CSj

September 2015

Chartered Secretaries.
More than meets the eye.
特許秘書.潛能.超越所見.

The journal of The Hong Kong Institute of Chartered Secretaries
香港特許秘書公會會刊

Transparency

A charity's first priority

Charities governance
ESG consultation
Privity of contract

CHARTERED SECRETARIES
特許秘書

CSj

CHARTERED SECRETARIES
特許秘書

September 2015

Good governance comes with membership

About The Hong Kong Institute of Chartered Secretaries

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies in Hong Kong and throughout China, as well as the development of the profession of the Chartered Secretary.

The HKICS was first established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London. It became a branch of ICSA in 1990 before gaining local status in 1994, and today has over 5,800 members and 3,200 students.

Membership statistics update

As of 31 July 2015, the Institute's membership statistics were as follows:

Students: 3,359
Graduates: 429
Associates: 5,012
Fellows: 532

The Hong Kong Institute of Chartered Secretaries

(Incorporated in Hong Kong with limited liability by guarantee)
3/F, Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong
Tel: (852) 2881 6177 Fax: (852) 2881 5050
Email: ask@hkics.org.hk (general) ecpd@hkics.org.hk (professional development)
member@hkics.org.hk (member) student@hkics.org.hk (student)
Website: www.hkics.org.hk

Beijing Representative Office

Rm 15A04, 15A/F, Dacheng Tower, No 127 Xuanwumen West Street
Xicheng District, Beijing, 100031, China
Tel: (86) 10 6641 9368 Fax: (86) 10 6641 9078 Email: bro@hkics.org.hk

Institute of Chartered Secretaries and Administrators

Governance Institute of Australia
Level 10, 5 Hunter Street
Sydney, NSW 2000
Australia
Tel: (61) 2 9223 5744
Fax: (61) 2 9232 7174

Chartered Secretaries Canada
202-300 March Road
Ottawa, ON, Canada K2K 2E2
Tel: (1) 613 595 1151
Fax: (1) 613 595 1155

The Malaysian Institute of Chartered Secretaries and Administrators
No. 57 The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel: (60) 3 2282 9276
Fax: (60) 3 2282 9281

Governance New Zealand
PO Box 444
Shortland Street
Auckland 1015
New Zealand
Tel: (64) 9 377 0130
Fax: (64) 9 366 3979

The Singapore Association of the Institute of Chartered Secretaries & Administrators
149 Rochor Road, #04-07 Fu Lu Shou Complex
Singapore 188425
Tel: (65) 6334 4302
Fax: (65) 6334 4669

Chartered Secretaries Southern Africa
PO Box 3146
Houghton 2041
Republic of South Africa
Tel: (27) 11 551 4000
Fax: (27) 11 551 4027

The Institute of Chartered Secretaries & Administrators
Saffron House, 6-10 Kirby Street
London EC1N 8TS
United Kingdom
Tel: (44) 20 7580 4741
Fax: (44) 20 7323 1132

The Institute of Chartered Secretaries & Administrators in Zimbabwe
PO Box CY172
Causeway Harare
Zimbabwe
Tel: (263) 4 702170
Fax: (263) 4 700624

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

Circulation: 8,200
Annual subscription: HK$2600 (US$340)
To subscribe call: (852) 3796 3060 or
email: enquiries@ninehillsmedia.com

Editorial Committee

Kieran Colvert
Mohan Datwani
Paul Davis
Lydia Kan
Ernest Lee
Low Chee Keong
Philip Miller
Samantha Suen
Xie Bing

Credits

Kieran Colvert
Editor
Ester Wensing
Art Director
Harry Harrison
Illustrator (cover)
Images
iStockphoto

Contributors to this edition

Johan Nylander
Journalist
Zoe Chan So Yuen
Solicitor

Advertising sales enquiries

Ninehills Media Ltd
Tel: (852) 3796 3060
Jennifer Luk
Email: jennifer@ninehillsmedia.com

Ninehills Media Ltd

12/F, Infinitus Plaza
199 Des Voeux Road
Sheung Wan
Hong Kong
Tel: (852) 3796 3060
Fax: (852) 3020 7442
Internet: www.ninehillsmedia.com
Email: enquiries@ninehillsmedia.com

ISSN 1023-4128

ninehills media

Contents

Governance 'lite'?

This month, *CSj* takes a look at a very familiar topic – governance – in an unfamiliar setting – charities in Hong Kong. We usually think of governance in the context of profit-making companies, in particular listed companies. Indeed, it is easy to forget that 'governance' is not only one half of the term 'corporate' governance, but a much wider concept. Football clubs, universities, professional associations, hospitals, special interest clubs, and yes, charities, all need governance. Listed incorporated entities make up a tiny percentage of the organisations that need good governance.

One of the main themes to emerge from this edition of our journal is that, when it comes to governance, charities are not special cases. In fact, it is hard to imagine any special cases in governance – you either have a functioning board or you do not, you either have accountability of managers, transparency to stakeholders, etc, or you do not. The idea that charities, or any other particular category of organisation, can get away with governance 'lite' – a watered down and user-friendly version of the real thing – simply doesn't hold true.

There are many reasons why charities have come to be seen as special cases. Globally, they enjoy tax privileges and reduced regulatory requirements in recognition of their benevolent and socially-beneficial purposes. Moreover, they are often staffed and run by volunteers. Should these volunteers be subject to the same liabilities as their peers in the for-profit sector?

Michelle Chow, Consultant, Withers, points out in this month's In Profile interview (pages 14–18) that, in the eyes of the law, the question of whether they are remunerated or not is irrelevant. Employees, officers and directors of charities are subject to the same liabilities as their counterparts in the for-profit sector. Fraud and malpractice, after all, is no less wrong when carried out by a charity employee or trustee director.

Fraud and malpractice may be an extreme case, however, much more likely is the scenario where a charity fails to make a disclosure on time, or fails to meet its ongoing compliance obligations. This type of failure, however, can very quickly have serious implications. Charities rely on the trust they have built up with stakeholders to survive, and such failures send a warning signal to stakeholders that their funds, time and efforts will not be used to the best effect. Moreover, as this month's cover story (pages 6–12) makes clear, a great number of charities compete for funds in Hong Kong – some 400 new charities are set up every year – so charities cannot afford to lose public trust through governance failures, however minor.

This, of course, is precisely where members of our Institute play an important role – helping organisations to benefit from good governance is what we do. I would add that the role of a properly qualified company secretary is all the more important in charities where governance expertise is lacking. In cases where, for example, new recruits to the board have little knowledge about governance matters, an effective induction process and board meeting support managed by the company secretary will go a long way towards ensuring that such directors can play an effective part in board discussions.

In conclusion, then, governance is just as important in the so-called 'third' sector (comprising charities and voluntary organisations) as it is in the first and second sectors (for-profit businesses and state-owned organisations). All organisations, irrespective of their nature and purpose, need good governance to survive and thrive.

Maurice Ngai FCIS FCS(PE)

「轻量版」管治？

本期从一个较少被讨论的角度—香港的慈善团体，探讨大家十分熟悉的公司管治课题。谈及公司管治时，我们通常从商业机构的角度出发，特别是上市公司。我们的确容易忘记「管治」不仅是「公司管治」这词语的一半，也涵盖更广泛的层面。不论是足球会、大学、专业组织、医院、会所，或是慈善团体，都需要管治。需要良好管治的机构繁多，上市公司只占一小部分。

本期的重要主题之一是，在公司管治领域内，慈善团体并非「特殊个案」。其实，在公司管治领域内没有所谓特殊个案：董事会要么运作良好，要么运作欠佳；管理人员若非问责性强，就是欠缺问责性；对持份者若非透明度高，就是缺乏透明度。慈善团体或其他特定类别的机构若有松懈，未严守准则，想利用「轻量版」管治蒙混过关，这种想法根本站不住脚。

慈善团体被视为特殊个案有种种原因。慈善团体以行善为宗旨，有益于社会，因此在世界各地多享有税务优惠，所受的法规限制较少。此外，慈善团体往往由义工经营，职员也往往是义工；这些义工应否与商业机构的雇员一样，负上相同的责任？

Withers顾问Michelle Chow在今期的人物专访（第14至18页）中指出，从法律角度而言，商业机构的雇员是否受薪，与法律责任的轻重并无关系。慈善团体的雇员、高级管理人员和董事，与商业机构的雇员、高级管理人员和董事的责任一样。毕竟，欺诈和行为不当事件的严重性，不会因违规者是慈善团体雇员或受托人董事而减轻。

欺诈和行为不当可能是极端例子，较常见的可能是慈善团体并未及时披露资料，或未能履行日常的合规责任。然而，这种缺失可能会在瞬息间导致严重后果。慈善团体赖以存在的是持份者的信任；管治上出现缺失，就是向持份者发出警号，显示他们所付出的资金、时间和努力可能得不到有效运用，达至最佳效果。况且，正如本期封面故事（第6至12页）所说明，香港每年约有400个新成立的慈善团体，大量慈善团体争夺资金，所以慈善团体若因管治轻忽而失却公众信任，实在得不偿失。

这正是公会会员发挥重要作用之处 —协助机构从良好管治中获益。特别一提，当慈善团体缺乏管治专才时，合资格公司秘书的角色就更显重要。例如，董事会新成员对管治事宜可能所知不多，而公司秘书若能有效地安排启导工作，支援董事会会议，则可大大帮助新董事在董事会讨论中发挥效用。

总括而言，公司管治在所谓「第三界别」（包括慈善团体和志愿机构）中的重要性，不逊于第一和第二界别（分别是商业机构和国有企业）。所有机构不论性质与宗旨均需要良好管治，才可保持竞争力持续发展。

魏伟峰博士


PLEASE
GIVE

Charities governance

Corporate governance is just as necessary for charities as it is for their profit-making peers. *CSj* gets some best practice advice for charities in Hong Kong and looks at the prospects for regulatory reform in this sector.

Earlier this year, one of the largest and most shameful charity frauds was exposed in the US. The US$187 million raised by four American charity groups should have gone to aid cancer patients. Instead, it was spent on subscriptions to dating websites, meals at Hooters and purchases at Victoria's Secret, jet ski joy rides and cruises to the Caribbean by its founders and family members, the government said. Only 3% of the money reached cancer patients.

The list of similar incidents is as long as it is appalling. In Australia, a not-for-profit group was last year caught transferring donors' money to terrorist group Islamic State. In the UK, the former head of counter-fraud and loss-prevention at Oxfam was jailed last year for defrauding the charity. Moreover, Greenpeace recently suffered a blow to its name after a scandal surrounding a loss of £3 million through ill-conceived currency deals.

These are not the first charity scandals and they won't be the last, but what lessons should be drawn from them? The key lesson, no surprises here, turns out to be that charities are subject to the same key requirements that keep all organisations afloat, irrespective of their status and goals. At the top of the list are the requirements for organisations to ensure good transparency for stakeholders and accountability of their management and board. Indeed, since charities depend on support from private donors, they are heavily dependent on their ability to maintain transparency and accountability.

British research consultancy firm nfpSynergy lists weak leadership and poor governance systems as major threats to charities today. Moreover, as a result of scandals such as those described at the beginning of this article, public trust in charities has declined compared to other institutions, it says. When trust sinks, so does the willingness to donate.

A disaster waiting to happen?

So far, Hong Kong has been relatively spared from major scandals and public trust is relatively stable, according to industry experts. But respondents to this article stress that, to avoid future undesirable incidents, Hong Kong should improve its regulatory framework for charities and increase the awareness of the need for good governance in this sector.

'The overall environment for charities in Hong Kong is well balanced and disciplined. We have good practices and there have been very few fraud cases here', says Linda To, Executive Director, HER Fund – a local women's empowerment group established a decade ago. 'But that does not mean regulation and accountability is not needed'.

Hong Kong is undeniably a charitable place. You won't get very far on the streets before being tapped for charitable donations by volunteers. According to a report by private bank Coutts, a total of 120 donations worth US$1 million or more were identified in Hong Kong in 2013, an increase of 15% compared to the

Highlights

- corporate governance is fundamental to the survival of any organisation, whether it is a profit-making company or an NGO
- while Hong Kong has seen relatively few fraud cases in its charities sector, the rather glaring gaps in its regulatory regime for charities need to be addressed to maintain public confidence
- the Law Reform Commission's proposal to set up a 'Charity Commission' has been shelved, but it seeks to prioritise the creation of a register of all charities that are active in Hong Kong

> since charities depend on support from private donors, they are heavily dependent on their ability to maintain transparency and accountability

previous year. The two largest ones came from the Li Ka Shing Foundation. In total, the donations amounted to more than HK$7 billion (US$935 million). Coutt's Director Mark Evans believes the amount to just be 'the tip of the iceberg' since many donations are made very privately.

Today, more than 8,000 organisations are registered as charities with the Inland Revenue Department. A few thousand more, which have not registered for tax-exempt status or have opted out from the list, are believed to operate here. Every year some 400 new charities are set up. However, with so many groups seeking funds, it can be tough for both institutes and private individuals to figure out which causes to support – and who to trust.

'Charity is the biggest business in the world in terms of money but has no unified regulations', says Mohan Datwani FCIS FCS(PE), HKICS Senior Director and Head of Technical & Research. 'One should be worried if one's money doesn't go to the stated objectives, or is spent on overhead expenses and administration. So when moms and pops choose to donate to charity A, B or C, they really should have some transparency and understanding. This is why charities need good governance'.

Faced with a growing number of charities and a growing sense of the inadequacy of the current regulatory regime relating to them, the Law Reform Commission has for years been looking into the possibility of enacting a 'charities law'.

Bernard Chan, Chairman of the Law Reform Commission's Charity Subcommittee, and Chairperson of the Hong Kong Council of Social Service (HKCSS), believes that most charities in Hong Kong generally have strong governance, and that boards or executive committees are often composed of professionals, experienced volunteers or government officials.

'However, in order to meet public expectations, charities should work more on accountability and transparency',

he says. 'No doubt, transparency and accountability are the key values in the operation of charities'.

Regulatory reform

Charities can be incorporated as companies, trusts or societies. A charity set up as an incorporated company is required to file an annual return with the Companies Registry which covers the basic facts. Charities with tax-exempt status are subject to periodic review; incorporated companies must submit audited accounts while unincorporated organisations just have to present self-certified accounts. The list of charities exempted from tax under Section 88 of the Inland Revenue Ordinance (Cap 112) is not a conclusive list of all the charities in Hong Kong and it is not compulsory for charities to have their names placed on this list.

In December 2013, the Law Reform Commission published a report proposing that all charitable organisations that solicit cash or its equivalent from the public, or have sought tax exemption, should be required to register as a charity. It put forward 18 recommendations with the aim of improving the transparency and accountability of charities and thus provide better safeguards to the public.

The recommendations included a specifically formulated reporting standard; a statutory definition of 'charitable purpose'; disclosure of certain documents including financial statements and reports of activities for tax-exempt charities; and further educational initiatives to broaden knowledge and awareness of this sector. The Law Reform Commission said the changes could be implemented by amending existing legislation, rather than through the creation of a new charity law.

However, during a public consultation exercise it became clear that this is a controversial topic and many of the Law Reform Commission's recommendations were criticised. As a response, it backed down from a number of recommendations, principally the proposal for a centralised 'Charity Commission'.

At the moment, charities have to go through various bodies – including the Social Welfare Department, the Food and Environmental Hygiene Department, the Home Affairs Bureau, the Television and Entertainment Licensing Authority, etc – to apply for permits and licences. The Charity Commission would have been a 'one-stop shop' for such applications. It would also have been given extensive powers, including the power to vet and register charities, monitor charities' compliance with legal obligations, approve fundraising activities, promote good governance, investigate misconduct and take action where necessary.

The suggestion for a Charity Commission was removed from the Law Reform Commission's final report due to the 'apparent lack of general consensus among the public'. Many religious groups – some with underground activities in Mainland China – feared the creation of the watchdog would undermine religious freedom. At the same time, the trust in the Hong Kong government is low; only one in five is satisfied with its performance, according to a recent poll.

'I have no idea about the intention of the government, but if there is no specific, clear scope, and roles or responsibilities of the proposed Charity Commission, it could be threatening to the autonomy and freedom of expression and the participation of civil society', says Linda To. 'There are a lot of controversial issues in the Law Reform Commission's report and the NGO sector has raised many concerns regarding those issues, such as the definition of 'charitable purpose', the roles and responsibilities of the Charity Commission and whether the commission's power would be too big, overruling the autonomy of civil organisations'.

Even judging by the habitually glacial pace of law reform in Hong Kong, the progress on charity regulatory reform has been slow. Over two years after the Law Reform Commission's proposals, the government has still not given a response or taken any action, according to Bernard Chan.

'Since there is no consensus on the charity law, the authorities have put it on hold', he says. 'Many had also opposed the idea of a centralised authority, fearing it

> **"compiling a register of charities would be much faster than setting up a watchdog, and it would help increase the transparency of charities and public confidence in them"**
>
> Bernard Chan, Chairman of the Law Reform Commission's Charity Subcommittee

could be used to suppress criticism of the government or undermine religious freedom'.

There are two recommendations that should be prioritised, Chan believes. First, a standardisation of applications for fundraising permits. Secondly, a register of all charities that are active in Hong Kong. 'Compiling a register would be much faster than setting up a watchdog, and it would help increase the transparency of charities and public confidence in them', he says.

In the meantime, his advice to the public when donating money to charities is to read their annual and service reports to understand their objectives and how they implement them. The public should not look solely at a charity's finances, as they won't tell you the whole picture, he points out. He adds that by doing some homework, donors will realise what their donations can and cannot do, and where their time and efforts can best be spent. 'You will understand more about the value of the charity's work beyond monetary terms,' he says. HKCSS, which represents more than 400 charities, also manages an initiative called WiseGiving, which aims to inform the public about the work of charities.

Later this year, the Independent Commission Against Corruption (ICAC) will issue new revisions to its code of conduct for NGOs in Hong Kong, according to a spokesperson (see the ICAC's *Best Practice Checklist: Governance and Internal Control in Non-Governmental Organisations*). The ICAC also encourages charities to use its *Best Practice Checklist: Management of Charities and Fund-raising Activities*. Both guides are available on the ICAC website: www.icac.org.hk.

Mohan Datwani suggests that Hong Kong should introduce a regulatory framework similar to the one in the UK, where a charity law covers the rules and standards relating to the setting up and operation of charities, and a Charity Commission registers and regulates charities to ensure that the public can support charities with confidence.

'The UK has been through the issues relating to charities. If Hong Kong wishes to consider better governance for charities, UK laws and practices appear to be a good benchmark. After all, Hong Kong and UK law converge on matters like trust concepts'.

His advice for company secretaries working for charities is first and foremost to be mindful of the public trust imposed upon charities. 'What you need to consider in terms of governance is not simple. You need to consider not just how to help the charity run its business, but also the public good which it is to achieve and provide guidance to achieve such public good. This is in addition to the compliance requirements like the business review requirements, etc', he says.

Linda To suggests that simply passing a law stating that all registered charities have to submit their audited financial reports and annual work reports to the Inland Revenue Department for monitoring would lead to better regulations. This would be similar to the requirement that applies to for-profits to send their annual returns to the Companies Registry annually, and it would mean that charities guilty of violating requirements could have their status revoked, she points out.

A survival issue

The debate – or lack if it – in Hong Kong about how best to regulate charities comes in the context of an increasingly difficult environment for charities worldwide. The UK saw a 10% drop in trust levels for charities in 2014, compared to the year before. Only 56% of people trust charities 'quite a lot' or 'a great deal', research consultancy nfpSynergy says.

'Our research shows that trust in charities is highly volatile and can never be taken for granted', the pollster's director Joe Saxton said. 'The good news is that there are ways that every charity can reassure people that a donation is well spent. It's clear that the role of the Charity Commission is absolutely central in building trust in charities'.

The Association of Chief Executives of Voluntary Organisations (Acevo) in the UK shows evidence of a significant rise in demand for help on governance issues. In 2012/2013, it saw a sizeable increase in calls to its 'Governance Helpline' service, and a 40% rise in calls to its 'CEO in Crisis' helpline for charity chief executives in need of support.

'Charities operate in a fast-changing world, and the last few years have seen major shifts that have put increasing pressure on governance standards', Alex Massey, a senior policy officer at Acevo, wrote in an article carried by the *Guardian*. 'The economic downturn has had an impact on all sources of income, whether private or public; at the same time, many charities have begun to explore new areas of activity, from commercial partnerships to public service delivery'.

'All these changes have created new risks, challenges and opportunities', he added, 'and it is crucial that boards, together with management teams, have the capability to lead their organisations through the minefield'.

On the same note, the consulting firm Grant Thornton in the UK has found that governance is more important than ever to enable charities to respond to emerging risks and deliver on their objectives. Its annual report on the top 100 charities looked at the risks affecting charities and how they are disclosing and managing these risks. Over 55% identified a cut in funding, whether in the form of donations, grants or government contracts, as a key risk, yet few charities gave insight in their annual reports as to how they plan to address this risk.

And even if the UK law system might be a good benchmark, it's far from flawless, according to David Craig, the author of *The Great Charity Scandal*. A 2013 parliamentary inquiry into the charity sector found there were so many charities – almost 200,000 in total – that the Charity Commission was struggling to ensure that registered charities were genuine, rather than tax avoidance schemes or political campaigning groups, he said.

'Many charities have become hungry monsters, needing ever more of our money to feed their own ambitions. And while registered charities claim that almost 90p in every pound donated is spent on "charitable activities", many spend at least half their income on management, strategy development, campaigning and fundraising – not what most of us would consider "good causes"', he wrote in an opinion piece.

Perhaps the lack of known fraud cases in Hong Kong is actually indicative of the low standards of transparency in the charity sector – we just don't see it. In Australia, a new national charity regulator was set up in December 2012. Over the last two years, the Australian Charities and Not-for-Profits Commission has received over 1,300 complaints against Australian charities. The most common complaints from the public include financial mismanagement or fraud, lack of transparency or accountability, and charitable resources being used inappropriately. Possibly, without the new regulator, these cases might have gone unnoticed.

Johan Nylander
Journalist

The charity doctor

In addition to being a former legal counsel to the Li Ka Shing Foundation, Michelle Chow, Consultant, Withers, is one of Hong Kong's top advisers for charities and trusts, and regularly lectures on philanthropy and charity law issues. It's not by chance, then, that she is known to her peers and friends as 'the charity doctor'.

Michelle Chow loves the harp. Although one of the world's first musical instruments, with popularity peaks in ancient Mesopotamia as well as in the 18th century French court, its popularity has successively weakened over time, with some members of the harp family being lost along the way. So, together with some friends, Michelle Chow set up a charity in Hong Kong a decade ago to support the tradition. Today, dozens of children – mostly from underprivileged backgrounds – learn to play the harp each year under the wings of the 'Friends of the Harp'. The charity finances teachers, concerts and even the training of harp technicians.

What's more, when the children have learned to master the instrument, they are invited to perform at a nursing home for the elderly, run by a charity where Chow is a board member.

In addition to being one of Hong Kong's top advisers for charities and trusts, and a former legal counsel to the Li Ka Shing Foundation, the practical day-to-day work with the harp charity gives Chow hands-on experience in everything from dealing with government officials to applying for grants.

During an interview at her office at international law firm Withers in Hong Kong, where she works as a consultant, Chow discussed the importance of good governance when running not-for-profit organisations and the pros and cons of the suggested new charity law.

How relevant is corporate governance for charities?

With approximately 400 new charities being set up in Hong Kong each year, the demand for professional consultants and qualified company secretaries is increasing. 'A growing number of wealthy individuals are setting up charities today. It's a trend', she says. 'If the older generation wrote cheques and gave to good causes, the new generation sets up their own charities and runs their own projects'.

Chow joined Withers two years ago with 15 years of experience in legal practice in both Hong Kong and the UK. Today, she advises on matters in relation to discretionary trusts, from initial advice on trust structures to the transfer of assets and distribution; as well as changes of trustees and preparing letters of wishes. That, of course, is in addition to her 'charity doctor' role. Chow is in demand as an adviser to universities, schools, banks, corporations and individuals on issues relating to setting up charities and compliance. This includes negotiating and preparing grant agreements, the use of funds for charitable purposes, making and receiving donations, charities operations and dealing with the Hong Kong Inland Revenue Department and Companies Registry.

> **“some small NGOs do not have funds to employ a qualified company secretary – that will put the unqualified named company secretary as well as the board members at risk”**

Although charities are basically unregulated in Hong Kong, as the city lacks a charity law, the overall environment for charitable organisations and philanthropy is wholesome, Chow believes. However, since many directors and volunteers work pro-bono in their free time, there is sometimes a perception in Hong Kong that governance is mainly for commercial enterprises, and less so for the not-for-profit sector. Chow emphasises that directors' risks and liabilities are the same for commercial firms and NGOs under the Companies Ordinance.

'The same risks and liabilities apply to all companies, whether they are established to make profit or not, or whether their directors are remunerated', she says. 'The Companies Ordinance does not impose fewer liabilities or ongoing obligations on NGOs.

Highlights

- awareness about the regulatory compliance obligations of charities, as well as the duties and liabilities of charity directors, is generally low
- the fact that volunteer directors work pro-bono in their free time does not lessen their liabilities in the eyes of the law
- company secretaries play a crucial role in charities in Hong Kong, particularly with regard to their governance role

So NGOs must observe the filing deadlines according to the Companies Ordinance.'

She adds that the benefits of good governance are also particularly important for charities since they depend for their very existence on having the trust of their stakeholders. 'A properly run charity with good governance, internal records and financial accounts is more appealing to potential donors than one which does not seem to organise itself properly,' she points out.

Best practice tips

Michelle Chow offers the following best practice tips for charities in Hong Kong:

- have a properly qualified company secretary
- have a proper handbook
- make directors aware of their responsibilities
- tell the general public exactly what you do
- be open about your finances
- be open about your future plans
- give staff confidence and have committed people on board
- use the 'Lump Sum Grant Subvention System' best practice manual and the ICAC's best practice checklist as your guidelines
- check out government departments' websites for references
- have a website or publication to explain what you do, and
- sign up to be included in the WiseGiving list of approved charities.

The 'Lump Sum Grant Subvention System' best practice manual for NGOs and the ICAC's best practice checklist – 'Management of Charities and Fund-Raising Activities' are available on the websites of the Social Welfare Department: www.swd.gov.hk, and ICAC: www.icac.org.hk.

What role should the company secretary play in charities governance?

Company secretaries play an important role in upholding good standards in charities, Chow points out, but in some cases the importance of the company secretary is underestimated.

'Some charities recruit 'volunteers' who claim they can assist with the role of the company secretary but actually they do not have any training, knowledge or experience of a company secretary. Some may be secretaries or a personal assistant of an individual or director of the NGO. It is important that they have a properly qualified company secretary to handle the company secretarial matters', she says.

'I really urge my clients to have a qualified company secretary. If you miss a deadline, there's no excuse. Every person responsible can be liable, not just the people at the top. Some small NGOs do not have funds to employ a qualified company secretary – that will put the unqualified named company secretary as well as the board members at risk.'

One of the main challenges, Chow points out, is ensuring that directors of charities are fully informed of their obligations and the regulatory obligations of their charity. 'It's difficult to tell the general level of knowledge of new people entering this sector, but from meeting NGOs through giving seminars and attending forums, I would say they often have very little knowledge of the Companies Ordinance, especially the new Companies Ordinance, and about directors' duties and liabilities and charity governance', she says.

'Although the Hong Kong Council of Social Service (HKCSS) provides some training on these subjects, and that training is well attended, NGOs need more education. Some charity directors mistakenly think that, since they are not remunerated, they do not have any liabilities and they pay too little attention to the operation of the NGO.'

Many aspects of standard governance 'due diligence' play a crucial role in ensuring that charities function effectively. This includes doing due diligence checks on the people the charity would like to appoint as directors – checking that they have the requisite experience and background in the sector, for example. NGOs should also have a proper induction process for new recruits to the board, including an NGOs' handbook, information on the NGO, its mission and vision, past and current activities, donors lists, and the expectations of directors.

> “some charity directors mistakenly think that, since they are not remunerated, they do not have any liabilities and they pay too little attention to the operation of the NGO”

Chow also encourages charities to follow the best practice checklist published by the ICAC entitled ‘Management of Charities and Fund-Raising Activities’ and the best practice manual produced by the Social Welfare Department for NGOs under their ‘Lump Sum Grant Subvention System’ (LSGSS). It’s a best practice manual which serves as a good starting point for all NGOs, not just the ones that obtain funding from the LSGSS, she says. According to the government’s website, such checklists and manuals aim to enhance efficiency and effectiveness, improve quality, encourage innovation, strengthen accountability and provide flexibility, with a view to deploying resources in the most cost-effective manner to meet changing needs in the community.

Is working for a charity a rewarding career?

For Chow, working with charities is more than just a job, it’s a passion. She currently sits on the board of a number of charities in Hong Kong, and regularly lectures on philanthropy and charity law issues. Her efforts have not gone unnoticed. In 2012, 2013 and 2014, the Law Society of Hong Kong awarded Chow the Distinguished Community Service Award in recognition of her service to the community.

However, the reason she got involved in charities was not a strategic career move but more the result of a chance assignment. After qualifying as a solicitor in London and working at the UK law firm Farrer & Co, Chow returned to Hong Kong in 2001 and was recruited to Mayer Brown JSM, one of the oldest law firms in Asia, where she specialised in trust and corporate work.

‘Some of the firm’s wealthy clients wanted to donate money and asked us to set up charity companies. But they didn’t want to pay too much money for the service’, she remembers. ‘Being the youngest in the team, the partner gave me the job. I basically learned how to establish charitable organisations in Hong Kong by myself’, she says.

A few years later, she was recruited as legal counsel and company secretary to the Li Ka Shing Foundation. Founded in 1980, the foundation seeks to inspire societal improvement through supporting education and healthcare initiatives; it helps hospitals, schools and universities across 19 countries and regions. Li Ka-shing – the richest businessman in Hong Kong and a noted philanthropist – has previously said he considers the foundation to be his ‘third son’ and has pledged to donate one-third of his assets. He also calls for other Asian entrepreneurs to do the same.

‘I worked very closely with Mr Li. It was a really fun period, but very busy’, Chow says. ‘We had over 60 programmes running at the same time. His donations were not just in Hong Kong, but worldwide. It gave me a lot of experience’.

Today, Michelle Chow is also involved in the HKCSS, a federation of non-governmental social service agencies in Hong Kong, as a member of the steering committee of its ‘WiseGiving’ service which aims to enhance charity accountability and transparency. WiseGiving is a platform for donors to access information, including governance and financial information, about charities that interest them. For NGOs to be listed on the WiseGiving

Photo by Gerald Lee

Michelle Chow at Hong Kong HarpFest

website, they must disclose their mission, structure, activities, governance and financial information. Before being approved, WiseGiving screens and verifies the accuracy of the information provided. With the information provided on the website, individual donors, companies and foundation grant-makers are in a better position to make informed decisions, which in return will benefit well-run charities. Basically, it helps donors to be smarter donors, Chow explains.

Does Hong Kong need a better regulatory regime for charities?

Michelle Chow believes Hong Kong is in need of increased transparency and a better regulatory regime for the charity sector. As mentioned in this month's cover story, Hong Kong does not have a formal, established registration system for charitable organisations and no specific government authority has overall responsibility for this sector. This means that members of the public may not be able to ascertain the status of a 'charitable organisation' soliciting funds.

Moreover, the reform proposals put forward by the Law Reform Commission in 2013 – including the need for a charity register – have gone nowhere. The government has still not responded to its recommendations.

'We understand it's going to be a very, very long process. It's not going to happen overnight and not all of the Law Reform Commission's 18 recommendations will go ahead. There's no big urgency from the government to do anything', she says. 'Still, even if no real action has been taken by the government so far, the general discussion and reform work process might have had a positive effect.'

Despite the impasse relating to the main reform proposals, Chow points out that there may be progress on the Law Reform Commission's less controversial recommendations, such as the development of better guidelines for charities' reporting and governance standards and increased educational initiatives to enhance public knowledge about how to be a smart donor. There is no better time for charity directors to look at their internal procedures and governance to ensure good charity governance is in place. As Chow, the 'charity doctor' observes, 'donors love healthy charities'.

Johan Nylander
Journalist

SPECIALIZED
CPD training programme for Listed Companies

Corporate Governance & Internal Control / **Business & Asset Valuation** / **Financial Reporting** / **Listing Rules Compliance**

LISTCO CPD TRAINING in 2015
Fall & Winter Session

ListcoPRO is a services provider of professional services to listed companies in Hong Kong. We are a leader in the area of professional Listco CPD training with specialized focus in listed companies' practices, particularly in Corporate Governance & Internal Control, Business & Asset Valuation, Financial Reporting and Listing Rules Compliance. Our cooperating partners are mostly international accounting firms, leading legal firms and professional bodies.

BIG 4 Series

PwC Hong Kong
Oct 2015 - **Practical Tips for setting up & monitoring Internal Audit function**
Nov 2015 - **Do's & Don'ts of Listing Rules from Accounting perspective**

Deloitte Touche Tohmatsu
Oct 2015 - **ESG Report preparation**

Ernst & Young
Oct 2015 - **M&A Series: Practical Approach in Financial & Tax Due Diligence for Listed Transaction**

KPMG Hong Kong
Nov 2015 - **Common Misunderstanding in Valuation**

Professional Series

Baker & McKenzie
Sep 2015 - **Is your company prepared? Managing risks in regulatory & internal investigation, and implementing responsible practices**

Mr. William Lo, Lockton Companies (Hong Kong) Ltd
Sep 2015 - **D&O Insurance: What is the devil in the details?**

Mr. Nelson Lam, Nelson Consulting Limited
Dec 2015 - **Revenue Recognition & Financial Reporting Standard Updated 2015/16**

Mr. Alvan Kwok, Kapital Advisory Partners Ltd
Dec 2015 - **Corporate Governance from Investor Relations perspective**

ENROLL NOW & CALL **3628 5722**

Early Bird discount for enrollment before **30 Sep 2015**

* Listco CPD Trainings are subject to the availability of speakers and venues. Listco Professional Services Limited reserves the right to make any changes to the events.

www.ListcoPRO.com

Listco Training • Recruitment • Governance

ESG reporting: preparing for the new regime

CSj takes a look at Hong Kong Exchanges and Clearing's proposed 'upgrade' of its *Environmental, Social and Governance Reporting Guide.*

Mandatory requirements for companies to report on their environmental and social impacts have become a standard part of most regulatory regimes around the world, and, while it has been a little longer coming to Hong Kong, such requirements have now taken their rightful place in the HKSAR. The new Companies Ordinance, implemented in March 2014, requires all Hong Kong incorporated companies (unless exempted) to include a 'business review' in their annual reports discussing their environmental policies and performance, and giving an account of their key relationships with stakeholders such as employees, customers and suppliers.

To avoid the scenario whereby Hong Kong-incorporated companies would be subject to tougher disclosure requirements than those incorporated in other jurisdictions, in May this year broadly similar disclosure requirements were added to the 'Disclosure of Financial Information' section (Appendix 16) of the listing rules. Following these legislative and regulatory reforms, from the financial year ending on or after 31 December 2015 onwards, it will now be mandatory for listed issuers to report on their environmental and social impacts.

Prior to these developments, Hong Kong had adopted a voluntary approach to environmental, social and governance (ESG) reporting. In 2012, Hong Kong Exchanges and Clearing (the Exchange) launched voluntary guidelines on the disclosure of ESG information, designed to help listed companies get started in ESG reporting.

Judging from the level of environmental and social disclosure in Hong Kong, the Exchange's *ESG Reporting Guide* (which came into effect in the 2013 reporting year) was badly needed. Unfortunately, however, the guide did not lead to a significant increase in the number of listed companies adopting ESG reporting. A survey of ESG reporting carried out by the Exchange in June this year met with a low response rate (21%), and approximately two-thirds of the companies that did respond indicated they were not reporting on ESG issues.

Based on a survey conducted by Bloomberg in April this year, the Exchange estimates that about half of companies listed on the Exchange are currently reporting on ESG matters. The survey indicates, as you might expect,

Highlights

- Subject to responses to the consultation, the Exchange intends to implement the new regime for financial years commencing on or after 1 January 2016
- companies without an ESG data collection and analysis capacity will need to establish one immediately since it takes at least a year for such a system to start yielding the necessary data
- ESG reporting leads to better management of environmental and social risks

that the level of ESG reporting varies according to market capitalisation – with a lower uptake rate among small cap and a higher uptake among large cap companies.

The fact that the guide did not result in a significantly wider adoption of ESG reporting does not reflect on the quality of the guide itself. The guide gives a useful and user-friendly introduction to ESG reporting, which complements the more complex international guidelines available, such as those produced by the Global Reporting Initiative. Its one 'flaw' is the level of compliance it requires – the market needs a stronger nudge to start on the ESG journey. Indeed, recent market feedback received by the Exchange indicates that many issuers are waiting for the recommended disclosures of the guide to be upgraded to 'comply or explain' before they begin to report. As a result, the Exchange is now proposing to do just that.

The proposed revisions to the guide

In July this year, the Exchange published a consultation paper seeking views on proposed amendments to its ESG guide which would see many of the recommended disclosures of the guide being upgraded to 'comply or explain'. The consultation (*Review of the Environmental, Social and Governance Reporting Guide*, available on the Exchange's website: www.hkex.com.hk) also proposes to revise the guide in a number of other ways to update and improve it. The main proposed changes are highlighted below.

1. Reorganising the guide

Currently, the Exchange's ESG guide is organised into four subject areas (workplace quality, environmental protection, operating practices and community involvement). The Exchange proposes to rearrange the guide into two subject areas (environmental and social) since these two areas are the major components of ESG reporting (regarding the 'governance' component of ESG, see 'Where is the governance?' on page 24).

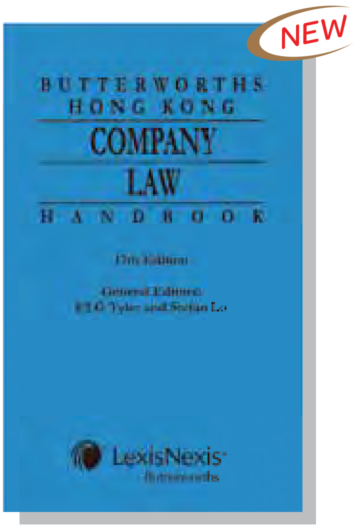
The reorganisation of the guide would also involve a revision to the 'aspects' listed under these two subject areas. Under subject area A (the 'environment'), there would be three aspects:

1. emissions (current aspect B1, renumbered aspect A1)

2. use of resources (current aspect B2, renumbered aspect A2), and

> "The process of reporting acts as a catalyst that prompts issuers to assess the environmental and social risks that may impact their businesses and vice versa. What follows as a result is that companies are better prepared to manage these risks."

Available now!



ISBN: 9789888301331
Price: HK$2,800
Same great price as last year!

About the book

It has been over a year since the Companies Ordinance (Cap 622) came into force, and it continues to be the most important piece of legislation enacted in Hong Kong.

Nothing beats this authoritative work to guide you through one of the most complex pieces of Hong Kong legislation. This Handbook provides section-by-section annotations, together with judicial decisions and rules of court in a handy format.

With the most comprehensive and expertly annotated resource on hand, your confidence to execute quality decisions and prepare sound advice on your company law matters will soar.

General Editors

ELG Tyler
MA (Oxon)
Senior Assistant Law Officer, Commercial III, (Companies Ordinance Rewrite team), Department of Justice HKSARG

Stefan Lo
BBA, LLB (Syd), LLM (Syd)
Senior Government Counsel Department of Justice HKSARG

Visit www.lexisnexis.com.hk/com17 to purchase via the LexisNexis eStore,
or call Customer Services on +852 2179 7888 today.

LexisNexis®

3. the environment and natural resources (current aspect B3, renumbered aspect A3).

Subject area B ('social') would comprise eight aspects: employment, health and safety, development and training, labour standards, supply chain management, product, anti-corruption and community investment.

2. Upgrading the compliance level
The reordering mentioned above foregrounds the environmental aspects of ESG disclosure and this is also reflected in the fact that the Exchange proposes to upgrade both the 'general disclosures' and the 'key performance indicators' (KPIs) under this subject area to comply or explain, while only the general disclosures under the social subject area would be upgraded to comply or explain – the KPIs under this subject area would remain voluntary recommendations (see 'The proposed new ESG Guide' on page 26).

3. Requiring compliance disclosure
The focus of the Exchange's consultation is on upgrading issuers' reporting obligations. In addition to its proposed revisions to the guide, it has also proposed an amendment to listing rule 13.91 introducing a new obligation for issuers to state in their annual reports or ESG reports whether they have complied with the 'comply or explain' provisions set out in the ESG guide for the relevant financial year. Where an issuer deviates from the 'comply or explain' provisions, it must give considered reasons in its ESG report.

4. Promoting gender diversity
The proposed 'upgrade' of the ESG guide would also be accompanied by some textual revisions. These revisions would be designed to ensure consistency

Where is the governance?

The Exchange's *Environmental, Social and Governance Reporting Guide* does not have much to say about 'governance'. The guide points out that governance is dealt with separately in the Corporate Governance Code (Appendix 14 of the main board listing rules). Is the governance component of the acronym therefore redundant? Far from it. The term 'ESG' has become shorthand for the key components of non-financial reporting. It just so happens that in Hong Kong the environmental and social components have taken longer than the governance component to enter the regulatory spotlight – hence the fact that the Corporate Governance Code predates the ESG guide by seven years.

Nevertheless, the three components of ESG reporting are very much linked – after all, the ultimate goal of good corporate governance is to ensure that an organisation is run in an efficient and sustainable manner. This requires a functioning board and management that can monitor and manage the risks the organisation is facing and may face in the years ahead. Clearly, this task will require the organisation to be collecting, analysing and disclosing ESG information such as its energy consumption, its water consumption, and the amount of pollutants or packaging materials it produces.

The environmental, social and governance components of ESG are therefore all linked under risk management. The Exchange's consultation points out that an organisation's impacts on the environment and society can no longer be regarded as 'someone else's problem' – in the current environment, these impacts represent potentially serious risks to the organisation's continued existence. The consultation cites a 2012 study by KPMG (see details below) which identifies 10 global sustainability 'megaforces' (climate change, energy and fuel, material resource scarcity, water scarcity, population growth, wealth, urbanisation, food security, ecosystem decline and deforestation) which will affect the future of every business over the next two decades. The consultation points out that 'companies with ESG practices embedded in their corporate culture will likely be much better placed to respond to the impacts of these megaforces'.

The 2012 KPMG study ('Expect the Unexpected: building business value in a changing world') is available online at: http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/building-business-value.pdf.

"the comply-or-explain approach is an effective tool to encourage ESG reporting since it enables listed companies to take an 'evolutionary' approach to building their competencies and devising their own ESG strategies"

with the ESG disclosure requirements of the new Companies Ordinance and Appendix 16 of the listing rules, and to incorporate disclosure of gender diversity in the guide.

The Exchange's consultation points out that including gender disclosure in the guide would bring it in line with international standards of ESG reporting and with Hong Kong's Corporate Governance Code. The Code provides that issuers should have a policy concerning diversity of board members and disclose that policy in their corporate governance reports. While the Code does not define diversity, it states that it involves a number of factors, including but not limited to, gender, age, cultural and educational background, and professional experience.

'We consider that it is appropriate to include gender disclosure in the ESG guide, as it will give companies the opportunity to provide a fuller picture of the diversity within their entire work force,' the consultation states. The Exchange hopes that highlighting the need to report on gender diversity at every level of employment will help to create a pipeline for women to move up the corporate ladder to more senior positions.

What will be the impact of the proposed changes?

The proposed changes to the ESG guide have been in the pipeline for some time and are unlikely to take the market by surprise. Moreover, these changes will be ancillary to the ESG disclosure requirements of the new Companies Ordinance and Appendix 16 of the listing rules. Technically speaking, the new proposals do not amount to mandatory ESG reporting. After all, if any particular disclosure called upon by the ESG guide is not relevant to an issuer, it can opt to 'explain' its non-compliance rather than 'comply' with the disclosure requirement.

That said, the proposed changes do represent an 'upgrade' for Hong Kong's ESG reporting requirements. The Exchange points out in its consultation that the comply-or-explain approach is an effective tool to encourage ESG reporting since it enables listed companies to take an 'evolutionary' approach to building their competencies and devising their own ESG strategies.

The revised guide still allows for flexibility in the way companies comply. The Exchange is not proposing, for example, to simply make compliance with the entire guide subject to comply or explain. 'We do not propose to upgrade all the recommended disclosures in the ESG guide at this stage, as we consider that setting the reporting bar too high prematurely may have an adverse effect on the overall quality of the ESG reporting amongst our issuers. For instance, it may encourage box-ticking or treating non-compliance as a norm,' the consultation states.

The compliance burden has also been minimised by maintaining an approach

The proposed new ESG guide

Subject areas	Environment	Social
Aspects	Emissions Use of resources The environment and natural resources	Employment Health and safety Development and training Labour standards Supply chain management Product Anti-corruption Community investment
Compliance level	General disclosures and key performance indicators subject to comply or explain	General disclosures subject to comply or explain, disclosure of key performance indicators remains a recommended best practice

that allows for multiple reporting formats – the ESG disclosures may be presented as information in the issuer's annual report, in a separate report, or on the issuer's website. Furthermore, disclosures may be provided at the group level, rather than by each subsidiary within a group. Issuers are also permitted to make their disclosures (up to three months after the publication of their annual reports.

Timing

The Exchange intends to implement the new guide and listing rule changes, subject to responses to the consultation, for financial years commencing on or after 1 January 2016. This means that companies without an ESG data collection and analysis capacity will need to establish one immediately since it takes at least a year for such a system to start yielding the necessary data. Companies should bear in mind that the proposal to upgrade the KPIs under the 'environment' subject area to comply or explain will mean that companies will need to disclose hard data on all of the environmental aspects listed in the guide (such as emissions and use of resources).

ESG reporting is a long-term commitment. The Exchange's ESG consultation points out that there are many long-term benefits to getting this right – including cost savings and increased profit margins, talent retention, improved access to capital, better supply chain management and an improved reputation. The benefits of staying ahead of the new ESG disclosure requirements of the Companies Ordinance and the listing rules, as well as the proposed new requirements of the ESG guide, are not therefore limited to regulatory compliance. 'The process of reporting acts as a catalyst that prompts issuers to assess the environmental and social risks that may impact their businesses and vice versa. What follows as a result is that companies are better prepared to manage these risks,' the consultation states.

Kieran Colvert
Editor, CSj

The 'Review of the Environmental, Social and Governance Reporting Guide' consultation paper is available on the Exchange's website: www.hkex.com.hk.

Contracts (Rights of Third Parties) Ordinance

The Contracts (Rights of Third Parties) Ordinance is due to come into force early in 2016. Zoe Chan So Yuen FCS FCIS, Solicitor, examines how companies can make use of the new law in corporate contract management.

Many commercial projects, no matter what their size, have a potentially complex structure of contractual relations involving multiple parties. The payment paths alone can be wide ranging, involving employers, contractors, consultants, contractors, sub-contractors and suppliers. The Contracts (Rights of Third Parties) Ordinance will come into effect in Hong Kong early next year. The new law will allow, but not compel, contracting parties to use a term of the contract to confer benefits on third parties.

The new law, which is modelled on the experiences of other jurisdictions (including the UK, Australia, Canada and Singapore), envisages the new right of third parties as a 'shield' rather than as a 'sword'. This leaves room open for interpretation by the courts and Hong Kong will have to wait for a judicial decision to be upheld to confirm how the ordinance will be interpreted.

On reflection, it seems unlikely that the new law will alter the existing, conventional boundaries establishing the scope of third party rights. For example, rights can already be extended by a contracting party to a third party via the insertion of a collateral warranty. On a positive note, however, the new law may in time reduce the perceived need for collateral warranties, thus saving parties' legal fees in contract negotiations. It may also help to overcome the difficulties inherent in procuring warranties after a business project is completed. For the early stage of contractual risk management, it will be premature for companies to remove all collateral warranties/limitation clauses from the business agenda.

Privity of contract

As a general rule, a person not party to a contract can neither sue nor be sued upon it. However, there are a number of real or apparent exceptions to the doctrine of privity of contract, including those outlined below.

1. The beneficiary of a trust can sue a trustee to carry out the contract.

2. A third party may make a claim under an insurance policy made for their benefit, despite the fact that the third party did not pay the premiums. For example, in some jurisdictions, including Hong Kong, a person injured in a road accident can directly enforce the judgment against the motorist's insurer if he succeeds in claiming compensation against the insured motorist (that is, the driver or car owner).

3. Restrictive covenants on land can be imposed upon subsequent purchasers if the covenant benefits neighbouring land.

4. Although an agent may conduct negotiations and may sign a contract on behalf of a principal, the rights and liabilities under the contract entered into by the agent are in law the rights and liabilities of the principal.

An assignment – for example an assignment to transfer the rights under a contract to a third party – is another exception to the general rule. However, while a party to a contract can assign or transfer to another person (the assignee) the benefit of the contract, he cannot assign the burden of his contractual obligations without the consent of the other party to the contract. A legal assignment must be in writing with notice to the other party and the assignee can have no better rights than the assignor had.

Highlights

- business managers and company secretaries will need to have standard contract terms and conditions assessed under the new law
- the new law may in time reduce the perceived need for collateral warranties, thus saving parties' legal fees in contract negotiations
- contracts which are entered into after the law is passed will need to either expressly exclude or contain appropriate wording to cover relationships with third parties

It is not possible to assign:

i. a right of action, which is a claim for unliquidated damages for breach of contract or tort, or

ii. rights which are personal to the original parties to the contract.

Although a party to a contract cannot escape from his contractual obligations by assignments, he may (unless the contract requires personal performance by him) delegate performance to another person. He remains liable if his substitute's performance is in breach of contract.

Impact of the new law

The Contracts (Rights of Third Parties) Ordinance may benefit Hong Kong companies and contractors in the three ways outlined below.

1. It will provide a more straightforward route to allow third parties to enforce their rights as an alternative to reliance on collateral warranties or assignments (of interests/debts) which are prevalent in the financial and commercial industries.

2. It will ensure that classes of third parties are protected even where third-party beneficiaries of contracts cannot be identified, which is often the case when commercial contracts are entered into.

3. It will avoid time costs and the formalities of the execution of warranties and assignments involving multiple parties and it will reduce the likelihood of future disputes and multi-party proceedings.

Overseas lessons learned

The Contracts (Rights of Third Parties) Act 1999 in the UK confers similar rights to third parties – in practice contracting parties in the UK generally list third party rights in a schedule to the main contract documents.

Similarly in Hong Kong, since it may be difficult to ascertain who any intended beneficiaries actually are under the new law, from a practical point of view, it is advisable to include a specific clause in the agreement identifying the parties (specifically or by category) who can enforce their rights as 'third party beneficiary' under the contract. The incorporation of such a specific clause would, however, be subject to any defences available to the contracting parties.

> "the new law will allow, but not compel, contract parties to use a term of the contract to confer benefits on third parties"

Company secretaries' role in new contract management

There is no hard and fast rule for how contracting administrators should continue to use collateral warranties in the new legal environment. For example, third parties can be identified in the contract either by name or by description; the contracting parties should remain free to include in the contract an express term providing for variation or termination of the contract. The parties may further identify what statutory third-party rights may be conferred by identifying all potential third parties or classes of parties in a schedule annexed to the main contract.

For the avoidance of doubt, contracting parties can exclude all third-party interests that have not been expressly provided for in a detailed schedule of third-party interests, which can be annexed to the contract. In sum, the contract negotiators should identify third parties' rights in the schedule of the contract to vet using collateral warranty clause. For example, existing common law exceptions (in rare circumstances) to bypass the rule of privity of contract are expressly reserved.

Conclusion: positive steps forward

Interestingly, overseas legal experience is not to abrogate the common law privity rule. Company secretaries should take notice of a broad-based exception regarding the intention of contracting parties to confer third parties' rights. It takes time to test the limits of a new law in commercial practice in Hong Kong. Meanwhile, one may leave many uncertain questions to be resolved through various common law techniques. Such common law techniques as trust, agency and collateral contracts will continue to be relevant and useful for company secretaries to administer corporate contractual management. In some other situations for tax planning and other succession issues, third parties may be reluctant to take up third-party rights. Business managers and company secretaries will need to have their standard contract terms and conditions assessed under the new law. Contracts which are entered into after the law is passed will need to either expressly exclude or contain appropriate wording to cover relationships with third parties.

Zoe Chan So Yuen FCS FCIS
Solicitor

The new dispute resolution landscape

To get ready for the new Contracts (Rights of Third Parties) Ordinance, company secretaries can administer their standard contracts inserting express exclusions of the operation of the new law or to limit its application. To avoid surprises in third and multi-party actions, the contracting parties may negotiate a model arbitration clause (see below) drafted for that purpose.

A significant exclusion/limitation of this arbitration provision is where a third party wishes to enforce an award other than a Hong Kong domestic arbitration award in Hong Kong. This is because, under the New York Convention which concerns enforcement of foreign arbitral awards, only signatories to the arbitration agreement, that is the contracting parties, may enforce an award. These contractual loopholes have been hotly debated in cases brought before the courts in foreign jurisdictions including Germany and Spain.

Model clause on arbitration/alternative dispute resolution in commercial disputes

'[Subject to the form of the conditions set out in clause [N] of this Agreement], [name of third party] shall be entitled to enforce the benefits conferred on [it/him] by clause [N] of this Agreement [and for that purpose shall be entitled to the benefit of clause [N] of this Agreement [that is, jurisdiction and/or arbitration clauses] but otherwise no party other than the parties to this Agreement [or their respective assigns] or persons becoming party to this Agreement by novation shall have any right to enforce any terms of this Agreement.'

Professional Development

Seminars: July 2015

2 July
Risk governance

Chair: Mohan Datwani FCIS FCS(PE), Institute Senior Director and Head of Technical & Research
Speaker: Paul Stafford FCIS FCS, Institute Council Member, and Corporation Secretary Asia Pacific, The Hongkong and Shanghai Banking Corporation Ltd

7 July
An overview of charity governance, management and operation

Chair: Duffy Wong FCIS FCS, Institute Past President, and Senior Partner, Ho, Wong & Wong, Solicitors & Notaries
Speaker: Michelle Chow, Consultant, Withers

10 July
Company secretarial practical skills training series: lesson one – preparation of board meetings and minutes

Chair: Polly Wong FCIS FCS(PE), Institute Education Committee Chairman, and Company Secretary and Financial Controller, Dynamic Holdings Ltd
Speaker: Francis Yuen FCIS FCS, Institute Education Committee Member and Assessment Review Panel Chairman, and director of a consulting company

16 July
Common tax disputes between taxpayers and the Inland Revenue Department under the evolving tax and accounting environment

Chair: Edmond Chiu ACIS ACS, Institute Professional Services Panel Member, and Director, Corporate Services, VISTRA Hong Kong
Speakers: Emily Chak, Senior Manager, Tax Services, and Sharon Chan, Manager, Tax Services, PricewaterhouseCoopers

20 July
Corporate governance and developments in risk management and internal control (re-run)

Chair: Roger Leung FCIS FCS, Managing Director, Union Services & Registrars
Speakers: Roy Lo, Managing Partner, Shinewing (HK) CPA Ltd, and Gloria So, Senior Risk Manager, Shinewing Risk Services Ltd

21 July
The listing rules – recent reforms (connected transactions and risk management)

Chair: Susan Lo FCIS FCS(PE), Institute Professional Development Committee Member, and Executive Director, Director of Corporate Services and Head of Learning & Development, Tricor Services Ltd
Speaker: Mohan Datwani FCIS FCS(PE), Institute Senior Director and Head of Technical & Research

24 July

The Contracts (Rights of Third Parties) Ordinance – what you need to know, an overview and panel discussion

Moderator: Rachael Guan, Senior Legal Trainer/Legal Analyst, Mayer Brown JSM
Speakers: Gabriela Kennedy, Partner; Mark Stevens, Partner; Hong Tran, Partner; Jenny Yu, Senior Associate, Mayer Brown JSM

ECPD

Forthcoming seminars

Date	Time	Topic	ECPD points
15 Sept 2015	6.45pm – 8.15pm	Merger and acquisition in China	1.5
17 Sept 2015	6.45pm – 8.15pm	How to have effective investor relations	1.5
24 Sept 2015	6.45pm – 8.15pm	外资企业如何成功挂牌上新三板	1.5
29 Sept 2015	6.45pm – 8.15pm	ESG reporting: comply or explain	1.5

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

MCPD requirements

Members are reminded to observe the MCPD deadlines set out below. Failing to comply with the MCPD policy may constitute grounds for disciplinary action by the Institute's Disciplinary Tribunal as specified in Article 27 of the Institute's Memorandum of Articles.

CPD year	Members who qualified between	MCPD or ECPD points required	Point accumulation deadline	Declaration deadline
2015/2016	1 January 1995 - 31 July 2015	15 (at least 3 ECPD points)	31 July 2016	15 August 2016
2016/2017	1 January 1995 - 31 July 2016	15 (at least 3 ECPD points)	31 July 2017	15 August 2017

MCPD requirement to extend to graduates

Effective from 1 August 2015, all graduates are required to comply with the Institute's MCPD requirements.

Professional Development (continued)

Joint training with the Shanghai Stock Exchange

The Institute and the Shanghai Stock Exchange (SSE) jointly organised a training programme between 14 and 17 July 2015 in Xi'an, which was attended by 220 board secretaries, directors and senior executives from A+H share and A-share companies. The event marked the fifth joint training by the Institute and SSE since the two parties signed a Memorandum of Understanding in 2011.

Institute President Dr Maurice Ngai FCIS FCS(PE) delivered a speech at the opening ceremony and shared his views on the importance and necessity of board secretary professionalisation in Mainland China.

During the training, Dr Ngai also spoke on the latest amendments to Hong Kong's Corporate Governance Code, while Institute Vice-President Dr Gao Wei FCIS FCS(PE) spoke on the 'Shanghai–Hong Kong Stock Connect and the compliance practices of companies listed in Hong Kong'. Fan Zhipeng, Deputy Director of the Marketing Supervision Department of SSE, shared his insights on information disclosure and insider dealing control in view of the launch of the Shanghai–Hong Kong Stock Connect. Other speakers shared their views on topics including: investment and M&A activities in Europe; taxation risks in Europe; taxation due diligence investigations and taxation structures; and the SSE bond market. The presentations were followed by a group discussion session where speakers and the audience shared views on these topics.

Approximately 220 board secretaries and senior executives attended the joint training organised by the Institute and SSE this July

Institute President Dr Ngai speaking at the training programme

Joint training with Insurance Association of China

The Institute and the Insurance Association of China (IAC) jointly organised the 'Advanced regulatory seminars for Mainland insurance companies' from 28 to 31 July 2015 in Hong Kong. The training was attended by 29 participants from the China Insurance Regulatory Commission, the IAC, and board secretaries and senior management of member companies. This is the first joint training programme following the signing of a Memorandum of Understanding between the IAC and the Institute in Beijing in March 2015.

The seminars aim to enhance awareness, knowledge and practical skills regarding good corporate governance among board secretaries and senior managers of Mainland insurance companies, and to facilitate the establishment of good corporate governance systems within the Mainland insurance industry.

Twelve speakers shared their views and practical experience on a variety of topics and discussed relevant issues with participants. The speakers comprised: Institute President Dr Maurice Ngai FCIS FCS(PE); Past President Edith Shih FCIS FCS(PE); Chief Executive Samantha Suen FCIS FCS(PE); China Focus Group member Yao Jun FCIS FCS; and Technical Consultation Panel Member Wendy Yung FCIS FCS; as well as representatives from Hong Kong's Securities and Futures Commission and several professional firms and insurance companies. During the seminars, participants also visited the Hong Kong Stock Exchange, Hong Kong Monetary Authority and Independent Commission Against Corruption.

The first joint training programme by the Institute and the Insurance Association of China took place in Hong Kong this July

Advocacy

HKICS attends forum at the Liaison Office in Hong Kong

Institute President Dr Maurice Ngai FCIS FCS(PE) attended a discussion forum hosted by the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region on 28 July 2015. The forum was held to enhance the cooperation in the accounting services industry between Guangdong Province and Hong Kong. Institute member Desmond Lau ACIS ACS, Director, China Corporate Services, Tricor Services Ltd, also attended the event, as well as representatives of the People's Government of Guangdong Province and other guests.

Advocacy (continued)

Institute supports HKCPS internship initiative

The Institute supported the initiative of the Hong Kong Coalition of Professional Services (HKCPS) by offering summer internship opportunities to Secondary 5 students from Yuen Long district. A total of 33 internship opportunities were offered by China Aircraft Services Ltd, CLP Holdings Ltd, Forever Corporate Management Ltd, the Geological Society of Hong Kong, Harbour Plaza Hotels and Resorts and HKICS. The feedback from these students has been very positive and the Institute would like to thank the participating companies and organisations for their support of this initiative.

The 2015 internship programme launching ceremony for secondary school students in Yuen Long district organised by HKCPS

President discusses Chartered Secretarial profession at iCable

The growing demand for company secretarial, governance and compliance professionals in Hong Kong has attracted the attention of the business community. At an interview with iCable on 14 August 2015, Institute President Dr Maurice Ngai FCIS FCS(PE) emphasised that the gatekeeper role of company secretaries is important to corporations, big or small. He points out that it is better for corporations to take precautionary measures upfront and raise their governance standards rather than try to repair the damage after a corporate failure. He also discussed the prospects and the challenges facing the Chartered Secretarial profession in Hong Kong. The archive videos are available at: http://cablenews.i-cable.com/webapps/program_video/index.php?video_id=12221127 and http://cablenews.i-cable.com/webapps/program_video/index.php?video_id=12221126.

Dr Maurice Ngai (middle)

President attends MAICSA Annual Conference

Institute President Dr Maurice Ngai FCIS FCS(PE) participated in the 2015 Annual Conference of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) on 5-6 August 2015. Dr Ngai updated attendees on recent developments of the Institute and discussed future collaboration opportunities with MAICSA President Chua Siew Chuan FCIS and Council members of MAICSA.

Dr Maurice Ngai (second left) with YB Senator Datuk Paul Low Seng Kuan (fourth right), MAICSA President Chua Siew Chuan FCIS (middle) and MAICSA Council members

Membership

Membership renewal

The membership renewal notice for the financial year 2015/2016, together with a demand note, has been posted to members and graduates. Details of the fee structure has been published at the Membership section of the Institute website: www.hkics.org.hk. The deadline for membership renewal is 31 January 2016. Failure to pay by the deadline will constitute a ground for membership removal.

For enquiries, please contact the secretariat at: 2881 6177, or email: member@hkics.org.hk.

New graduate

Congratulations to our new graduate **Yeung Lap Fu.**

New associates

Congratulations to our new associates listed below.

Chan Ki Yuen, Kenny	Ng Juan, Sherafin
Chan Leo	Ng Wai Li
Chan Nga Sze	Ngai Suk Fong
Chan Suk Wah	Pang Ming Wai
Cheng Yu Ting, Jenifer	Seto Yee Man
Cheung Kuk Fun	Tsang Kwai Yu
Choi Wing Ki, Vicki	Tsang Pui Man, Janet
Chu Ching Man, Anna	Tse Kit Yee
Gao Keying	Wong Chun Kit
Hau Yui Shan	Wong Ka Ki
Kong Ling	Wong Koon Lun, Kenneth
Lai Wing Chiu	Wong Pui Yee
Lao Qingxia	Yee Wai Leung
Lee Suk Ping	Yeung Lee
Liu Sha, Michele	Yip Yuk Ling
Lo Hong Ting, Josephine	Yu Ka Yan, Michelle
Lok Ming Kee	

New fellows

The Institute would like to congratulate the following fellows elected in July 2015.

Mak Mei Kuen FCIS FCS

Ms Mak is the Chief Financial Officer and Company Secretary of RM Group Holdings Ltd (RM Group) (Stock Code: 8185). She is principally responsible for supervising the financial reporting, corporate finance, treasury, taxation, investor relations and company secretarial matters of the RM Group. She also actively participates in developing young professionals, including mentoring and acting as a workshop facilitator for the QP programmes at the Hong Kong Institute of Certified Public Accountants (HKICPA). Ms Mak is also a fellow of the HKICPA and the Association of Chartered Certified Accountants. She holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University.

Poon Man Man FCIS FCS

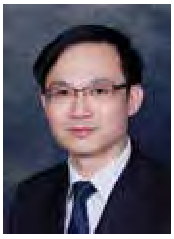
Ms Poon is the Company Secretary of Poly Property Group Co Ltd (Stock Code: 119), and also the Head of the Executive Directors' Office. She is responsible for handling the post-listing obligations of the company and communications with major shareholders, including the State-Owned Assets Supervision and Administration Commission of the State Council. Ms Poon holds a bachelor's degree in business administration, majoring in finance and marketing, from Simon Fraser University, Canada. She aims to enhance the recognition and status of Chartered Secretaries in Hong Kong and Mainland China through providing quality services and improving the standard of corporate governance of listed companies.

Tan Yoke Kong FCIS FCS

Mr Tan is currently the Chief Executive and Joint-Company Secretary of Public Financial Holdings Ltd (PFHL) (Stock Code: 626), which is listed on the Hong Kong Stock Exchange. He has been with the PFHL Group for over 20 years, and is also the Chief Executive and Executive Director of Public Bank (Hong Kong) Ltd, a wholly owned subsidiary of PFHL since 2006. Mr Tan has over 30 years' extensive experience in the banking and finance industry in Hong Kong and Malaysia. He is also a fellow of the Association of Chartered Certified Accountants in the UK.

Tau Siu Kwan, Nancy FCIS FCS

Ms Tau is currently the Deputy Company Secretary of Yuexiu Enterprises (Holdings) Ltd and Yuexiu REIT Asset Management Ltd, and a manager of Yuexiu Real Estate Investment Trust (Yuexiu REIT) (Stock code: 405). Yuexiu REIT is a Hong Kong collective investment scheme authorised under Section 104 of the Securities and Futures Ordinance. Ms Tau is a member of The Hong Kong Institute of Bankers and holds an MBA degree from the University of Strathclyde in Glasgow.



Tang Chi Wai FCIS FCS

Mr Tang is currently the Financial Controller, Company Secretary and Authorised Representative of Universal Technologies Holdings Ltd (Stock Code: 1026). He has extensive experience in handling accounting and auditing, treasury and finance as well as company secretarial and corporate governance affairs. Mr Tang is a member of The Chinese Institute of Certified Public Accountants and a Certified Tax Adviser in Hong Kong. He is also a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, The Taxation Institute of Hong Kong, the Society of Registered Financial Planners and The Hong Kong Institute of Directors.

Wong Wai Chiu, Daniel FCIS FCS

Mr Wong is an Associate Director in Legal and Compliance in ACE Life Insurance Co Ltd. His primary responsibilities cover internal control, legal review, compliance, corporate governance, board and company secretarial work. Prior to joining ACE Life, he had extensive experience in law enforcement, investigation support, audit, financial control and IT management in multiple jurisdictions. Mr Wong is a member of CPA Australia and holds three master degrees in information science, corporate governance and alternate dispute resolution from the University of Technology in Sydney, The Hong Kong Polytechnic Univerisity and City University of Hong Kong respectively. He also holds a postgraduate diploma in English and Hong Kong Law from Manchester Metropolitan in the UK, and a bachelor's degree in social sciences from the University of Hong Kong.

Membership (continued)

Membership activities

'Young Group' series – bowling

The Institute organised a bowling game at Whampoa Garden in Hung Hom with light refreshments for members to play and network on 11 July 2015. The Young Group, a sub-group of the Membership Committee, regularly organises sports and games for members who are young or stay young at heart.

Young-at-heart Chartered Secretaries having fun at the bowling alley this July

Community service – Dementia concern and visit

The Institute co-organised an interactive visit with the Jockey Club Centre for Positive Ageing (JCCPA) on 18 July 2015 for members to understand more about the growing 'silver' population in Hong Kong and to enhance members' awareness of community services. Approximately 50 members and their family members had an opportunity to experience the daily life of a person with dementia at a role-play session. During the visit, members also took exercise with the senior persons and learned about JCCPA's support services for the elderly and their families.

Group photo

Visit to JCCPA – Members exercising with the elderly

Chartered Secretary Mentorship Programme

The Institute launched its pilot Chartered Secretary Mentorship Programme in August 2015. The programme aims to bring together senior and young members to share experience in both the professional and social aspects of life as a Chartered Secretary. This pilot programme has received a very encouraging response with 20 mentors and 39 mentees. The inauguration ceremony was held on 24 August 2015. A series of activities are in the pipeline over the next six months. Details will be reported in the coming issues of *CSj.*

President Dr Maurice Ngai and Membership Committee Chairman Susie Cheung welcoming the mentors and mentees under the first Chartered Secretary Mentorship Programme

Ap Lei Chau Dragon Boat Race

Further to the Hong Kong International Dragon Boat Races held on July 2015, the Institute's dragon boat team participated in the Ap Lei Chau Dragon Boat Race on 9 August 2015. Congratulations to the team which ranked fifth in the Community section of the Golden Bowl Race. The team will take on another challenge in the Repulse Bay Dragon Boat Race on 11 October 2015. Details will be reported in a later issue of *CSj.*

The HKICS paddlers showing their team spirit

The team received a prize at the closing ceremony

Forthcoming membership activities

Date	Time	Topic
11 September 2015	6.30pm – 8.15pm	Happy Friday for Chartered Secretaries – 用《易经》• 做对管理
16 September 2015	6pm – 9pm	Annual Convocation 2015 (by invitation only)
23 September 2015	10.30am – 1pm	Talk on dementia
29 September 2015	6.30pm – 8.15pm	Seminar on reverse mortgage and enduring power of attorney

For details of forthcoming membership activities, please visit the Events section of the Institute's website: www.hkics.org.hk.

International Qualifying Scheme (IQS) examinations

December 2015 examination reminders

A. Examination timetable

	Tuesday 1 December 2015	Wednesday 2 December 2015	Thursday 3 December 2015	Friday 4 December 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

B. Examination enrolment

The examination enrolment period is from 1 to 30 September 2015. The Examination Entry Form can be downloaded from the Studentship section of the Institute's website: www.hkics.org.hk. All entries must be received by the secretariat by 6pm on Wednesday 30 September 2015, and, if by post, with a post-mark on that date. Late applications will not be accepted under any circumstances. To avoid postal errors or delays, students are recommended to submit their applications in person or by registered mail. No change can be made to the subject(s) and examination centre selected after the examination application has been submitted.

C. IQS study packs

Study packs on Corporate Administration, Corporate Governance, Corporate Secretaryship and Hong Kong Corporate Law (2015 edition) are available for ordering. Purchase of the study packs is mandatory for the enrolment of each subject examination. Candidates who fail to do so are not eligible for examination enrolment.

Students may download the order form from the Institute's website: www.hkics.org.hk.

D. HKICS examination technique workshops

The Institute will organise a series of three-hour IQS examination technique workshops from late October. These workshops aim to help students improve their examination techniques. The workshop fee is HK$500 each. Students may download the enrolment form from the Studentship section of the Institute's website: www.hkics.org.hk.

IQS information session

The Institute held an IQS information session on 20 July 2015 for those who are interested in pursuing a career in the Chartered Secretarial profession. Louisa Yuen FCIS FCS(PE), a joint company secretary of a leading global luxury fashion group, shared her professional working experience with the attendees.

Louisa Yuen sharing her experience

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

*學生亦可報讀個別學科單元

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

單元一　中國公司行政 Corporate Administration in PRC
單元二　中國公司治理 Corporate Governance in PRC
單元三　中國稅務 Taxation in PRC
單元四　中國公司法律 Corporate Law in PRC

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

*學生亦可報讀個別學科單元

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

核心單元：(必須全部修讀)
單元一　中國董事會秘書實務 Corporate Secretaryship in PRC
單元二　中國公司治理 Corporate Governance in PRC
單元三　中國公司行政 Corporate Administration in PRC

非核心單元：(可選單元四或五)
單元四　中國稅務 Taxation in PRC
單元五　中國公司法律 Corporate Law in PRC

最新單元

中國董事會秘書實務

講者簡介	端木梓榕先生 • 廣州市產權交易所專家委員會委員 • 總裁助理，廣州立白企業集團有限公司 • 董事會秘書，廣州珠江啤酒股份有限公司 (2002-2007)
上課時間及地點	每單元課程為期一個月 授課時間：4堂，每堂6小時，共24小時 上課時間：逢週六上堂，下午 (2:00-5:00) 及晚上 (6:00-9:00) 授課地點：港島區其中一所教學中心
授課日期	2015年10月10日、10月17日、10月24日及10月31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 (林小姐) / 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。

International Qualifying Scheme (IQS) examinations

IQS examination pass rates (June 2015)

Subject	Pass rate
Part I	
Strategic and Operations Management	34%
Hong Kong Corporate Law	30%
Hong Kong Taxation	35%
Hong Kong Financial Accounting	60%
Part II	
Corporate Governance	32%
Corporate Administration	44%
Corporate Secretaryship	24%
Corporate Financial Management	29%

Subject prize and merit certificate awardees

The Institute is pleased to announce the following awardees of subject prizes and merit certificates at the June 2015 examination. The subject prizes were awarded by The Chartered Secretaries Foundation Ltd. Congratulations to all awardees!

Subject	Subject prize winners
Hong Kong Corporate Law	Au Yeung Wing Man
	Lam Yuen Yee
	Li Lok Yan, Katrina
	Suen Miu Ling
	Yeung Oi Ling

Subject	Merit certificate awardees
Hong Kong Financial Accounting	Suen Mei Kwan
Hong Kong Taxation	Chiu Ka Ming
	Tang Hoi Ying, Dior
	Wong Yui Ling
Hong Kong Corporate Law	Chan Ka Ying
	Chen Xian
	Kwong Wai Yin
	Lau Yu Wa
	Law Ching Wa
	Leung Wai Han
	Tsang Lai Sze
	Yeung Lai Wa
	Ying Yuen Yan
Corporate Secretaryship	Ho Pui Ka
	Leung Suet Lun
	Yau Kar Yi, Grace
Corporate Administration	Li Chiu Chun
	Ng Yu Yi
Corporate Financial Management	Sin Yuk King

Studentship

New students orientation

Date:	Tuesday 22 September 2015
Time:	7pm – 8.30pm
Venue:	Joint Professional Centre, Unit 1, G/F, The Center, 99 Queen's Road Central, Hong Kong

Students who have registered since March 2015 are invited to attend a new students orientation on Tuesday 22 September 2015. This event aims to provide new students with up-to-date information about the Institute and serves as a platform for them to meet with other students. The IQS examinations subject prize winners will also share their examination preparation tips at the event.

The enrolment form can be downloaded from the Studentship section of the Institute's website: www.hkics.org.hk. Please fill in the reply slip and return it by email to: student@hkics.org.hk. For enquiries, please contact Annis Wong at: 2830 6010, or Carmen Wong at: 2830 6019.

HKICS Corporate Governance Paper Competition and Presentation Award 2015

Launched in 2006, the HKICS Corporate Governance Paper Competition and Presentation Award aims to raise awareness of the importance of good governance among undergraduates in Hong Kong. Six finalist teams will present their papers and compete for the Best Presentation Award at this year's presentation contest to be held on 31 October 2015. Members and students are welcome to attend.

For details, please contact Annis Wong at: 2810 6010, or Carmen Wong at: 2810 6019.

Theme:	Risk Management and Corporate Governance
Date:	Saturday 31 October 2015
Time:	10am – 1pm
Venue:	United Conference Centre, 10/F, United Centre, 95 Queen's Road, Admiralty
Fee:	Free of Charge

HKICS/HKU SPACE programme series: Corporate Secretaryship in the PRC (new module)

The HKICS/HKU SPACE programme series in PRC corporate practices is offering a new module – 'Corporate Secretaryship in the PRC'. Up to 18 HKICS ECPD points will be awarded to participants who attain 75% or more attendance.

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

Date:	10, 17, 24 and 31 October 2015 (all Saturdays)
Time:	2pm – 5pm and 6pm – 9pm
Venue:	HKU SPACE Learning Centre on Hong Kong Island (to be confirmed)
Fee:	Mr Duan Mu Zi Rong (端木梓榕先生) Member of the Guangzhou Enterprises Mergers and Acquisitions Services Experts Committee (广州市产权交易所专家委员会委员)

Studentship (continued)

Student Ambassadors Programme (SAP) – summer internship 2015

A total of 30 HKICS student ambassadors received summer internship offers from 13 companies this year (listed below in alphabetical order). The Institute would like to thank the companies for their kind support for the programme.

Employer	Summer intern	University and programme
Angela Wang & Co	Leung Chin Ho	Bachelor of Business Administration (Law), The University of Hong Kong
CK Hutchison Holdings Ltd	Lau Yuen Ying, Erica	Bachelor of Business Administration (Law) & Bachelor of Law (majoring in Accounting), The University of Hong Kong
	Wong Man Yi, Chloe	Bachelor of Social Sciences (Government and Laws) and Bachelor of Laws, The University of Hong Kong
	Wu Cheuk Yeung, Andrew	Bachelor of Business Administration, Hong Kong Shue Yan University
	Wu Yitian, Jesscia	Bachelor of Laws, The Chinese University of Hong Kong
Companies Registry	Au Long Yi	Bachelor of Business Administration in Accountancy, City University of Hong Kong
	Lam Ching Yin	Bachelor of Business Administration (Law) and Bachelor of Laws, The University of Hong Kong
	Lau Mei Kei, Cindy	Bachelor of Business Administration in Accounting, The Hong Kong University of Science and Technology
	Ng Tsz Hin, Jason	Bachelor of Business Administration (Law) and Bachelor of Laws, The University of Hong Kong
Hong Kong Institute of Chartered Secretaries, The	Lau Chi Wing	Bachelor of Business Administration, Hang Seng Management College
Intertrust Resources Management Ltd	Law Kiu Yan	Bachelor of Business Administration in Corporate Governance and Marketing, Hong Kong Shue Yan University
	Leung Yan Man, Carrie	Bachelor of Business Administration in Management, The Open University of Hong Kong
McCabe Secretarial Services Ltd	Suen Ka Yan	Bachelor of Business Administration in Corporate Management, Caritas Institute of Higher Education
MTR Corporation Ltd	Lo Lai Chu	Bachelor of Commerce in Law and Business, Hong Kong Shue Yan University

Employer	Summer intern	University and programme
Reachtop Consulting Ltd	Yeung Lai Hung	Bachelor of Business Administration, The Hong Kong University of Science and Technology
SW Corporate Services Group Ltd	Lam Chun Leung, Johnson	Bachelor of Commerce in Accountancy, Hong Kong Baptist University
TMF Hong Kong Ltd	Chan Wai Ka	Bachelor of Commerce in Law and Business, Hong Kong Shue Yan University
	Cheung Ka Yu	Bachelor of Business Administration in Finance, Lingnan University
	Cheung Siu Ting	Bachelor of Business Administration in Corporate Management, Caritas Institute of Higher Education
	Ho Hiu Kwan, Nancy	Bachelor of Arts in Integrated Business, Centennial College
	Hui Yan Shan, Yuki	Bachelor of Business Administration, Hong Kong Shue Yan University
	Lau Ka Yu	Bachelor of Commerce in Law and Business, Hong Kong Shue Yan University
	Tsui Chung Lok	Bachelor of Business Administration in Accounting and Finance, The Hong Kong University of Science and Technology
	Wong Man Sze	Bachelor of Professional Accounting, Centennial College
	Wong Pik Sum	Bachelor of Business Administration in Corporate Governance, Hong Kong Shue Yan University
	Wong Po Chu, Bonnie	Bachelor of Business Administration in Corporate Management, Caritas Institute of Higher Education
Tricor Services Ltd	Au Long Yi	Bachelor of Business Administration in Accountancy, City University of Hong Kong
	Chan Ka Ki, Cathy	Bachelor of Business Administration, Hong Kong Shue Yan University
Wong Lam Leung & Kwok Secretaries Ltd	Edmund Ho	Bachelor of Business Administration in Corporate Management, Caritas Institute of Higher Education
Vistra, Hong Kong	Cheung Yuen Shun	Bachelor of Business Administration, Hong Kong Shue Yan University

Studentship (continued)

Summer interns photo gallery


At CK Hutchison Holdings Ltd

At Companies Registry

At Intertrust Resources Management Ltd


At TMF Hong Kong Ltd

At SW Corporate Services Group Ltd


At Tricor Services Ltd

Payment reminders

Studentship renewal

Students whose studentship expired in July 2015 are reminded to settle the renewal payment by Tuesday 22 September 2015.

Exemption fees

Students whose exemptions were approved via confirmation letter on 3 July 2015 are reminded to settle the exemption fee by Saturday 3 October 2015.