency of China's capital markets.

'I think the standard of regulation of information disclosure in China's capital markets has caught up with that of Hong Kong and the US and is even stricter and more effective than Hong Kong and the US in certain respects,' says Mr Xie. He adds that these changes have very significant implications for the work of board secretaries in China. 'In my experience, direct information disclosure poses great challenges for companies' disclosure programmes,' he says.

Highlighting the benefits of information disclosure

Many companies used to regard their information disclosure obligations primarily as a regulatory burden, but the recent reforms have highlighted the rationale behind companies' disclosure

obligations, in particular investors' right to know. The reforms are intended to encourage companies to go beyond fulfilling the minimum regulatory requirements and to focus on the many benefits of a good disclosure regime – such as improving corporate governance and satisfying the needs of investors.

Strengthening information disclosure systems and processes

The reforms have also obliged listed companies to rebuild their systems and processes for information disclosure. At China Southern Airlines, Mr Xie created a new system which seeks to institutionalise the work, streamline the procedures and document the processes involved in corporate disclosure. He created a number of work lists relating to the company's regular and interim reports, and integrated these with other lists, such as those relating to board meetings. This has achieved a standardised, efficient and process-oriented disclosure system.

Moreover, he also adopted a quality control system ensuring that all information disclosure work is cross-checked. New positions responsible for information disclosure of the company's

A-share and H-share listings have been set up and they are responsible for cross-checking documents. The documents are then submitted to the representative of securities affairs for checking before coming to Mr Xie for final approval. 'A strictly controlled system and process will ensure a standard of "zero error" in the work of information disclosure,' says Mr Xie.

Increasing the pool of professional talent

Mr Xie emphasises that, to meet the challenges of the new disclosure requirements, companies must put more emphasis on the training of personnel and team building. He says that people who are 'dedicated, diligent, skillful and committed' are most suitable to work in information disclosure. 'By "dedicated", I mean those who pay special attention to their work. By "diligent", I mean those who work hard and are prepared to ask questions and willing to learn. By "skillful", I mean those who pursue excellence. They strive to ensure that every announcement is perfect, in particular making sure that the figures disclosed are accurate and without error. Candidates should also be well-equipped with professional knowledge and

“
**board secretaries must strive to avoid conflict
 between shareholders of these two different classes
 [preferred and ordinary shares] since this could
 jeopardise the entire system of share issuance**
 ”

Yao Jun FCIS FCS, Company Secretary, Ping An

capabilities. They should be selfless, well-trained and trustworthy. By "committed", I mean those who are keen to work and have passion.'

He adds that the team should be highly conscious of the risks involved and should always be very cautious. Mr Xie uses the equation '100-1=0' to remind his colleagues of the need for accuracy in reporting. 'To build up such a team is no easy task,' he says. 'A board secretary should not only be familiar with the rules, but should also be a good "coach" who can train up a very efficient information disclosure team.'

2. The launch of preferred shares

The launch of China's first preferred shares (shares entitling shareholders to a fixed dividend and priority over ordinary shareholders when payments are due) was undoubtedly one of the big regulatory developments of 2014.

The State Council's 'Pilot Programme for Preferred Shares' got underway in 2013. The CSRC, the Shanghai and Shenzhen stock exchanges, and the China Securities Depository and Clearing Company Ltd, have promulgated measures relating to

preferred shares. In early November 2014, the Agricultural Bank of China completed the issuance of domestic preferred shares and the Bank of China completed the issuance of overseas preferred shares, indicating that the system of preferred shares has been firmly established in China in less than one year.

CSj interviewed Yao Jun, Company Secretary of Ping An Insurance (Group) Company of China Ltd (Ping An), about the opportunities and challenges this new financing method brings for listed companies. He emphasises that the system of preferred shares requires listed companies to have a good credit worthiness. 'Only a company with sufficient profit for distribution should issue preferred shares,' he says. Moreover, the system of preferred shares poses new corporate governance challenges. This is because preferred shareholders are a new class of people among companies' stakeholders. Mr Yao believes that companies need to maintain the following four 'balances'.

1. The balance between stocks and bonds

Not all preferred shares can be counted

toward capital, and not all bonds cannot be counted toward capital. For instance, the guidelines of the State Council require the distribution of dividends to holders of publicly issued preferred shares when there is distributable profit. This provision will very likely mean that publicly issued preferred shares will be unable to meet the core criterion of counting toward capital (namely, that an issuer does not have any obligation to make cash payments under whatever circumstances). Therefore, if a company wishes to replenish capital by means of preferred shares, it should understand thoroughly the related rules and determine the terms of issuance.

2. The balance between ordinary shares and preferred shares

Both ordinary shares and preferred shares distribute after-tax profit and they both provide funds for the company's development. So they compete and cooperate with each other. 'Board secretaries must consider the implications of this and should strive to avoid conflict between shareholders of these two different classes since this could jeopardise the entire system of share issuance,' Mr Yao says.

3. The balance between preferred shares and other capital raising tools

In addition to preferred shares, there are other capital raising methods for companies, such as convertible bonds, perpetual bonds and sustainable medium-term notes. Companies should fully consider the advantages and disadvantages of these financing tools and seek the most suitable option. For example, in the case of banks, preferred shares can replenish their tier one capital. However, in the case of non-financial companies such as power plants, sustainable medium-term notes may be a better option, as they can not only reduce the asset-liability ratio, but their financial cost will also be less than that of preferred shares.

4. The balance between normal and abnormal circumstances

In a developed capital market, preferred shares are often used in certain 'abnormal' circumstances. For example, after the financial crisis the US government injected capital into some financial institutions by purchasing preferred shares. In addition, preferred shares are also frequently used in merger and acquisitions. A board secretary must fully consider how the company can utilise preferred shares effectively under normal and abnormal circumstances.

'As a board secretary, if you can achieve these four balances, then you can effectively make use of preferred shares as a tool to create value for both the company and all the shareholders,' Mr Yao says.

3. New merger and acquisition rules

The merger and acquisition (M&A) market in China has grown rapidly in recent years, and China has become an



active player in the global M&A market. This trend was spectacularly evident in 2014. By the end of September, the value of M&A transactions in China reached RMB1 trillion, exceeding the value for the entire year in 2013.

One company which has been very active in this field is Guangzhou Shipyard International. It purchased a 100% shareholding in CSSC Guangzhou Huangpu Shipbuilding Company from China State Shipbuilding Corporation through the issuance of shares, and also purchased relevant shipbuilding assets from Yangzhou Kejin Shipyard Company, thus creating Shanghai and Hong Kong's biggest issuer in the military industry sector.

CSj interviewed Shi Wei Dong, Board Secretary of Guangzhou Shipyard

International, about the strategy behind his company's recent acquisitions. He cites three main considerations. Firstly, the acquisitions will help the company to adapt to the changes in both the Mainland economy and the structure of its shipbuilding industry – in particular the low concentration of the industry, the overcapacity of production and insufficient innovation. Secondly, they have achieved an injection of major assets into the Group and enhanced the competitiveness and earning capacity of the listed company. Thirdly, they will help the company to meet the needs of the national military industry and provide a mechanism and funds for the development of the military industry through the platform of the capital market.

“
China has been simplifying the examination and approval process for M&As and delegating powers to the market
 ”

Shi Wei Dong, Board Secretary,
 Guangzhou Shipyard International

Mr Shi also discussed recent deregulatory reforms in China's asset restructuring sector. The CSRC promulgated the 'Administrative Measures for the Material Asset Reorganisations of Listed Companies' on 24 October 2014. The new measures aim to simplify M&A procedures by getting rid of some administrative permissions.

'China has been simplifying the examination and approval process for M&As and delegating powers to the market since last year,' says Mr Shi. In 2013, a regime of separate scrutiny was adopted which greatly increased the efficiency of the M&A process. Sale conduct which does not amount to back door listing is no longer subject to approval; the pricing mechanism on acquiring assets by issuing stocks has been improved; there has been an increase in the payment methods for M&As; and costs of takeover bids have been reduced.

Moreover, when additional shares are issued to major shareholders, there is no need to submit an application for the exemption from tendering offer.

Mr Shi says that these measures have greatly increased the efficiency of M&A activity in China and his company has benefited from the new policies. For example, both the 'Implementation Procedures for Parallel Examination and Approval' and the regime for separate scrutiny have saved the company a lot of time since these reforms have led to a reduction in the number of documents authorities require. With regard to the pricing system, Guangzhou Shipyard International has, where possible, adopted the "120 Days" pricing model provided for in the new measures.

Mr Shi believes that the deregulatory reforms in China's M&A sector, together with other reforms of China's A-share market, will usher in a new surge in M&A activity. He also makes the following predictions about the future of China's M&A sector.

Continued expansion of the functions of M&As

From 2013, listed companies have engaged in M&As chiefly to achieve integration of their supply chain, M&As have therefore been generally in the same industrial sector and have achieved the integration of upper and lower streams. Going forward, however, M&As will play an increasing role in other ways. Mr Shi believes they will be used to help adjust to changes in the wider economy. Mergers of state enterprises and private enterprises, for example, will assist in the current reform of state-owned enterprises (SOEs) and the move towards a 'mixed ownership' economy.

Continued broadening of the targets of M&As

The targets of M&As have mainly been emerging businesses and private enterprises in emerging sectors of the economy. These have included the medical, online mobile services, movie and television, internet marketing and environmental protection sectors. Some traditional and large-scale enterprises, however, have started to become targets. Once again, SOE reform and the move towards a mixed-ownership economy are the major trends to watch. In addition, the integration and technological upgrading of traditional industries, especially the integration and rebuilding of the traditional industries with the newly emerging industries, will be a trend to watch in the M&A market.

Innovation in M&As

The new regulatory regime means that no scrutiny is needed for acquisitions in cash, while approval of the CSRC is still needed for the acquisition of assets by issuing shares. Therefore, it is anticipated that the number of acquisitions in cash by listed companies will increase. The new policies seek to encourage innovation in payment methods, however, so it is likely that new payment methods such as issuing preferred shares, convertible bonds and high-yield bonds will be developed.

In conclusion, Mr Shi says that the new M&A regulatory regime in China has been good news for enterprises. If, as expected, the reforms lead to a surge in M&A activity, they will also give greater momentum to the economic development of China. 

Xie Bing

Board Secretary, China Southern Airlines

中国内地证券监管规则的变化

中国资本市场近年来在监管方面进行了许多重大变革。上海证券交易所实行了信息披露直通车，也颁布了优先股与并购重组的新规则。在本文中，几位资深董秘为我们分析了该等发展对董秘工作及对中国资本市场的完善和效率提升所产生的影响。



近年来，随着中国经济结构的调整
和改革力度的加大，内地资本市场的
作用也日益凸显，资本市场更是在
发展中寻求变革，在证券监管方面出现
了很多新的变化。本文特别选取了三个
内地资本市场的热点，通过访谈内地资
深董秘解读内地证券监管的深刻变化，
探索监管规则变化对上市公司以及对董
秘工作的挑战。

一、上市公司信息披露的新挑战- 信息披露直通车

信息披露是上市公司最重要的义务之
一，也是上市公司与投资者交流的最主
要渠道。近两年内地一直在推行信息披
露直通车（简称“直通车”）。为深入
探寻直通车带来的挑战，本刊采访了资
深董秘-南航董事会秘书谢兵。

**问：您能否介绍一下什么是信息披
露直通车？**

谢兵：信息披露直通车简单说就是上市
公司通过电子方式自行登记、传送和发
布信息披露文件，交易所不进行事前审
核，而实行事后审核。上海证券交易所
2012年12月3日正式启用上交所信息披
露电子化系统，2013年7月1日起正式实
施上证直通车。

**问：作为董秘，您如何看待直通车
的实施？**

谢兵：直通车表面上只是披露方式的小
变化，实则是信息披露监管体系从监管
理念、监管方式、监管效果等方面的深
层次变革。

受多方面因素影响，中国的证券监管一
直是管理职能多、监督职能少，事前审
批强，事后监管弱。信息披露直通车的
实施，根源是监管理念的变革，即从行
政性监管向市场化监管的大幅转变，简
单地说就是“放松管制、加强监管”，
让“政府的归政府、市场的归市场”。

在监管方式上，以直通车的实施为契
机，监管机构也对信息披露的监管进行

了大幅度的改革，主要特点有：

- 1. 制度化。**为适应直通车的实施，监
管机构全面加强信息披露的制度建
设，制定了《上市公司信息披露公
告类别索引》、《上市公司临时公
告格式指引》等配套文件，明确了
信息披露的具体要求、操作流程、
监管措施。
- 2. 规范化。**直通车的实行使各主体的
定位、权责及监管方式都更加规
范。上市公司作为“运动员”必须
严格按照要求履行信息披露义务，交
易所不再“背书”；监管机构负责
规则制定、打击违规行为，保护投
资者权益。投资者等其他主体也能
共同参与监督上市公司，资本市场
运行更加有效。
- 3. 信息化。**监管机构建设并启用了信
息披露电子化系统，推进与内部
各管理流程系统的对接；上市公
司严格进行电子化上传管理，保
证信息披露电子化处理的高效、
安全与可控。

我个人认为，内地资本市场的信息披露
监管已经与香港、美国等地基本接轨，
有些方面甚至还更加严格和高效，大有
后来居上的趋势。

**问：您作为多地上市公司的资深
董秘，在应对信息披露直通车方
面有哪些经验能和我们分享？**

谢兵：根据我的体会，信息披露直通车
对信息披露的定位、制度及流程再造以
及队伍建设等方面都有很大的挑战，也
必须在这些方面做好有效应对：

- 1. 提升信披工作的定位。**之前很多
公司认为信息披露就是满足交易所
的监管要求。直通车实施后，信息
披露的功能也有了变化，更多是为
保障投资者的知情权；此外，信息
披露的质量还与再融资等资本运作

挂钩。因此，信息披露的定位必须
从满足最低监管要求，到提升公
司治理、满足投资者的信息获取需
求、公司再融资、并购重组等市值
管理需求以及满足监管要求等多重
目标进行转变。

- 2. 加强信披制度和流程建设。**信批
直通车不只是电子化上传的简单操
作，而是上市公司信息披露工作的
系统性的制度和流程再造。我在南
航就提出了“工作制度化、制度流
程化、流程表单化、表单集成化”
的要求，将公司定期报告、临时报
告的工作分解成具体制度，画成流
程图，并形成工作表单，再将工作
表单与董事会召开等其他表单进行
整理与合并，用制度化、规范化、
流程化来规范和指导信息披露工
作。此外，实行分级审核与交叉复
核相结合的质量控制体系，A股和H
股信息披露岗位分设并交叉审核，
再交由证券事务代表统一审核并由
我审批后定稿。严格的制度流程保
证了信息披露工作的“零差错”。
- 3. 加强专业人才储备。**为适应直通
车的挑战和信息披露的新定位，公
司必须更加注重信息披露人才培养

摘要

- 信息披露直通车的实施，根源是监管理念的变革，即从行政性监管向市场化监管的大幅转变
- 近年在放松管制方面实施的改革，包括优先股制度及有关并购重组的新规则，重点均在鼓励创新和市场发展上
- 在中国资本市场近年的迅猛发展中，董事会秘书扮演了非常重要的角色

和团队建设。我认为，“敬业、勤业、精业、乐业”的人才是最合适的信批人员。敬业是指对公司、对工作高度负责；勤业是多做、多想、多问、多学；精业是追求完美，每个公告都要做好，每个数字都要准确，不留瑕疵与错漏；要有专业知识和专业能力，更要有无私、训练有素和值得信赖的专业素养；乐业是工作有兴趣，有激情。此外，团队要有高度的风险意识，要时时刻刻都战战兢兢、如履薄冰，我常用“100-1=0”来警示大家。当然培养这样的团队很不容易。对董秘而言，不仅自己熟悉规则，更要当好“教练”，打造一支过硬的信息披露团队。

二、优先股带来的新挑战

2014年最受关注的融资方式创新无疑是优先股。在此之前，很多内地投资者不知道优先股的存在。优先股的横空出世对监管机构、投资者以及上市公司都是全新的挑战。

自2013年底国务院发布《国务院关于开展优先股试点的指导意见》后，优先股的制度建设在2014年全面铺开。中国证监会、上海和深圳证券交易所以及中国

“
我个人认为，内地资本市场的信息披露监管已经与香港、美国等地基本接轨，有些方面甚至还更加严格和高效，大有后来居上的趋势”

中国南方航空董事会秘书谢兵

证券登记结算公司等也都发布了相关的配套制度。11月初，中国农业银行完成了境内优先股的发行，中国银行完成了境外优先股的发行，标志着优先股仅用不到一年就在内地落地生根。

优先股为上市公司提供了一种全新的股权融资方式，作为董秘该如何看待及迎接这一挑战呢？中国平安公司秘书姚军先生认为优先股制度看起来很美，但用起来却要格外小心：

1. **优先股对上市公司的资质要求较高。** 优先股的股息来源于税后利润，要获得投资者的认可和保证股息的兑付，公司必须具有持续的高盈利能力和较好的现金流。简单地说，能赚钱、多赚钱、能分钱的公司才适合发优先股；
2. **优先股对公司治理提出新的挑战。** 优先股的出现，使公司的利益相关者多出了一个特殊的层次-优先股股东，他们既不是一般的股东，也不是普通的债主。公司经营得好如约分红，他们只分钱不参与决策；经营不好无法分红，他们立即变成了手握投票权的股东，来找公司算账，会对公司的经营管理产生较大的影响。

如何用好优先股这个工具为公司发展服务呢？姚军先生简单总结为做好几个平衡：

1. **股性和债性的平衡。** 优先股不一定就能计入资本，债券不一定就不能计入资本。如条款设计上稍有偏差，优先股可能被界定为债务融资，而不是股权融资。比如国务院指导意见中要求公开发行的优先股在有可分配利润的情况下必须强制分配股息，这条很可能导致公开发行的优先股不满足计入资本的核心标准（即权益工具必须是发行人在任何情况下都不存在现金支付的

义务）。因此，要通过优先股补充资本，就必须吃透规则，确定好发行条款；

2. **普通股与优先股的平衡。** 普通股和优先股股东都是分税后利润，但两者都提供资金帮助公司发展，两者是既竞争又合作。董秘一定要设身处地，把涉及两类股东利益的情况和条款都想清楚，力争让两类股东共同获利，而不用担心互相争利，否则发行难以成功。
3. **优先股与其他混合型融资工具的平衡。** 除优先股之外还有可转债、永续债及永续中票等金融产品都可补充资本。公司应充分考虑这些混合型融资工具的优缺点，寻找最合适的方式。比如对银行来说，优先股能补充一级资本；但对电力等非金融企业，可能永续中票更好，不仅能降低资产负债率，融资成本还低于优先股；
4. **常态与非常态下的平衡。** 在发达资本市场，优先股经常用于一些非常态的情况，如金融危机爆发后美国政府通过认购优先股对部分金融机构注资。此外，优先股也经常作为并购重组的对价方式。作为董秘，必须充分考虑在常态和非常态下，公司该如何有效利用优先股。

作为董秘，如果能做好这4个平衡，就能有效利用好优先股这个工具为公司、为全体股东创造价值。

三、并购重组新规

2013年中国并购市场快速发展，已经成为全球并购市场中较活跃的地区之一。2014年更是高歌猛进，截至9月底，A股上市公司并购重组交易金额已经达到1万亿元，超过2013年全年。近期广船国际公布预案，通过发行股份向中国船舶工业集团公司购买中船黄埔文冲船舶有限公司100%股权，并向扬

州科进船业有限公司购买其持有的相关造船资产，打造出了沪港“军工第一股”。本刊特别采访了广船国际董秘施卫东，探寻并购重组新趋势及新政对资本市场的影响。

问：广船国际进行并购重组的主要考虑是什么？

施：广船本次资产重组的主要考虑有：顺应中国经济和船舶产业结构调整与转型升级大势，改变目前产业集中度低、产能过剩以及创新不足等发展顽疾；实现集团主业资产的注入，提高上市公司的竞争实力与盈利能力；顺应国家军工改革的要求，通过资本市场平台为军工行业发展提供机制和资金支持。

问：与以前相比，资产重组的监管政策上有哪些变化？

施：大家可能都关注到10月24日中国证监会发布的《上市公司重大资产重组管理办法》，新办法通过简化并购重组流程、取消一定的行政许可，实现对并购重组的简政放权。实际上从去年开始整个并购重组都在向着简化审批和向市场放权的路在走，2013年底就开始实行分道制审核，并购重组的效率也大幅提高。新的管理办法也有很多新的政策，比如取消不构成借壳上市的出售行为的审批；完善发行股份购买资产的定价机制；丰富并购重组的支付工具；降低要约收购成本，实行分道制审核等等。当然，还有很重要的一点就是上市公司并购重组实行并联审批，避免互为前置条件。

就广船国际来说，我们也受益于并购重组新政，比如我们这次的审核将实行并联审批和分道制审核，部分项目不用因其他部门的批文而耽误大量时间。在具体的定价上，我们试水新规中“120日”定价模式，是市场套用新管理法定价规则的第一单。这次向大股东增发也不用象几年前还要申请要约豁免。这些措施都极大提高了并购重组的效率。

“**董秘一定要设身处地，把涉及两类股东利益的情况和条款都想清楚，力争让两类股东共同获利，而不用担心互相争利，否则发行难以成功**”

中国平安公司秘书姚军

问：您认为新政对资本市场并购重组带来哪些变化？

资产重组新政的出台，使得上市公司并购重组面临的事前监管更加宽松，上市公司将更多考虑自身经营的需要，而不是监管机构的要求来考虑并购重组。结合目前A股上市公司的现状和并购新政，我个人认为并购重组的大潮已经扑面而来，并会呈现出以下特点：

- 1. 并购重组的功能不断扩大。**2013年至今，上市公司进行并购重组的主要目标是产业链的整合，如同业收购或上下游整合。今后并购重组将在经济结构调整与转型升级、混合所有制与国企改革、跨国并购等方面发挥更大作用。以国企改革为例，国企和民企通过资本市场引进其他资本实现混合所有制、国企推进整体上市或专业化重组、资产置换等都将成为并购重组的新功能。
- 2. 并购重组的热点不断扩散。**现在并购重组主要是新兴行业、民营企业唱主角，未来新兴产业仍将保持较高的热度，并购热点除医疗、移动互联网等之外，还向影视、互联网营销、环保等热点转移；另一方面，传统行业及大型国企这些大象也开始“跳舞”，混合所有制、国企改革、传统产业整合与技术升级，特别是传统行业与新兴产业的融合与再造都

成为并购市场的新热点，将呈现百花齐放的繁荣景象。

- 3. 并购重组的方式不断创新。**这次新规中明确现金收购无需审核，而发行股份购买资产依然需要证监会批准，所以预计上市公司现金收购案例将会增加。此外，新政中提出创新支付方式，预计优先股、可转债、高收益债券等支付工具的创新会不断发展。对于收购资金的需求还将催生并购基金、夹层基金、并购贷款等金融业务的发展繁荣。

此次并购重组新政顺应了经济发展和市场主体经营的客观需要，让并购市场具备了“天时、地利、人和”，将推动中国并购重组向着更大范围、更高层次不断深化，将为中国的经济发展注入强大动力。

结语：内地资本市场的发展一日千里，当我们在关注信息披露、优先股及并购重组新政对上市公司的机遇和挑战时，“沪港通”又迎面而来，内地资本市场加速对外开放。在整个资本市场改革开放的大潮中，我们已经看到董秘这个群体屹立潮头，用他们的智慧与勇气、责任和担当为内地企业一次次创造价值，为资本市场的繁荣和中国经济的腾飞奋勇拼搏、奋斗终生。☞

谢兵

中国南方航空董事会秘书



New horizons

In interview with CSj, the Institute of Chartered Secretaries and Administrators (ICSA) President Frank Bush FCIS discusses the new structure of ICSA Council and the organisation's aspirations to become the leading global professional body in governance.

ICSA Council was restructured in March last year – do you think the new structure is working well?

'Yes. I think we are still getting used to the full implications of the new structure, but the general spirit on the reformed Council is very constructive and we are working very well together. I think everybody is determined not to forget the lessons of the past, but we do not want fight the old battles – we want to look forward rather than back.'

Does the restructuring of the Council reflect a change of direction for the ICSA?

'Yes, a total change of direction. Council is responsible for the future of the ICSA and it needs to identify our strategic plans and start down the path of implementing them. That's the process that we have started on. Now that there is no major block on Council, now that no one is looking over our shoulders, we have a great deal more freedom and responsibility.'

The ICSA, as a global body, is no longer blurred with its UK operations which was the case before. There were always arguments about where the dividing line between the ICSA and the UK, Republic of Ireland and Associated Territories (UKRIAT) operations lay – now it is clear what the UKRIAT responsibilities are and what the ICSA Council should do. That has provided much better accountability and much better transparency.'

Could you explain the dispute between the divisions and the UK that eventually led to the ICSA's new strategic direction?

'In December 2011, we had two meetings with two entirely opposing objectives. The first meeting was called by a group of UK members which wanted to create a unitary institute without any of the divisions. There was a group of people in the UK who wanted the UK to run the whole thing. If their proposal had been followed, there would have been no committee here in Hong Kong, for example, there would not have been a separate entity here at all as all the orders would have come from London.'

But that would have needed an entirely new agreement between the divisions and the UK.

'Yes, they wanted to have the delegation agreements rewritten. I don't think that they ever really thought through how they were going to implement this effectively. They seemed to assume that they would be able to dismantle the divisions with the existing workforce remaining employed, but answering to London instead of to a local committee.'

But the second meeting I mentioned was the meeting requisitioned by the divisions to remove the UK's voting block on Council. The first meeting was abandoned and there was a question about whether the second meeting had proceeded validly. Fortunately common sense prevailed. A number of people within the UK decided that this state of affairs could not continue. They came to talk to the divisions to see what common ground could be found and that worked. We agreed on a way forward which led to the recent changes to the charter and the byelaws.

Since the reforms, an awful lot of rancour and suspicion has fallen away. We now have a good platform to go forward and that has been evident in the two Council meetings since the

Highlights

- recent reforms to the ICSA's royal charter and byelaws have clarified the dividing line between UK operations and the responsibilities of ICSA Council
- the ICSA aims to build its international profile and broaden its curriculum to make it more applicable to members who are not corporate secretaries
- the ICSA aspires to be the leading global professional body in governance

reforms were adopted. We now have a cooperative and a very positive atmosphere.'

How will the delegation of powers to the divisions work in practice?

'The ICSA is an umbrella body. It has a ruling Council which sets policy but which doesn't interfere in the day-to-day management of the divisions. The divisions write their own exams and admit their own members under their delegated powers. Council is responsible for activities that cover more than one division or that have a global impact. So Council is responsible for the relationship with supra-national bodies like the World Bank and the OECD, but it is not responsible for the relationship with the Hong Kong or Chinese government – that is the responsibility of the China division.'

And financially?

The divisions are responsible for their own financial affairs. The budgeting system is still not quite finalised, but effectively the Council will rely on the divisions for the money it needs to carry out its activities. It will have a three-year rolling budget which will be reviewed every year. That will give the divisions some certainty about the cost of Council – we haven't had that in the past because UKRIAT acted as the banker.'

The latest ICSA Council meeting has just taken place here in Hong Kong, what strategies and plans were discussed?

'The final form of the strategic plan has yet to be agreed, but the underlying principles have been accepted. They are based on a number of things. Firstly, there is a recognition that not all of our members are company secretaries. The composition of our membership varies from division to division, but our members fulfill quite a diversity of roles in companies and other organisations as well. In the UK, for example, there is a much higher proportion of charitable bodies than there is here in Hong Kong, so more of our members are employed in the charity sector.

We have also found that there are a lot of other professionals who want to become members. There are a lot of lawyers, risk managers, compliance managers, internal auditors, tax people and even directors who find our qualifications have value. We have to recognise those different roles and we can do so by introducing additional subjects to our curriculum that are more oriented towards some of those specific job descriptions. Australia, for example, is in the process of introducing a risk management course.

The second element of strategy is that we need to build our profile, and that's where our relationship with international

ICSA's new Council

Changes to the ICSA's royal charter and byelaws have led to the removal of the inbuilt majority for members living in the UK, Republic of Ireland and Associated Territories (UKRIAT) on ICSA Council. Council membership is now awarded on a proportionally representative basis depending on the number of members in the various ICSA divisions around the world. Each division can elect one Fellow for up to 1,000 members, plus an additional Fellow for every 3,000 additional members. The UKRIAT division currently has four representatives on

Council, the Hong Kong/China and the Australian divisions both have two representatives, the other divisions have one representative each. The current ICSA Council line-up is listed below.

UKRIAT – Angela Squire, John Heaton, David Venus, Ron Rosenhead

Hong Kong/China – Edith Shih, Paul Stafford

Australia – Peter Turnbull, Frank Bush

Malaysia – Dato' Mohamed Hafidz Nuruddin

Singapore – Tan Wee Liang

New Zealand – Kerry Heath

Southern Africa – Jill Parratt

Canada – Bruce Murray

Past Presidents – Michael Ashford (Canada), Andy Cowe (UKRIAT)

President – Frank Bush

Vice-Presidents – Edith Shih (Hong Kong/China), David Venus (UKRIAT)

“
the feeling in Australia was very strong that by continuing to call ourselves an institute of Chartered Secretaries, we were not representing the interests of all of our members and we were ignoring what was happening in the market
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bodies like the World Bank and the OECD becomes important. We have within our ranks a lot of experience and knowledge on various governance issues that will be of use to these bodies. By raising our profile with them, we will be establishing the importance of the ICSA globally and increasing the value of ICSA membership.

Encapsulating of all of this, we have set ourselves a mission to be the leading global professional body in governance.'

You mention the Australian Division – its decision to change its name to the 'Governance Institute of Australia' has attracted a lot of interest here in Hong Kong and globally. Do you think we'll be seeing other divisions follow suit?

'Firstly, just to be clear, what Australia did was to change the name of its service company – that's a different proposition from the ICSA changing its name. In addition, one needs to bear in mind that it has probably taken Australia five years to complete the process and people probably started talking about it seven or eight years ago.

It is not an operation without risk either. You would need a special resolution and the approval of 75% of those who vote on it. Australia got 80.1 in favour I think. But, as you say, there has been quite a response to Australia's move. What I think will happen next is that the other divisions, who have had the benefit

of a presentation at Council by Australia's representatives on this issue, will take that home and consider it very carefully. They will consider what was involved and why it was done, and they will look at some of the risks that were encountered and the steps that were taken to cope or avoid those risks.'

What's your personal view on this – do you think a change of name for other ICSA divisions would be a good thing?

'With certain caveats, yes. We are talking about changing the name of the institutes, not changing the name of the office of its members.'

So members of the profession will still be Chartered Secretaries?

'Yes. That would be important to preserve. In Australia they had to spell out very clearly that that was going to be preserved. That was important and they are still very careful to emphasise that the role and the title of the Chartered Secretary will remain.'

Do you believe a change of name for other ICSA divisions – in particular using the term 'governance' – would be more inclusive of members who are not Chartered Secretaries?

'Yes, provided that people know what it means and what it stands for. That's another part of the exercise. You would have to explain the reason for adopting the new name so that people understand

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that the organisation isn't just about the company secretary – it is about other roles and it provides skills and expertise for other roles as well. The feeling in Australia was very strong that by continuing to call ourselves an institute of Chartered Secretaries, we were not representing the interests of all of our members and we were ignoring what was happening in the market. The title focuses on a relative minority.

But I don't know what the outcome of this process will be. I don't think that the ICSA would contemplate changing its name unless the divisions start pushing it to do so. I think it will be a bottom-up process.'

Is it a challenge to maintain the same international standards of the Chartered Secretarial qualification when the divisions handle the qualification exams and processes locally?

'The broad parameters of the curriculum are centralised but the implementation is local and that does produce some tensions. The ICSA Professional Standards Committee is comprised mainly of practitioners and some academics – that's a very valuable combination of skills – and it meets twice a year. It looks at samples of the exam papers set in each of the divisions to ensure that the syllabus is properly addressed. It looks at the examiners' guide for each paper to get an understanding of the sort of answers that the examiners are looking for. It also looks at samples of the exam scripts to get an understanding of the way students respond to the exam. It also looks at the way the scripts are marked, to be sure that they are all marked to a similar standard and reasonably fairly.

The aim is to try to ensure that syllabus coverage, the standard of the exams and the standards of marking are reasonably consistent across all of the divisions. That's not an easy process. The divisions don't always use the same teaching methods and they don't all produce the same type of teaching materials.'


How do you see the relationship between the ICSA and the Corporate Secretaries International Association (CSIA) going forward?

'The ICSA is qualification body with individual members and the CSIA is grouping of different professional bodies – we need the two of them. The ICSA is a member of the CSIA, together with other ICSA divisions, but there are bodies that are members of the CSIA that can't come into ICSA – for example the professional bodies in the US and India. Through the CSIA, however, we can get together and discuss common purposes.'

Nevertheless both ICSA and CSIA have set themselves the mission to become the global voice of governance professionals – do you see any clash here?

'No. The CSIA is a very different organisation so there is not a lot of ground for controversy. We want to see them secure their place in the world too. Because we teach, we educate, we would argue that we have a greater body of intellectual property, whereas their mission is much more of an exploration of common purposes.'

There remains a great diversity in the roles adopted by corporate secretaries around the world – do you think corporate secretaries see themselves as being part of a global profession?

'Yes I do and the key word is governance. Although standards will differ from country to country, there is still a global acknowledgement that good governance is a worthwhile standard for all organisations to aim at. It doesn't matter so much what you call yourself, and the standards of governance vary a lot depending on the level of economic and political development. You will always have those sorts of differences, but the basic principles of governance are still applicable.' 

Frank Bush was interviewed in Hong Kong after the ICSA Council meeting on 17–18 October 2014.



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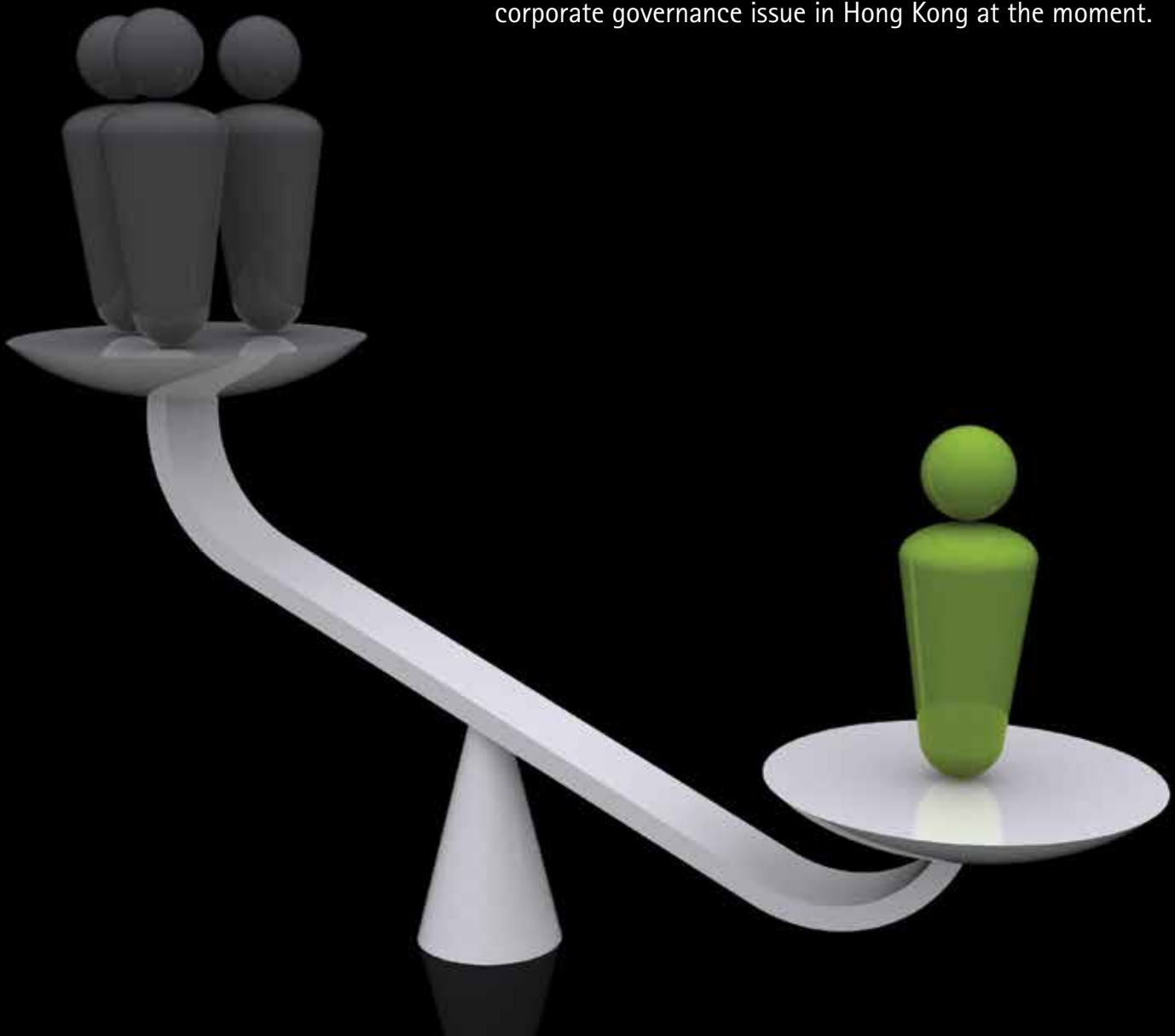
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知識為槳 奔向夢想

Should Hong Kong permit weighted voting rights?

CSj conducts an unofficial poll on the most hotly contested corporate governance issue in Hong Kong at the moment.



A quarter of a century ago, the Hong Kong stock exchange came under pressure after three of the city's most powerful conglomerates – Jardine Matheson Holdings and Li Ka-shing's Hutchison Whampoa and Cheung Kong – announced their intention to switch to dual-class share structures by issuing 'B' shares, which in practice would have increased their voting control without changing their equity stake. Uproar followed, and the Hang Seng Index tumbled in fear that more companies would follow suit.

On 8 April 1987, the stock exchange and the then Office of the Commissioner for Securities declared that the listing of 'B' shares would no longer be permitted. The market drew a sigh of relief and stock prices bounced back.

Fast forward to the present and the issue of dual-class share structures and weighted voting rights (WVR) is back on the agenda in Hong Kong. Chinese e-commerce giant Alibaba's decision to list in New York – where it broke world records by raising US\$25 billion – followed Hong Kong's refusal to allow the company's self-selecting partnership, including founder Jack Ma, to control the majority of board nominations irrespective of their equity stake in the company.

The stock exchange's decision was both praised and criticised; investor protection principles were safeguarded but the city lost a monumental deal. In the aftermath of the decision, many have been asking how many more Alibabas Hong Kong will lose if it upholds the 'one share, one vote' principle? And, on the other hand, what would be the cost of relaxing the rules in terms of investor protection?

In an interview with CSj at the stock exchange's office in Central, Hong Kong Exchanges and Clearing (the Exchange) Chief Executive Charles Li explained that the question needs to be carefully discussed as the future of Hong Kong's long-term competitiveness is at stake.

'The globalisation of financial markets has meant that Chinese companies and overseas companies seeking to raise capital with a WVR structure have the option to list elsewhere rather than list in Hong Kong,' he explains, adding that Hong Kong investors can easily trade on overseas markets via brokers or online services. 'For these reasons, arguments relating to Hong Kong's competitive position vis-à-vis other markets, principally the US, require consideration and debate.'

He adds that the main issue is not the competitiveness of the Exchange, but of Hong Kong's future as a financial centre. He has previously said in a blog post: 'The market needs to be regulated, but it also needs to be developed'.

Under the current rules, a shareholder cannot have greater voting power than another if both have the same amount of equity in a company. This is commonly

known as the 'one-share, one-vote' concept. But Charles Li points out that the listing rules should 'reflect currently acceptable standards in the market place' and, since the issue was last reviewed, much has changed, especially regarding the growing influence of Mainland Chinese technology companies and increased competition from overseas markets.

Dual-class share structures are relatively common in the US and account for around 14 percent of the market capitalisation of all large cap companies. In the late 1980s, the New York Stock Exchange lifted its ban on WVR after increased competition from NASDAQ. Many tech and media firms, including Google, Facebook and Mastercard, adopted a dual-class system when they went public to enable the founders and main leaders to retain control of the company's operations despite the dilution of their ownership stake.

Time for a rethink?

Neither Charles Li nor the Exchange has formed any view for or against WVR, but they believe that the issue needs to be debated. 'We believe', Charles Li says, 'that there is sufficient merit in WVR structures being the subject of review and a comprehensive public debate'.

Highlights

- companies seeking listings with weighted voting rights will go overseas unless Hong Kong changes its rules
- permitting weighted voting rights will weaken minority shareholder rights in Hong Kong and may lead to investors applying a discount to the whole market
- weighted voting rights may be permissible if sufficient enhancements for investor protections are put in place

Hong Kong's Financial Services Development Council (FSDC) also recommends that the 'one share, one vote' concept should be reconsidered via a public consultation. 'If the right balance can be struck between market efficiency and high regulatory standards, introducing a suitable level of flexibility in the rules may help attract more types of enterprises to the market and diversify the range of companies listed in Hong Kong,' the FSDC states in its paper *Positioning Hong Kong as an International IPO Centre of Choice*.

In August 2014, the Exchange issued a Concept Paper seeking views on whether governance structures that give certain persons voting power, or other related rights, disproportionate to their shareholding should be permissible for companies listed or seeking to list on the Exchange's markets. The deadline for responses to the Paper was 30 November 2014. If the Exchange finds support for changing the listing rules, it will then embark on a second stage with further, more detailed, consultation. If not, the issue will be dropped.

The 'yes' vote

Given the number of companies interested in listing with a WVR structure, this is an important decision for Hong Kong. Dr Brian Lo, Vice-President and Company Secretary of APT Satellite Company Ltd, believes the current rules are outdated and in need of modification in order to maintain or strengthen Hong Kong's position in the global arena.

He acknowledges that WVR would pose risks for minority shareholder protection, but points out that measures could be introduced to guard against these risks. 'Even though the new system may have weaknesses, I think we can cope with that.

If it's well studied, planned, regulated and balanced, I think Hong Kong can manage it. Investors are very smart', he says.

In addition to minority shareholder protection, Dr Lo believes regulators would need to consider measures designed to ensure the full disclosure of risk and the implications of the absence of a class-action legal system in Hong Kong would also need to be examined.

For Dr Lo, however, the bottom line is the fact that Hong Kong needs to keep pace with the global trend. 'Hong Kong needs to be more competitive,' he says. 'The listing system has a gap with reality and we have to review it so we can follow industry trends. We need an open system and an open mind.'

He adds that Alibaba will not be an isolated case and this seems to be confirmed by the increasing number of WVR listings in overseas markets. Of the over 100 Mainland Chinese companies that have chosen to list on US exchanges, almost one third have a WVR structure. These companies include tech giants such as Baidu, Weibo and JD.com. This third represents 70 percent of the market capitalisation of all New York listed Mainland Chinese companies.

Moreover, this trend seems to be accelerating. Since 2011, the number of Mainland Chinese companies listing in the US with WVR structures has been greater than those listing without them. Up to October 2014, 10 of the 13 Mainland companies opting for a primary listing on the NYSE or the NASDAQ did so with these structures.

Lei Jun, founder of Chinese mobile phone giant Xiaomi, was quoted by the *Hong Kong Economic Times* as saying that Hong

Kong has an advantageous position in attracting Mainland technology companies as it already has many Mainland investors and customers. But in order to be appealing to these talent-based tech firms, the city must follow the reform trend and allow dual-class share structures.

'If Hong Kong doesn't change, quality companies will go to the US and so will market liquidity', said Mr Lei. Xiaomi is currently the world's third-largest smartphone maker after Samsung and Apple and is reportedly aiming for an initial public offering as early as next year.

Mr Lei said that Hong Kong's prohibition of dual-class shares, as well as the Main Board's profits test and market capitalisation requirements, put a lot of pressure on tech firms. Unlike traditional businesses, which are capital-intensive, IT companies' most important assets are its people and their vision. Therefore, Mr Lei said, founders of innovative companies treat their businesses as their children, which should bring long-term stability for the company and its shareholders.

Also the launch of the Shanghai-Hong Kong Stock Connect, which establishes mutual stock market access between the two markets, adds urgency to the question. The link would fundamentally alter Hong Kong's attractiveness as a listing venue for overseas companies, given the possibility of accessing Mainland investors directly through Hong Kong. But, under current rules, companies such as Google and Facebook with dual-class share structures would not be welcomed.

'Our current restriction on WVR structures would prevent any of these companies from listing in Hong Kong', Charles Li points out.

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Charles Li, Chief Executive, Hong Kong Exchanges and Clearing



The 'no' vote

Michael Cheng, Research Director at the Asian Corporate Governance Association (ACGA), whose members include big funds and institutional investors, believes it would be a big mistake to introduce WVR as it would deteriorate investor protection and create mistrust in the Hong Kong market.

'We strongly oppose the separation of economic interests and ownership rights', he said. 'Global investors would oppose this as a basic principle when controlling shareholder interests are not aligned with other shareholders, especially minority shareholders'.

Earlier this year, a survey of 54 fund managers by the ACGA found 98 percent opposed to listed companies having structures with classes of shares allowing controlling shareholders to have more votes than others. No one was in favour. Non-standard partnership structures – such as those giving partners the right

to nominate a majority of the board of directors – met a similar level of rejection (94% against).

Investors would also be likely to apply a significant discount to the Hong Kong market – on average more than 13 percent – if non-standard shareholding structures became common, the survey found.

'That would be greatly unfavourable for Hong Kong's long-term position as a global financial centre. Just picture the scenario where investors would apply a double-digit discount to every stock listed on the Hong Kong Stock Exchange', Michael Cheng says.

Respondents to the ACGA's fund manager survey were also sceptical about the option to permit exemptions from the WVR prohibition for 'innovative companies'. Respondents felt that 'innovative companies' as a group would be extremely difficult to define and the move may open the door to multiple exemptions.

Mr Cheng also highlighted the fact that, unlike in the US, there is no class-action lawsuit system in Hong Kong. 'It is very clear that we must protect Hong Kong's competitiveness by maintaining quality', he said. 'If you only ask for more flexibility and it becomes a race to the bottom, then the short-term increase in turnover or business would ultimately threaten long-term development and interests.'

April Chan, Company Secretary of CLP Holdings, one of the largest investor-owned power businesses in Asia Pacific, and former President of the HKICS, believes fair treatment of all shareholders remains of fundamental importance to investors and that 'one share, one vote' continues to be the best structure to promote good corporate governance.

'Any deviations from this structure would require adequate minority protections, which are at risk of abuse', she says, highlighting the fact that the culture

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Michael Cheng, Research Director, Asian Corporate Governance Association

and legal environment of US is very different from that of Hong Kong. 'We don't see there is any scenario where investor protection could be improved by introducing a WVR structure'.

While some people say introducing WVR structures would enhance the city's competitiveness, April Chan fears it could have the opposite effect. She warns that any divergence of economic and voting interests may lead to agency problems. 'Should anything go wrong on the board or business of a dual-class company, it would be hard for the investors to have an equal say with the "privileged" members,' she says.

A recent case highlights just such a scenario. Founder of China dating app Momo was accused of graft and theft just days ahead of Momo's NASDAQ IPO in 2014. The company has a dual-class share structure with its co-founder, chairman and chief executive officer Yan Tang owning all class B shares, retaining 78 percent of the aggregate voting power, according to the filing. The allegations might leave investors concerned about the firm's leadership but with little they can do about it.

David Webb, an activist shareholder and former HKEx independent non-executive director, has been a vocal critic of WVR. 'The problem is that it opens the door to greater abuse of minority shareholders, which is already quite bad', he says. As part of his submission to the Exchange's Concept Paper, he launched a petition against the idea of WVR.

The whole idea of protecting founding managers from being outmaneuvered by shareholders is contradictory, according to Webb. All these American companies with dual-class structures would be better off without them in the long run, as they insulate management from accountability, he argues. This is a particular risk where a company is run by founders who have an emotional and sentimental attachment to their life's work and don't realise when outside help or a change of management is needed.

'The reality is that if they have good managers and confidence in their abilities, then they shouldn't be worried about the remote possibility that they might one day be removed from the board. They should regard that as a healthy mechanism', Webb says.

Webb cites the 'trapdoor articles' of e-commerce firm JD.com, listed in New York, as a good example of the risks of these types of control structures. JD's articles state that a board meeting is not valid unless the founder and CEO Liu Qiangdong attends. Liu also has the final word in approving any appointment of a director to fill a casual vacancy.

Despite having listed on the New York Exchange, Alibaba's control structure (whereby the company's founder and selected partners retain control of the majority of board nominations irrespective of their equity stake) still has its critics. The governance team at MSCI, one of the world's leading index providers, labelled Alibaba's corporate governance structure 'worst in class'. In a critical report they highlighted 'a high level of risk' to public shareholders 'due to a lack of shareholder rights and independent board representation'. Therefore, Alibaba is not included in the benchmark MSCI China Index.


'Companies with these structures can basically write their own listing rules by modifying their company's constitution', Webb says. 'For Hong Kong, that would be a nightmare'. In his submission to the Exchange's Concept Paper, Webb warned that, if listing applicants are allowed to opt out of selected listing rules via their constitutions, then the very fabric of the market is undermined, and investors would have to attach a discount to the whole market for the risk that companies will adopt such structures, either directly or by spinning off their assets into new listings.

Room for compromise?

Views on both sides of this debate seem to be fairly entrenched, so is there any room


for compromise? The HKICS submission to the Exchange's Concept Paper outlines a possible way forward. The consensus among members of the Institute is that the 'one share one vote' structure is the best structure to promote corporate governance and safeguard minority protection, but many take the view that WVR structures could be considered to enhance Hong Kong's competitiveness as an international financial centre as long as enhanced minority protections are put in place.

'The fundamental issue is what are the enhancements for investor protections given the trade off from the "one share one vote" structure,' says the Institute's Technical and Research Director Mohan Datwani. 'These have to be made clear before the issue of adopting WVR structures can be considered. These may include introducing statutory derivative actions amongst other enhancement for investor protections.'

Perhaps then, opinions on both sides of this debate are more nuanced than they might at first seem. Charles Li points out that if you ask institutional investors if they favour 'one-share one-vote', they will say 'Absolutely!' If you ask them if they are against any attempts to introduce WVR as a matter of principle, they will say 'Absolutely!' If you then ask them if they have invested in Google – 'Absolutely!' In Facebook – "Absolutely!" In Alibaba – "Absolutely!" Why? The risk is priced in there'. 

Johan Nylander
Journalist

Do you believe Hong Kong should permit weighted voting rights? Join the debate by emailing CSj Editor at: kieran@ninehillsmidia.com.




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Speaking out

In her keynote speech at this year's 'Asian Company Secretary of the Year' awards, Edith Shih, Head Group General Counsel and Company Secretary at Hutchison Whampoa Ltd and HKICS Past President, highlighted the need for company secretaries to have the courage to speak out on governance issues.

First of all, a big 'thank you' to Corporate Governance Asia for organising this event to recognise Asian company secretaries and thank you also for this opportunity to share some of my thoughts on our profession.

I work for the Hutchison Whampoa group, a multinational conglomerate based in Hong Kong operating in 52 countries, with 270,000 employees. I am currently President of the Hong Kong Institute of Chartered Secretaries, a governance institute with about 6,000 full members and 3,000 student members. The Institute of Chartered Secretaries and Administrators (ICSA), of which I am Vice-President, as you may be aware, is the parent institute of many Asian Chartered Secretary institutes, covering 70 countries with more than 33,000 members worldwide.

During my formative years, my career focused entirely on the legal front. I was in private practice for a number of years before I joined Hutchison Whampoa as general counsel, a post I have held for 21 years. Of course, as general counsel, I had to deal with company secretarial work in my daily work, but not as a company secretary. I eventually became company secretary of the Hutchison group in 1997, almost 18 years ago now. Over the past 18 years, I have witnessed

a transformation of the role of the company secretary from a clerical and administrative personnel to a regulatory, compliance and governance specialist.

I remember an incident some 15 years ago on a business trip to Xiamen with my group managing director to see the then Xiamen mayor and now the Governor of the People's Bank of China, Mr Zhou Xiao Chuan. As most government officials, or for that matter anyone, would be wary of receiving visitors with the title 'general counsel', I also carried a business card with only the title 'company secretary'.

At the meeting, we discussed our business operations in Xiamen, comprising Xiamen Container Terminals and Watson's shops. Mr Zhou was very personable and was prepared to spend more time with us for deeper discussions but our time was limited as we had to leave for our next meeting. As we left the mayor's office, Mr Zhou said, 'Ms secretary, can you make sure that there is ample time for our meeting next time. The arrangements this time are not very satisfactory – too rushed'. I looked around and realised, since I was the only female in sight, that he must have been referring to me as 'Ms secretary'. So I hurriedly replied, 'so sorry, yes, of course, I will make better arrangements next time'.



A more recent incident took place last year when I attended the annual dinner of the Hong Kong Institute of Engineers as president of Hong Kong Institute of Chartered Secretaries. As usual, I was placed at one of the head tables, seated with other institute presidents and senior academics in the industry. Next to me was the vice-chancellor of a local university. Over dinner, we had a very good exchange of views on the local tertiary education system. As it appeared to me that the vice-chancellor didn't know very much about Chartered Secretaries, I gave him my usual spiel on our profession. Towards the end of the dinner, he thanked me for the information on the Chartered Secretarial profession and admitted that, at the start of the dinner when we exchanged business cards, he was wondering why a secretary was invited to sit at the head table.

So over my career, and still today, because of the use of the term 'secretary',

“
if we do not have the courage and integrity to tell our directors, our chief executives, and our chairmen, what they do not wish to hear... or dare not take action to prevent a breach from being committed, we cannot be the gatekeeper and the conscience of the company

”

Code for Hong Kong was first introduced in 2005 and substantially updated in 2012, with many provisions stepping up from recommended best practices to code provisions, and from code provisions to rules. The recent topics of focus include board diversity, risk management principles for internal control and ESG reporting. These are in addition to the implementation of the statutory disclosure regimes of the Securities and Futures Commission and many other rule amendments. In Australia, similarly, the third upgrade of the Corporate Governance Principles and Recommendations is being implemented this year. And different Asian countries are doing the same in different degrees and at different levels. The reality is that chairmen, CEOs, CFOs, directors and colleagues are all increasingly turning to us for governance advice.

As company secretaries, we have had to equip ourselves properly for the role, learning new laws and new rules, and ensuring that we understand the requirements of the authorities and regulators, not just in form, but in their true spirit and intent.

Of course, just knowing the requirements and understanding their application

is not enough. We could recite the requirements beautifully and dissect issues and determine contraventions or breaches accurately, but if we do not have the courage and integrity to tell our directors, our chief executives, and our chairmen what they do not wish to hear; if we are afraid of the wrath of the howling directors so that we dare not take action to prevent a breach from being committed, we cannot be the gatekeeper and the conscience of the company. I know this is a difficult task, but this is how we earn our respect and how we have been relied upon to defend the good name and reputation of the company.

That is why it gives me great pleasure to support Corporate Governance Asia and this award ceremony tonight. We are here to give recognition where it is due. That is, to all of the recipients as Asia's finest company secretaries. So 'congratulations', and a big round of applause to all our recipients. The recognition along with this award is well deserved.

In connection with my little anecdotes about being mistaken for a personal secretary, I would like to close by bringing everyone up to date as to

new developments in this area. After a number of years of empirical research amongst their membership, some Chartered Secretarial institutes, including ICSA UK, The Australian Institute of Chartered Secretaries and the New Zealand Institute of Chartered Secretaries have been pondering, or acting on, a change in the name of their institutes for some time. Australia, for example, has recently rebranded itself as the Governance Institute of Australia. New Zealand has just obtained regulatory approval to proceed with a change of name to Governance New Zealand Incorporated. I foresee that ICSA UK and HKICS will play a pivotal role with other ICSA divisions on a conversation as to whether we should be rebranded as 'governance professionals' as well.

But this will take all of us to continue our good work and contributions, which is being recognised beginning with these awards this evening. I hope you will keep in touch with HKICS and myself to keep the momentum of the conversation going, and also to bring about changes in your respective jurisdictions where appropriate. Let us know if we can help in any way.

Again, thank you all and heartfelt congratulations to the recipients of the award and to Corporate Governance Asia, along with everyone who has assisted in this award ceremony. And may I take this opportunity to wish everyone a blessed holiday season and a prosperous 2015.

Thank you. 📧

The 2014 'Asian Company Secretary of the Year' award, organised by Corporate Governance Asia, was held on 10 December 2014 at the Renaissance Harbour View Hotel, Hong Kong.

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

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

*學生亦可報讀個別學科單元

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

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

*學生亦可報讀個別學科單元

最新
單元

中國公司治理

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- 廣東省人事廳研究員

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

2015年(逢週六) 1月17日、1月24日、1月31日、2月7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

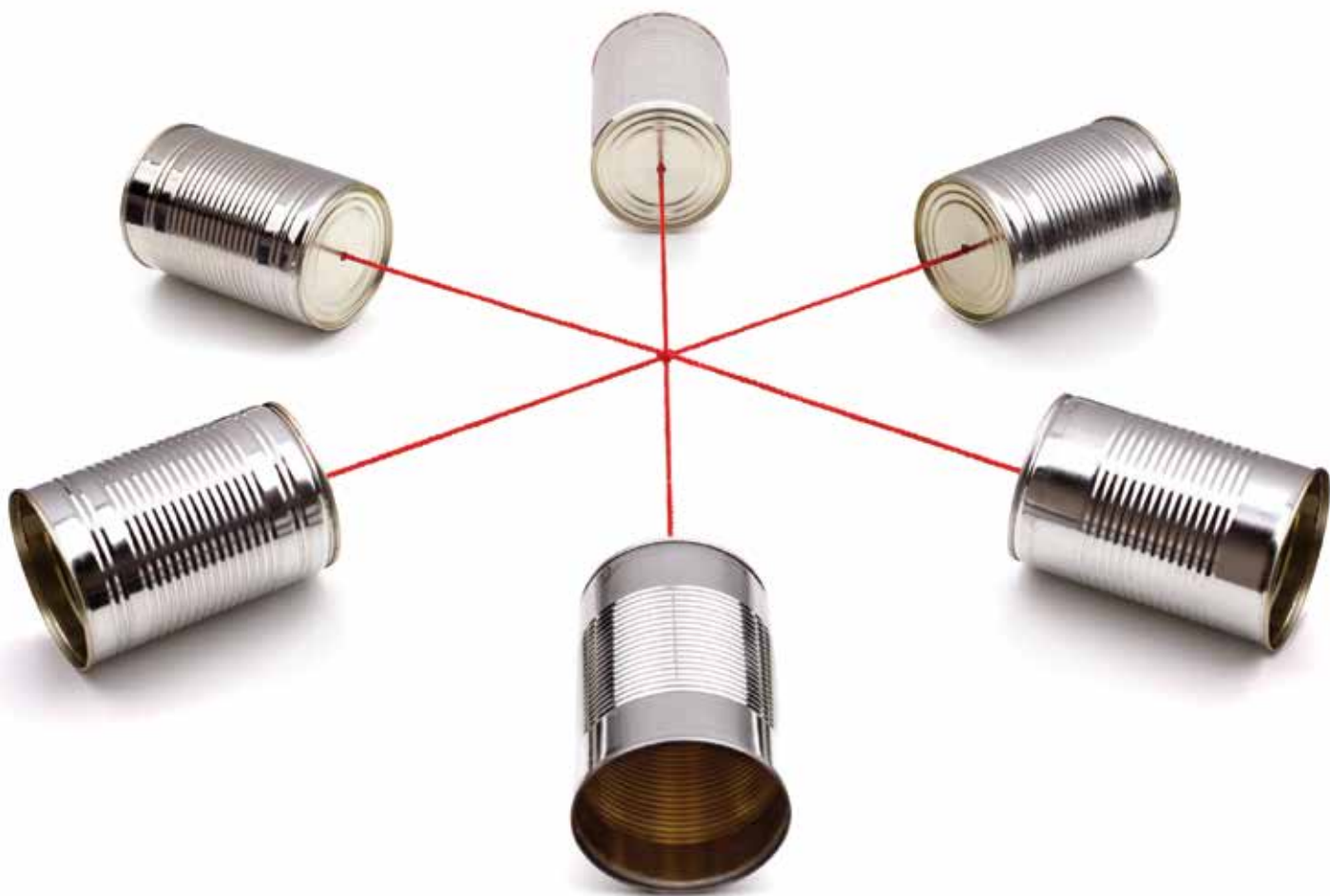
每個單元課程出席率達75%或以上之香港特許秘書公會會員，可以獲得18個ECPD學分，但有關實際可帶往下年之ECPD學分詳情，請個別與公會聯絡。

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。

Changing rules, changing roles – managing it all

The Institute's corporate governance paper competition is run biennially in tandem with the Institute's corporate governance conferences. This month, *CSj* publishes the second and final part of the winning paper in this year's competition, in which the authors make recommendations on, among other things, how to build better channels of communication with shareholders and potential whistleblowers in line with international best practice.



The major aim of the recent changes to the corporate governance requirements introduced by Hong Kong and Exchanges and Clearing Ltd (HKEx) was to raise the overall standard of issuers' corporate governance and coordinate HKEx's Corporate Governance Code (the Code) and listing rules with international best practice. Issuers and the market as a whole benefit from more effective and efficient corporate governance. The following is a series of recommendations to help companies adhere to the requirements of HKEx and to build better corporate governance.

Modifying shareholder communication policies

HKEx introduced a code provision in 2012, stating that issuers should establish a shareholder communication policy, which consists of rules and procedures to enable effective communication with shareholders. The aim of this was to ensure that shareholders and investors are provided with equal, ready and timely access to comprehensive and balanced, financial and corporate information on issuers.

Recommendation – Companies should further modify their shareholder communication policies to make them more specific and easier to comply with, so that shareholders and investors can engage more actively with them.

For example, they can follow HSBC's example to set a rule to require issuers to have alternative channels for shareholders to use in situations where they cannot approach the chairman or chief executive. The company can then implement measures to deal with shareholders quickly, which can enable a more efficient process.

HSBC implemented a policy recently by which, if shareholders are unable to attend and vote at general meetings, they are encouraged to appoint an authorised agent 'to attend, speak and vote on their behalf' – see Shareholder Communication Policy (2014), HSBC Holdings plc. This is a good example for other companies to follow, and companies can use this as a basis to make adjustments to their shareholder communication policy in order to assure shareholders of fair and equal treatment.

Recommendation – A further change that companies can implement is having a senior independent non-executive director attend meetings with investors in order to listen to their opinions and concerns. In this way, a balanced understanding of views, as well as the concerns of major shareholders, can be ensured.

Setting suitable board diversity policies

It is actually quite challenging to put board diversity policies into practice. This is because every company differs according to its individual circumstances, organisational size and complexity, as well as the business risks and challenges that it encounters. Hence, each company should have its own board diversity policies that suit its own situation.

Recommendation – Although board diversity is important, companies should not be too aggressive in diversifying the board. For instance, companies should first evaluate their business and financial situation and strategies, and then decide the most important criteria that the company wants to improve in terms of diversity, such as gender, age or profession.

A good example that companies can follow is that of Cathay Pacific Airways. According to its Board Diversity Policy Statement issued in 2013, the reason why Cathay Pacific chose nine key factors (including gender, age, cultural and educational background) when considering diversifying the board is due to its business environment. Cathay Pacific's business environment is highly diverse, so it is crucial for it to consider the best interests of all kinds of stakeholders. Stakeholders have great influence over Cathay Pacific so the nine key factors determining board structure are relevant to their interests. This demonstrates how a company can take its own circumstances and business environment into account when considering the diversity of the board so as to make the policy more suitable for the company.

Highlights

- formal channels should be available to shareholders if they have concerns or problems with a company's operations
- board diversity needs to be undertaken with a clear evaluation of the company's business and financial situation before deciding on the criteria required to improve diversity, such as gender, age, or profession
- a mechanism for whistleblowing is critical and can be outsourced to assure employees that the process is handled independently and allegations are passed to the appropriate channels

Recommendation – Companies should review their own board compositions, comparing them with those of their industry peers, before determining an appropriate level of diversity. Companies should also make sure that their board diversity policy aligns with their business goals and values. Finally, companies should monitor the policy, evaluate its effectiveness, and analyse whether the desired diversity has been achieved. Continuous review and modification should also be made so as to constantly improve the diversity of board and achieve fairness.

Building an effective whistleblowing policy

A whistleblowing system is of fundamental value to a firm's professional integrity, as it places great emphasis on reporting any inappropriate or unethical acts. It enables individuals who believe they have detected serious malpractice or impropriety to express concerns internally in a responsible manner while providing confidentiality and protecting whistleblowers from any form of victimisation, harassment or disciplinary proceedings. The importance of having a whistleblowing policy was shown in the US\$3.8 billion accounting fraud at WorldCom in 2003. The telecommunications giant accumulated \$41 billion debt and eventually filed for bankruptcy. Cynthia Cooper, an internal auditor at WorldCom, exposed accounting improprieties behind the greatest corporate fraud in history. Her effective whistleblowing disclosed the company's malpractices and put a halt to them.

The report of the Special Investigative Committee of the WorldCom board stated 'That the fraud continued as long as it did was due to a lack of courage to

blow the whistle on the part of others in WorldCom's financial and accounting departments.'

This lack of courage among employees arises from companies not promoting whistleblowing, and employees believing that they will be disadvantaged if they voice concerns. In this environment, the malpractice continues undetected. As shown by the evidence in WorldCom's case, this can lead to catastrophic consequences. Having an effective whistleblowing policy can act as a deterrent and prevent employees from committing fraud or any kind of unethical acts.

Recommendation – Develop a comprehensive plan that encompasses various forms of communication to implement a whistleblowing mechanism. Individuals may raise a concern through several channels including the use of a special telephone hotline, email, web form, regular mail or fax. The system can be outsourced to a third party since this means employees can be assured that the whole whistleblowing process is handled independently and the allegation is passed to the appropriate person.

Updating training for directors

Obtaining a general understanding of the company's business is not that easy. Therefore, companies should make improvements to their internal practices to enable directors to understand their business better.

Recommendation – Updating training is a good way for directors to have a better idea of the scope of the company's businesses and their duties. For instance, management overviews, daily business operation reviews and internal problem-solving procedures can be provided in

directors' training. This makes it easier for them to take an active interest in the issuers' business.

Keep track of directors' activities

To ensure directors have a general understanding of the company and active interest in its affairs, there is a need to keep the activities of directors up-to-date.

Recommendation – Companies should establish policies to keep track of directors' activities and attendance so as to ensure sufficient time and resources are put in board meetings, training, time spent on corporate governance, etc. In this way, the best interests of issuers can be protected while capital and resources can also be utilised efficiently, which in turn can benefit corporate performance.

Provide management updates

In order to support directors with management updates, it is important that there is an efficient and productive system in the company to ensure up-to-date information is always provided.

Recommendation – Automation of manual business processes is a good approach to achieving this. Automation of manual business processes is a method used by companies to optimise and centralise all the vital processes in the business operation. Advanced technologies are used in automating the jobs involved when performing these processes.

Automating manual business processes can simplify operational processes and enable them to become more accurate and consistent. This is because the automation of business processes can greatly reduce the amount of paper documents, eliminate unwanted procedures such as filing of some

documents, and shorten the workflow. Companies can then benefit from high efficiency in their business operations.

Automation of business processes also facilitates better communication and collaboration within the company. This is because automating processes allows companies to improve data access and provide managers and directors with data analytics tools. This in turn enables managers and directors to make better decisions based on the timely while accurate information provided.

Financial reporting and internal controls

The audit committee should develop procedures for handling employee concerns regarding irregularities in financial reporting or auditing matters, and ensure that appropriate arrangements are made for the independent and unbiased investigation of such concerns.


Recommendation – The audit committee should also ensure that appropriate follow-up action is taken to deal with irregularities in financial reporting or auditing matters. The committee should have access to sufficient resources in order to carry out its investigatory duties and ensure that its members are provided with appropriate and timely information.

Moving forward

Corporate governance rules and roles are constantly changing and improving. From the above analysis, we can see that boards of directors are being pushed by new rules and provisions to become more independent and diverse, while their greater involvement in the companies in which they serve is also encouraged. Different parties associated with companies are better connected, and at the same time shareholder

communication is enhanced through improved transparency and disclosure of company information to the public.

These factors enable the public to obtain a better understanding of the structure and activities of companies. Shareholders and potential investors can then have access to more reliable and comparable company information in greater detail. More informed decisions can hence be made; creating an environment that is favourable for corporate development. Consequently, shareholders' interests can be protected and safeguarded in a better way; this in turn attracts a diverse base of international quality investors. Hence, the ability of corporate governance to protect shareholders' interests can in fact affect Hong Kong's long-term standing as one of the most well-known and reliable international financial centres in the world.

Companies should therefore always keep abreast of the changes in corporate governance rules while at the same time implement policies so as to better manage and safeguard shareholders' rights. Only in this way can companies adapt to the ever-changing business environment. 

Joyce Tang Dik Ying, Department of Accounting, Lingnan University; and Stacy Wong Hei Yu, School of Accounting and Finance, The Hong Kong Polytechnic University

The first part of this article was published in the December 2014 issue of CSj. To promote good corporate governance awareness among local undergraduates, the Institute has been running its 'Corporate Governance Paper Competition and Presentation Award' since 2006.

Whistleblowing recommendations

Useful measures to build a supportive environment for whistleblowers include those listed below.

- Develop adequate and meaningful rewards for whistleblowing.
- Introduce a detailed non-retaliation policy to protect whistleblowers.
- Include the details of the policy in the code of ethics for employees, periodic speeches from senior management, orientation and refresher training.
- Set up an independent investigation committee to look into whistleblowing reports.
- Appoint compliance officers to ensure compliance and enforcement of the code of ethics.
- Launch a records retention policy for whistleblowing reports and investigations.
- Expand the role of the audit committee to provide support for board systems and procedures. The audit committee should be informed of whistleblowing reports so that it considers the impact these may cause in its general opinion to the board on the organisation's risk management and internal controls.

Professional Development

Seminars: November to December 2014

18 November
Base erosion & profit shifting (BEPS) – relevance, importance & preparation



Chair: Eric Chan FCIS FCS(PE), Chief Consultant, Reachtop Consulting Ltd
Speakers: Caesar Wong, Partner – Tax & Business Advisory, Deloitte China

19 November
Joint seminar with HKICPA and Law Society of Hong Kong on 'Rethinking independent directorship'



Chair: Mohan Datwani FCIS FCS(PE), Solicitor & Accredited Mediator, Director, Technical and Research, HKICS
Speakers: Professor CK Low FCIS FCS, Associate Professor in Corporate Law, The Chinese University of Hong Kong Business School; Mohan Datwani FCIS FCS(PE), Solicitor & Accredited Mediator, Director, Technical and Research, HKICS

21 November
Legal aspects of personal injuries at work place



Chair: Polly Wong FCIS FCS(PE), Company Secretary and Financial Controller, Dynamic Holdings Ltd
Speaker: Honic Ip, Barrister-at-law, Garry Soo's Chambers

24 November
如何在深圳前海开设合适的外资企业



Chair: Lily Chiong FCIS FCS, Associate Director, KCS Hong Kong Ltd
Speaker: Joe Zou, Managing Partner, Shenzhen Guangshen CPAs

25 November
A review of the 2014 AGM season



Chair: Edmond Chiu ACIS ACS, Director, Corporate Services, Vistra Hong Kong
Speaker: Stephanie Cheung, Vice-President, Client Services, Computershare Hong Kong Investor Services Ltd

27 November
Enneagram for effective working relationships



Chair: Mohan Datwani FCIS FCS(PE), Solicitor & Accredited Mediator, Director, Technical and Research, HKICS
Speaker: Jacquelin Cheung, Senior Consultant, Insight Unlimited

1 December
如何上海自贸区设立公司并有效营运



Chair: Roger Leung FCIS FCS, Managing Director, Union Services & Registrars
Speaker: Joe Zou, Managing Partner, Shenzhen Guangshen CPAs

5 December
Regulator dawn raids – the roles of the company, its directors and the company secretary



Chair: Dr Davy Lee FCIS FCS(PE), Group Company Secretary, Lippo Group
Speaker: Adam Ferguson, Partner, UK Eversheds, and Vishal Melwani, Partner, Eversheds
Facilitators: Emily Li, Associate, Eversheds; Victoria Pang, Associate, Eversheds; and Alex Mok, Legal Manager, Eversheds

8 December
New Companies Ordinance Part 12 – company administration & procedure



Chair: Edmond Chiu ACIS ACS, Director, Corporate Services, Vistra Hong Kong
Speaker: YT Soon FCIS FCS(PE), Director, Corporate Services, Tricor Services Ltd

10 December
AML & CTF workshop series (4): how to support and carry out internal money laundering investigations



Chair: Mohan Datwani FCIS FCS(PE) Solicitor & Accredited Mediator, Director, Technical and Research, HKICS
Speakers: Patrick Rozario, Director, Head of Risk Advisory Services, BDO; and Russell Harding, ex-Police Officer, Financial Investigation, Hong Kong Police

11 December
Directors' and officers' series session two: D&O insurance – pitfalls and bonuses



Chair: Grace Wong FCIS FCS(PE), Company Secretary and Deputy General Manager, Investor Relations Department, China Mobile Ltd
Speakers: Philip Chiu, Head of Financial Lines, Greater China/ Directors and Officers, Asia, Zurich Insurance Company Ltd; and Simon McConnell, Partner, Clyde & Co, Hong Kong

Professional Development (continued)

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 fulfil 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)

	MCPD policy (past)	MCPD policy (effective from 1 August 2014)
Minimum CPD requirements	At least three ECPD points out of 15 CPD points for members working in corporate secretarial (CS) sector/trust and company service providers (TCSPs)	At least three 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 Fulfilment of at least 30 ECPD points in last two consecutive CPD years	Accumulate at least 15 ECPD points in last CPD year

New MCPD requirement extended to Graduates

Effective from 1 August 2015, all Graduates are required to comply with the Institute's MCPD requirements. For details, please refer to the MCPD policy on the Institute's website at www.hkics.org.hk.

Suspension 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 an 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 seat of a member can only be substituted by a member; if a confirmed seat of a non-member is substituted by a member, the remaining enrolment fee would not be refunded.

Substitution of an 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
16 Jan 2015	3.00pm – 5.40pm	Reverse takeovers	2.5
20 Jan 2015	4.30pm – 6.30pm	Risk management reform for Hong Kong listed companies – trendsetting for Asia?	2
21 Jan 2015	6.45pm – 8.15pm	Decoding the consultation on risk management and internal control	1.5
26 Jan 2015	6.45pm – 8.45pm	Directors' and officers' series session three: the life cycle of D&O claims and regulatory investigations	2
28 Jan 2015	6.45pm – 8.15pm	Hong Kong incorporated NGOs – public governance standards/business review as limited or guarantee companies under the new Companies Ordinance	1.5
30 Jan 2015	6.45pm – 8.45pm	如何利用珠海橫琴的优惠政策	2
6 Feb 2015	3.00pm – 5.40pm	New connected transactions rules (re-run)	2.5
9 Feb 2015	6.45pm – 8.45pm	新公司法例下如何更有效率地开设中国公司(re-run)	2
13 Feb 2015	3.00pm – 4.30pm	New Companies Ordinance: directors' duties & risk management in the cyber context	1.5
26 Feb 2015	12.30pm – 2.00pm	Whose brand is it anyway? Strategies for dealing with brand hijacking in Greater China	1.5

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

Professional Development (continued)

讲座回顾：内部控制与风险管理

为配合内地境内外上市公司分批实施《企业内部控制基本规范》及其应用指引的形势，满足A+H股公司构建企业内部控制体系与有效运营及内幕信息管控的需要，提高境内外上市企业的风险控制能力与治理水平，香港特许秘书公会于10月28-29日在重庆举办了主题为“内部控制与风险管理”的第三十五期联席成员强化持续专业发展讲座”。

证监会会计部代表就“内部控制规范：实施与监管”的主题进行了演讲，他指出，内地企业内部控制经历了三大发展过程：1978年国务院颁布《会计人员职权条例》到1985年全国人大常委会通过《中华人民共和国会计法》为内部控制阶段；1996年财政部发布《会计基础工作规范》到2001年发布7项内部控制规范为会计控制阶段；此后，单纯依赖会计控制难以应对企业面对的市场风险，会计控制必须向全面风险控制发展。企业需要站在发展的角度，全方位加强内部控制制度体系建设，为深化企业改革、加强经营管理、提高企业抗风险能力和可持续发展能力提供技术支持。这就是全面风险控制阶段。

在全面风险控制阶段，有关部门要求上市公司应当按照《企业内部控制基本规范》（财会〔2008〕7号）和《企业内部控制配套指引》的要求，建立健全并有效执行内部控制制度，同时按照《关于2012年主板上市公司分类分批实施企业内部控制规范体系的通知》（财会办〔2012〕30号）的规定，披露董事会审议通过的内部控制自我评价报告，以及注册会计师出具的财务报告内部控制审计报告。鼓励其他未纳入实施范围的上市公司披露上述报告。注册会计师应当按照《企业内部控制审计指引》及其实施意见的要求执行与财务报告相关的内部控制审计。会计师事务所应当严格遵守



研讨会现场

《中国注册会计师职业道德守则》的要求，审慎承接内部控制审计业务，不得与具有网络关系的中介机构同时为同一企业提供内部控制咨询和审计服务。在内部控制审计过程中，注册会计师应当重点关注利用他人工作、信息技术应用控制评估、内部控制缺陷评价等环节的审计程序，审慎出具内部控制审计意见。

按照这些规定，2011年67家境内外上市公司试点实施内控规范，2012年度纳入实施范围的上市公司共计853家，占全部上市公司家数的35%，2013年纳入实施范围的1052家公司，占全部上市公司的40%，新纳入实施范围204家。2013年，共有2312家上市公司披露了内部控制评价报告，428家披露了内部控制缺陷，披露缺陷1021项，其中重大缺陷51项，占比5%；重要缺陷76项，占比7.44%；一般缺陷894项，占比87.56%。

从内控实施情况来看，该代表指出存在以下问题：一是上市公司内控评价报告存在明显的不愿“暴丑”倾向，评价结论的客观性存疑，二是内控评价范围披露不充分、评价范围不当，三是缺陷认定标准披露不充分、认定标准不恰当，四是回避缺陷分类或未按照缺陷认定标

准进行缺陷认定，缺陷认定的裁量权大，随意性强，缺陷认定含糊不清，五是缺陷披露笼统，缺陷性质披露不清，偏重“事件”披露而非内控本身，六是对缺陷整改的理解偏差，导致评价结论不当，遗漏与缺陷整改相关的披露，七是内控缺陷整改情况的披露不具体、不规范，八是内部控制评价结论不明确、避重就轻。

针对这些问题，该代表指出，证监会将继续做好分类分批实施工作，针对上市公司2013年内部控制评价报告披露情况进行专题分析，全面系统评估执行情况，查找内控信息披露存在的问题，做好内控审计报告：详式与简式，继续加大监督检查力度，做好内部控制信息披露监管工作，研究主板首发(IPO)公司实施内控规范体系的方案，研究中小板、创业板上市公司及首发公司的具体方案，研究证券、期货、基金公司内控规范指引。

随后，来自卓佳专业商务有限公司、年利达律师事务所、香港皓天财经集团、香港特许秘书公会的专家还就加强风险管理和内部监控、香港上市规则之关连交易最新修订解析以及沪港通时代的投资者关系、市值管理与危机管控等重秘关心的话题与参会学员进行了交流。

Seminar review: internal control and risk management

The article opposite reviews the 35th Affiliated Persons (AP) ECPD seminars held on 28 and 29 October 2014 in Chongqing. The seminars, held on the theme of 'Internal control and risk management', attracted over 80 participants, including 23 from H-share companies, 12 from A+H share companies, 15 from red-chip companies, five from A-share companies and two from to-be-listed companies.

Xia Wenxian, Deputy Division Director, Department of Accounting, China Securities Regulatory Commission (CSRC), shared his views on the regulations and guidelines on internal control. Dr Gao Wei FCIS FCS(PE), HKICS Vice-President, introduced the Institute's *Guidelines for A+H Companies' Insider Information Disclosure Practices* and illustrated best practices in this area with case studies. Nine other speakers spoke on relevant topics including: insider

dealing; investor relationship management; risk management and the efficient administration and control of group companies; and the development and implementation of internal control systems. In the discussion session, speakers discussed and answered participants' questions.

The dinner reception held on 28 October provided a useful networking opportunity for participants and speakers. A site visit to Qingling Motors Company Ltd was also arranged and attended by 30 participants.

The Institute would like to express its thanks to the 11 speakers, the event associate organiser, Shinewing CPA, the sponsor Wonderful Sky Financial Group, as well as Qingling Motors Company Ltd for supporting these events.



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Professional Development (cont.)

36th Affiliated Persons (AP) ECPD seminars and AP programme anniversary celebration

The Institute held its 36th Affiliated Persons (AP) ECPD seminars in Beijing from 10 to 12 December 2014, on the theme of 'Annual financial audits and annual results reports'. The seminars attracted over 110 participants, including 40 from H-share companies, 30 from A+H share companies, 30 from red-chip companies, six from A-share companies and four from private companies.

Seven speakers shared their insights on a wide range of topics, including annual financial audits, annual report preparation, notifiable transactions, connected transactions and inside information disclosure. In addition, Liu Lianqi, Division Head of the Listed Companies Supervision and Administration Department of the China Securities Regulatory Commission (CSRC) briefed the participants on the latest regulatory amendments in relation to material asset restructuring and merger and acquisition activities.

During a lively discussion session, participants discussed and shared experience on annual results announcements and annual general meetings.

On 10 December 2014, the Institute also celebrated the 10th anniversary of the launch of AP programme in Beijing (in addition to two other anniversaries for the Institute – the 65th anniversary of the Chartered Secretarial profession in Hong Kong and the 20th anniversary of the HKICS). The celebration dinner reception was attended by more than 120 guests, including representatives from CSRC; the State-owned Assets Supervision and Administration Commission; the Ministry of Finance; the China Association for Public Companies; the Beijing Listed Companies Association; the Shanghai Stock Exchange; and the Hong Kong Stock Exchange; as well as APs, members and students.

The Institute would like to thank all speakers, seminar participants and dinner guests, the event associate organiser Shinewing CPA, and the sponsor Equity Group.



Membership

New Graduates

Congratulations to our new Graduates listed below.

Chen Lee Han, Annie	Li Chung Yin
Cheng Kwan Yu	Lo Ho Man
Cheng Lai Ning	Pang Ming Wai
Cheung Sze Kan	Tsang Man Sze
Cheung Yu Lai	Tse Ka Yi
Chow Yuen Ki, Kate	Wong Koon Lun, Kenneth
Leung Chui Chui	Wong Siu Nga

Annual Subscription 2014/2015

Members and Graduates are reminded to settle their annual subscription for the financial year 2014/2015. Members should note:

1. The annual subscription can be settled by the Chartered Secretaries American Express Credit Card, EPS or cheque (made payable to 'HKICS'). For details of card benefits and the application form, please refer to the Institute's website: www.hkics.org.hk.
2. Failure to pay by Saturday 31 January 2015 constitutes a ground for membership removal. Reinstatement by the Institute is discretionary, subject to payment of all outstanding membership and re-election fees and levies, if any, during the removed period.
3. Please complete and return the Personal Data Update Form to the Institute together with your payment by using the return envelope.

Members and Graduates who have not received the Membership Renewal Notice for the financial year 2014/2015 should contact Membership section at: 2881 6177, or email: member@hkics.org.hk

Annual Dinner

The Institute's Annual Dinner 2015 will be held on Wednesday 14 January 2015 at the Conrad Hong Kong. Professor KC Chan, GBS, JP, Secretary for Financial Services and the Treasury, will be the guest of honour at the event. Members have responded enthusiastically and this event is fully booked.

Graduates' Convocation 2014

The Institute's Graduates' Convocation was held on 1 December 2014 at the Agnès b. Cinema of the Hong Kong Arts Centre with Dr Kam Pok Man FCIS FCS, former Chief Executive Officer of the Financial Reporting Council and Past President of The Hong Kong Institute of Certified Public Accountants, as the Guest of Honour.



Dr Kam gave an inspiring opening speech to the newly admitted graduates. The new Graduates received their certificates from Dr Kam; HKICS President Edith Shih FCIS FCS(PE); and HKICS Council member and Membership Committee Chairman Susie Cheung FCIS FCS(PE).



More photos taken at the event are available at the Gallery section on the Institute's website: www.hkics.org.hk.

Members' networking – visit to Organic Garden Farm

The Institute led a group of about 60 participants for a visit to the Garden Farm – an organic farm located in Sai Kung on 6 December 2014. Participants enjoyed a guided tour around the place to understand what organic farming is. They also learned how to make green soap out of natural ingredients, cleaning enzyme and fresh food jam.



The Institute thanks Ascent Partners and Lippo Group for sponsoring the visit.

More photos taken at the visit are available at the gallery section on the Institute's website: www.hkics.org.hk.



Advocacy

Appointment to ICSA Council

Paul Stafford FCIS FCS, Corporation Secretary of The Hongkong and Shanghai Banking Corporation Ltd and Regional Company Secretary for HSBC, Asia-Pacific, was appointed by the Institute Council/ ICSA China Committee as a representative of the ICSA China division to The Institute of Chartered Secretaries and Administrators (ICSA) Council for a term of three years from January 2015. Paul succeeds Past President Natalia Seng FCIS FCS(PE) who retired from the ICSA Council after serving for four years.

Past chairmen and presidents' lunch

A lunch with the Institute's past presidents, as well as past chairmen of the Institute of Chartered Secretaries and Administrators – Hong Kong branch, was held on 15 December 2014. The lunch was hosted by the then HKICS President Edith Shih FCIS FCS(PE) and attended by Ralph Barber, John Brewer, Rebecca Chow, Davy Lee, Richard Leung, Neil McNamara, Paul Ng, Terence Ng, Natalia Seng, Samantha Suen and Horace Wong. Regrettably, Frank Mullens, Richard Stonemen, Mike Scales and Duffy Wong, could not join due to prior engagements. The industry's seasoned professionals and leaders shared their insights on the development of the Institute for the next decade.



From left to right: (back row) Samantha Suen, Paul Ng, Ralph Barber, Edith Shih, Davy Lee, Horace Wong, Terence Ng; (front row) Rebecca Chow, John Brewer, Neil McNamara, Natalia Seng.

Meeting with CSDC representatives

On 5 November 2014, HKICS Chief Executive Samantha Suen FCIS FCS(PE); General Manager Louisa Lau FCIS FCS(PE); and Chief Representative of the HKICS Beijing Representative Office (BRO) Kenneth Jiang FCIS FCS(PE), met with representatives of China Securities Depository and Clearing Corporation Ltd (CSDC) in Shenzhen. The CSDC representatives included: Hang Ping, CSDC Deputy General Manager; Zhou Ning, General Manager of CSDC Shenzhen Branch; Yao Meng, Head of Preparatory Task Force on CSDC Hong Kong Branch. Samantha Suen briefly introduced the company secretarial system in Hong Kong and the Chartered Secretarial profession, while Han Ping provided an update on the mission and development of CSDC. The two parties also discussed possible cooperation in the near future.



HKICS members honoured at Asian Company Secretary of the Year Award 2014

Past President Edith Shih FCIS FCS(PE), together with six HKICS members and Affiliated Persons (AP), received awards at the second Asian Company Secretary of the Year Award 2014, organised by Corporate Governance Asia on 10 December 2014. The Institute would like to congratulate the award recipients listed below.

Chiu Shui Suet FCIS FCS(PE)
 Nancy Li FCIS FCS
 Melanie Ng ACIS ACS
 Florence Ng ACIS ACS
 Edith Shih FCIS FCS(PE)
 Yao Jun FCIS FCS
 Zhong Hua (AP)

Edith Shih's keynote speech at the award ceremony is published in this month's In Focus section (see pages 28–30).

New appointments

HKICS Chief Executive Samantha Suen FCIS FCS(PE) was appointed by Hang Seng Management College (HSMC) as Chairman of the Advisory Committee of the Bachelor of Business Administration (Honours) in Corporate Governance of HSMC for three years from 1 September 2014 to 31 August 2017. Frances Chan FCIS FCS, Director of Corporate Secretarial, KCS Hong Kong Ltd; and Susan Lo FCIS FCS(PE), Executive Director, Director of Corporate Services and Head of Learning & Development, Tricor Services Ltd; were also appointed as members of the Advisory Committee.

Visit to the HKSAR Liaison Office in Beijing

HKICS Chief Executive Samantha Suen FCIS FCS(PE) visited the Hong Kong Special Administrative Region (HKSAR) Government's Liaison Office in Beijing on 10 December 2014 and was received by Tommy Yuen, Deputy Director, and Phoebe Lo, Commercial Relations Officer.

Ms Suen shared the current and future developments of the Institute and those of the Institute of Chartered Secretaries and Administrators with the two officials. Mr Yuen expressed his interest in the Institute's upcoming activities in Mainland

China and looked forward to collaborating with the Institute in the future.



From left: Samantha Suen, Tommy Yuen and Phoebe Lo



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- Programme fee: HK\$240,000

Information Seminars

Date Tuesday, 3 February 2015
Thursday, 5 February 2015
Time 6:30 pm - 8:00 pm
Venue 14/F, Fairmont House, 8 Cotton Tree Drive, Central

Application Deadline 21 March 2015

Commencement Date 16 May 2015

It is a matter of discretion for individual employer to recognize any qualification these courses may lead.



www.hkma.org.hk/sbs/dba
2774 8596 Ms Eva Chan

www.hkma.org.hk 2774 8501 / 8500

The Hong Kong Management Association
香港管理專業協會

International Qualifying Scheme (IQS) examinations

June 2015 diet reminders

Examination timetable

	Tuesday 2 June 2015	Wednesday 3 June 2015	Thursday 4 June 2015	Friday 5 June 2015
9.30am - 12.30pm	Hong Kong Financial Accounting	Hong Kong Corporate Law	Strategic and Operations Management	Corporate Financial Management
2pm - 5pm	Hong Kong Taxation	Corporate Governance	Corporate Administration	Corporate Secretaryship

Please enrol between 1 and 31 March 2015.

Syllabus updates

Please note that the syllabus for the following subjects will be updated with the requirements under the new Companies Ordinance with effective from the June 2015 examination:

- Hong Kong Corporate Law
- Corporate Governance
- Corporate Secretaryship

Students may refer to the 'Studentship' section of the Institute's website: www.hkics.org.hk for details.

IQS information session

The upcoming IQS information session will include information on the IQS and an Institute member will share valuable working experience and advise attendees on the career prospects for Chartered Secretaries.

Members and students are encouraged to recommend friends or colleagues who are interested in the Chartered Secretarial profession to attend the IQS information session. For details, please contact Annis Wong at: 2830 6010, or Carmen Wong at: 2830 6019, or email: student@hkics.org.hk.

IQS examination arrangement

From the June 2015 examination diet onwards, the IQS examinations will be based on the new Companies Ordinance.

IQS study pack

Students can order the new study pack on Corporate Administration in January 2015. The order form can be downloaded from the Institute's website: www.hkics.org.hk.

Date:	Wednesday 21 January 2015
Time:	7pm – 8.30pm
Venue:	Joint Professional Centre, Unit 1, G/F, The Center, 99 Queen's Road, Central

Student Update

Student Ambassadors Programme (SAP) – AGM visit

The Institute organised a group of student ambassadors to attend the Annual General Meeting (AGM) of Dynamic Holdings Ltd on 12 December 2014. The Institute would like to thank Dynamic Holdings Ltd for its generous support.



(Second from right) Polly Wong FCIS FCS(PE), HKICS Council member, Company Secretary and Financial Controller of Dynamic Holdings Ltd, with the student ambassadors

Corporate Governance in the PRC (new module)

The HKICS/HKU SPACE programme series in PRC corporate practices offers a new module – ‘Corporate Governance in the PRC’ – which aims to equip participants with knowledge about the role and responsibilities of board secretaries of companies in Mainland China and enhance their understanding of the corporate secretarial function in both listed and non-listed companies. Up to 18 HKICS ECPD points will be awarded to participants who attain 75% or more attendance.

Date:	17 January, 24 January, 31 January and 7 February (Saturdays) 2015
Speaker:	Dr Li Yuan (李源博士) Deputy Director, the Guangdong Provincial Academy of Social Sciences Enterprise Research Institute (广东省社会科学院企业研究所副所长)
Time:	2pm – 5pm and 6pm – 9pm
Venue:	HKU SPACE Learning Centre on Hong Kong Island (to be advised)

For information, please contact HKU SPACE at: 2867 8481, or email: prcprogramme@hkuspace.hku.hk.

HKU SPACE Examination Preparatory Courses – Spring intake

HKU SPACE Examination Preparatory Courses will commence from Monday 23 February 2015. Please refer to the timetable and enrolment form on the Institute's website: www.hkics.org.hk. For enquiries, please contact HKU SPACE at: 2867 8478, or email: hkics@hkuspace.hku.hk.

Payment reminders

Studentship renewal

Students whose studentship expired in November 2014 are reminded to settle the renewal payment by Thursday 22 January 2015.

Exemption fees

Students with exemptions approved via confirmation letter on 31 October 2014 are reminded to settle the exemption fee by Saturday 31 January 2015.



Company Secretarial Professionals

Our Corporate Services Division is fast growing in our practice area and we are looking for company secretarial professionals to join us.

Requirements:

- ▶ Degree holder and minimum 1 year relevant experience;
- ▶ Registered students of HKICS preferred;
- ▶ Experience in handling assignments of Hong Kong-listed companies preferred but not essential;
- ▶ Self-motivated, well-organized, detail-minded, good interpersonal skills and willing to take challenges;
- ▶ Excellent command of both written and spoken English and Chinese;

Candidates who are members of HKICS with 7 years solid experience and with special focus in listed companies will be considered for an executive position.

We offer to successful candidates:

- ▶ 15-day annual leave (20-day for managers)
- ▶ 5-day work, study / examination leave
- ▶ Qualifying premium upon completion of HKICS examinations
- ▶ Excellent job exposure and career prospects

Applicants should send their full C.V. and expected salary to:

HR Manager, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to: hr@hk.tricorglobal.com or by fax to 2543-7124.

Please quote reference: "Company Secretarial Professionals" on your application.

Personal data provided by job applicants will be used strictly in accordance with the employer's personal data policies, a copy of which will be provided immediately upon request.

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Risk Management Reform for Hong Kong Listed Companies – Trendsetting for Asia?



Speakers:



Ms Edith Shih FCIS FCS(PE)
Immediate Past President, HKICS
Head Group General Counsel &
Company Secretary
Hutchison Whampoa Limited



Mr Andrew Weir
Regional Senior Partner,
Hong Kong & Global Head of
Building, Construction and
Real Estate Practice, KPMG

A major recent initiative of Hong Kong Exchanges and Clearing Limited (HKEx) is to promote an internal control and risk management culture among listed issuers. This seminar will seek to highlight HKEx's proposals and their impact upon the governance of listed issuers, and to bring out the emerging trends which Hong Kong is to adopt and to give thoughts to other Asian jurisdictions.

This seminar organised by The Hong Kong Institute of Chartered Secretaries (HKICS), in partnership with the Hong Kong Trade Development Council, is part of the International Financial Week following the Asian Financial Forum 2015 (AFF) to be held on 19-20 January 2015. Participants of AFF 2015 will enjoy HKICS member's rate in attending this seminar.

Date :	20 January 2015 (Tuesday)	Fee :	HK\$400 for HKICS members and AFF participants
Time :	4.30 pm to 6.30 pm (including Q&A session)		HK\$450 for others
Language :	English	Accreditations :	HKICS (2 ECPD points) The Law Society (TBC)
Venue :	KPMG, 23/F, Hysan Place, 500 Hennessy Road, Hong Kong		

For enquiries, please contact Ms Rachel Yue at 2830 6058 or Ms Janet Ng at 2830 6011 or email to ecpd@hkics.org.hk.

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