CSj

August 2016

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

Board evaluation

Is Hong Kong missing out?

CGC 2016 preview
NGO governance
Integrated reporting

CHARTERED SECRETARIES
特許秘書

SWEET & MAXWELL

the answer company™
THOMSON REUTERS®

A ONE-STOP-SHOP FOR EVERYTHING YOU NEED ON COMPANY LAW AND OTHER PRACTICE AREAS

15% off for 1-2 titles, 30% off for 3 titles or more

Enjoy this special offer on or before 19 August 2016! Quote **HKICSMEMBER16** when ordering.

SPECIAL OFFER TO HKICS MEMBERS

COMING SOON
The Law and Practice of Hong Kong Companies, 3rd Edition

Pub Date: Jul 2016
ISBN: 9789626618769
List Price: HK$3,888

COMING SOON
Companies Ordinance: Commentary & Annotations 2016 Edition on Primary Legislation (Cap.622) and Subsidiary Legislation: (Cap.622A – 622L) *and* Companies (Winding-up and Miscellaneous Provisions) Ordinance (3-Volume Set)

Pub Date: Jul 2016
ISBN: 9789626619230
List Price: HK$5,388

Company Law in Hong Kong – Practice and Procedure 2016

Pub Date: Dec 2015
ISBN: 9789626617458
List Price: HK$2,500

Company Law in Hong Kong – Insolvency 2016

Pub Date: Dec 2015
ISBN: 9789626617441
List Price: HK$2,500

The Hong Kong Companies Ordinance (Cap.622): Commentary & Annotations, 2nd Edition (2-Volume Set)

Pub Date: Nov 2015
ISBN: 9789626617472
List Price: HK$2,800

Law of Companies in Hong Kong, 2nd Edition

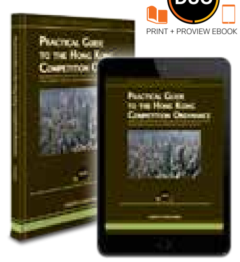
Pub Date: Oct 2015
ISBN: 9789626617489
List Price: HK$4,300

Securities and Futures Ordinance (Cap.571): Commentary and Annotations (2 Volumes)

Pub Date: Oct 2015
ISBN: 9789626614495
List Price: HK$5,888

Chitty on Contracts, Hong Kong Specific Contracts, 4th Edition

Pub Date: Dec 2014
ISBN: 9789626615751
List Price: HK$7,420



Practical Guide to the Hong Kong Competition Ordinance

Pub Date: Jun 2016
ISBN: 9789626619018
List Price: HK$1,288

Employment Law and Practice in Hong Kong, 2nd Edition

Pub Date: Jun 2016
ISBN: 9789626618158
List Price: HK$4,701

Proview eBook versions available

DUO PRINT + PROVIEW EBOOK Print and Proview eBook versions included

ORDER YOUR COPY NOW!

www.sweetandmaxwell.com.hk +852 2847 2000 smhk.salesenquiries@thomsonreuters.com

HKUSPACE 香港大學專業進修學院 HKU School of Professional and Continuing Education

CHARTERED SECRETARIES 特許秘書

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

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

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

***學生亦可報讀個別學科單元**

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

本港唯一與香港特許秘書公會合辦有關國內公司治理的課程

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

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

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

***學生亦可報讀個別學科單元**

最新單元

	中國公司行政
講者簡介	劉娟博士 • 工學學士、法學碩士、經濟學博士 • 華南農業大學公共管理學院副教授，勞動與社會保障系主任 • 十四年授課經驗，服務範圍包括：大學、國企企業、上市公司、政府、社區
上課時間及地點	每單元課程為期四週 授課時間：4堂，每堂6小時，共24小時 上課時間：週六14:00 – 17:00及18:00 – 21:00 授課地點：港島區其中一所教學中心
授課日期	2016年9月3日、9月10日、9月17日、9月24日 (校方保留更改及調動課堂時間之權利)
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)　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。

CSj

CHARTERED SECRETARIES
特許秘書

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 30 June 2016, the Institute's membership statistics were as follows:
Students: 3,298
Graduates: 419
Associates: 5,112
Fellows: 560

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

August 2016

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

George Anderson
Katherine Moos
Alice Au
Spencer Stuart
Robert Eccles
Arabesque Partners
Christine Chow
Hermes Investment Management
Eric Lyon
CSR Asia
Xie Jilong
CRRC Corporation
Richard Bell
Ik Wei Chong
Samuel Sharp
Clyde & Co

Advertising sales enquiries

Ninehills Media Ltd
Tel: (852) 3796 3060
Jennifer Luk
Email: jennifer@ninehillsmedia.com
Charles Zimmerman 查理文
Email: charles.z@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

Board evaluation

Welcome to another edition of our journal *CSj*. Before discussing this month's theme, I would like to give you a quick preview of our upcoming Corporate Governance Conference (CGC). On the 23–24 September 2016, our Institute will hold its latest CGC at the JW Marriott Hotel in Hong Kong. The Institute's CGCs, first launched in 1998, have established a reputation as a premier forum for exploring practical solutions to emerging corporate governance issues. Our conference working group has devised a theme and a speaker line-up which will keep the tradition of our unique perspective on corporate governance very much alive.

This year the conference will focus on the roles of the different actors engaged in the corporate governance endeavour. The principal actors are broadly divided into those inside and outside the corporate entity – hence the conference title: 'Corporate governance: inside and out – forces shaping the corporate governance landscape'. The conference will look at what the board and management (from inside the company), and regulators, auditors, shareholders and the media (from outside the company), can do to enhance governance. As you might expect, the role of the company secretary will be a part of the discussions throughout the forum. The company secretary shares both the internal and external perspectives on corporate governance, being a part of both the board and management functions, as well as being a gatekeeper for all mawtters relating to governance.

Our Institute's CGCs represent a rare and valuable opportunity for attendees to participate in the frontier debates of corporate governance and company secretarial practice. With just over a month left before our latest CGC gets underway, book now to ensure your seat at this flagship event.

Turning to this month's journal – the first article I would like to draw your attention to is this month's In Focus which reviews our new guidance note on the governance issues relating to non-governmental organisations (NGOs). This new guidance note represents the first fruits of a new initiative of our Institute – the launch of our 'interest groups'. These new groups, there are seven in total, bring together members and experts to produce guidance on topics of relevance to our profession. Our Institute stands at the core of a 'network of expertise' which can play a key role in keeping our members up to date with the latest best practice in areas relevant to our profession, so watch this space for further guidance on the topics that concern you most.

And finally, I would like to turn to this month's cover stories which address the issue of board evaluation. Few would dispute the key role that the board of directors plays in keeping companies on the right track. The board is responsible for setting the strategic direction of the company, navigating the risks it faces, as well as maintaining good corporate governance. How well the board performs these crucial tasks is one of the key determinants in the success of any enterprise.

Formal board evaluation, however, remains relatively uncommon in Hong Kong. This has become standard practice in most developed jurisdictions around the world, but here in Hong Kong it is limited almost entirely to large cap listed companies. Moreover, even among these companies, very few opt for an externally-monitored evaluation, bringing in an experienced professional to guide the process. Much more common is an internal process, often consisting of a questionnaire seeking the opinions of the directors of the basic workings of the board and its overall performance.

Is it time for Hong Kong to get more serious about board evaluation? Are Hong Kong companies missing out on this valuable mechanisim for ensuring that any slippage in board function is quickly recognised and corrected? Is it time to upgrade the recommended best practice on board evaluation in our corporate governance code? Should we require companies to disclose any board evaluations in their annual reports – as is the practice in the UK? I commend you to our cover stories this month for some answers to these important questions.

Ivan Tam FCIS FCS

董事會評核

新一期月刊又与大家见面。在讨论本期主题之前，我先预告即将举行的公司治理研讨会(CGC)。公会将于2016年9月23至24日假香港万豪酒店举行最新一届CGC。自1998年首届举办以来，CGC声誉日隆，成为就公司治理议题探讨务实解决方案的至佳场合。研讨会工作小组秉承我们对公司治理保持独特观点的传统，为研讨会构思了主题，并邀请多位讲者出席。

今年的研讨会，将集中探讨公司治理范畴中不同参与者所担当的角色。主要参与者大致可分为机构以内及以外的参与者，因此研讨会定名为「影响公司治理实务发展的内外力量」。研讨会将讨论公司内的董事会和管理层、以及公司外的监管机构、核数师、股东和媒体等，可如何加强管治。正如大家所料，公司秘书的角色，将贯穿是次研讨会的讨论。公司秘书作为董事会和管理职能的一部分，也是所有管治相关事宜的把关者，在审视管治议题时，同时兼具内外角度。

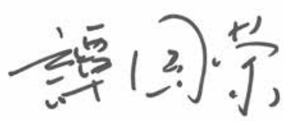
出席CGC的人士，可参与关于公司治理及公司秘书实务议题的最前线讨论，机会弥足珍贵。现距离研讨会仅余个多月，请尽快报名参与这项公会的旗舰盛事。

本期月刊方面，首先我想推荐大家细阅「焦点In Focus」栏目，该文介绍公会就非政府组织管治事宜发出的新指引。这项新指引，是公会新成立的「专题小组」的首项工作成果。公会现共有七个专题小组，集合会员和专家的意见，就特许秘书专业相关议题提供指引。公会处于「专业知识网络」的核心位置，希望发挥其重要角色，让会员及时获悉特许秘书专业相关范畴的最新最佳守则。故请密切留意这方面的发展，以便你就最关注的课题获得进一步指引。

最后一提本期的封面故事，主题是董事会评核。毋庸置疑，董事会担当着重要的领航角色，确保公司在正轨上运作：负责订立公司的策略发展方向，应对公司面临的风险，并维持良好的公司治理。在这些至关重要的工作上，董事会的表现，乃企业成功致胜的重要决定因素之一。

然而，正规的董事会评核，在香港仍未算普及。环顾全球大部分发展成熟的地区，董事会评核可谓标准做法，但在香港几乎只有市值庞大的上市公司才会实行。即使在这些公司中，董事会评核也甚少采用外间监察模式，邀请富经验的专业人士指导评核过程。公司往往只作内部评核，多以问卷调查形式，请董事就董事会的基本运作及整体表现提出意见。

香港是否应更认真实行董事会评核？透过董事会评核，可迅速识别及纠正董事会运作上的失误，香港公司是否错过了这宝贵的机制？现在是否加强企业管治守则内有关董事会评核最佳常规的适当时候？我们应否效法英国，要求公司在年报内披露董事会评核的资料？我建议大家阅读本期的封面故事，探讨这些重要的议题。



谭国荣先生 FCIS FCS

Board evaluation: is Hong Kong missing out?

Formal board evaluation is still at a nascent stage in Hong Kong. *CSj* looks at the potential benefits of the process and explores why companies in Hong Kong have been reluctant to embrace what is fast becoming a standard part of good corporate governance practice.

Companies operate in a complex and highly competitive environment today, and having an optimally functioning board is clearly an essential part of remaining in business. Formal board evaluation has therefore become a standard part of corporate governance practice in many developed jurisdictions around the world.

A regular, formal board evaluation process enables the board and management to identify potential areas for improvement in the way the board operates. The process aims to give some answers to the key questions surrounding board performance – is the board culture conducive to a challenging debate? Is there effective communication between the board and management? The evaluation can also be a good opportunity to assess whether the composition of the board is fit for purpose. Is the board sufficiently diverse in terms of skills, professional background and gender? Does it have the right balance of skills and attributes required to lead the company into the future?

If an experienced external party is appointed to conduct the board evaluation, the company also benefits from an objective assessment of board performance and can benchmark that performance against companies in comparable industries and markets.

Board evaluation would, then, seem to be a good idea – so why are so few companies in Hong Kong engaged in the practice? A recent report by Spencer Stuart (see 2015 Hong Kong Board Index at: www.spencerstuart.com) suggests that only 21% of Hang Seng Composite LargeCap Index (HSLI) 88 companies have performed a board evaluation and only a handful of these companies have used external parties in the process.

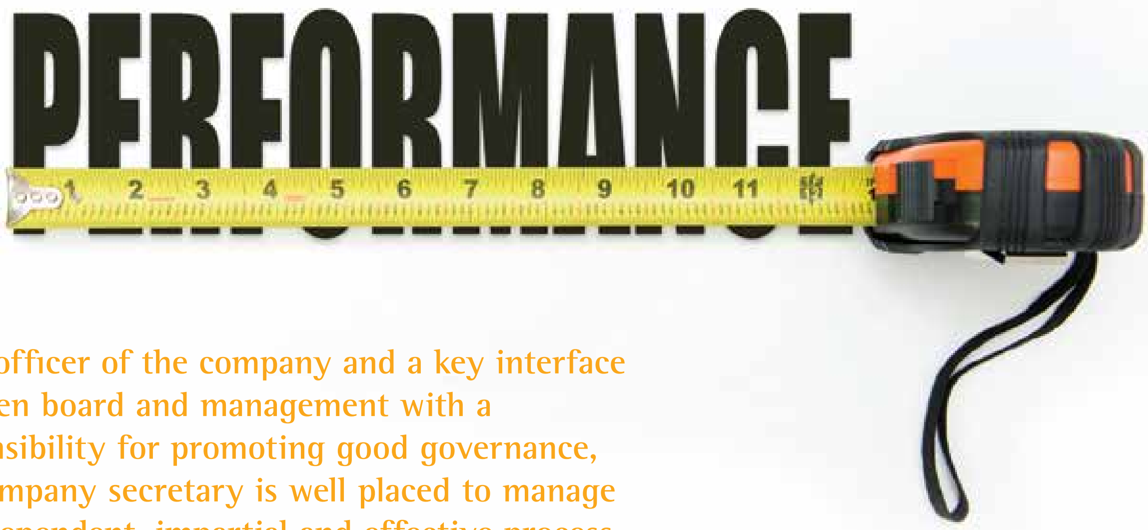
The above figures may be somewhat misleading in that they only capture the formal board evaluations which have been disclosed to the market. The likelihood is that most boards in Hong Kong will be engaged in some form of board evaluation, even if that is no more than an occasional discussion about how the board is performing and about how to improve board processes. At the very least, however, the current data implies that relatively few companies in Hong Kong are moving to the next step and setting up a regular and formal evaluation process.

What is holding Hong Kong back?

Since Hong Kong Exchanges and Clearing Ltd (the Exchange) consulted the market in 2010 on whether to include a recommended best practice (RBP) on board evaluation in Hong Kong's Corporate Governance Code, there has

Highlights

- a regular, formal board evaluation process enables the board and management to identify potential areas for improvement in the way the board operates
- if an experienced external party is appointed to conduct the board evaluation, the company also benefits from an objective assessment of board performance and can benchmark that performance against companies in comparable industries and markets
- a structured, transparent board evaluation process should be encouraged but in a way that is carefully attuned to the local business environment



> "as an officer of the company and a key interface between board and management with a responsibility for promoting good governance, the company secretary is well placed to manage an independent, impartial and effective process"

David Simmonds, Group General Counsel, Chief Administrative Officer and Company Secretary, CLP Group

been an ongoing discussion in the market regarding the potential benefits and costs of board evaluation.

A number of potential obstacles to the wider adoption of formal board evaluation in Hong Kong have been raised, among them the financial costs involved and the potential loss of confidentiality. Certainly, board evaluations conducted by an external consultant will involve a financial cost which, for smaller companies, could be a disincentive, but a formal internally conducted evaluation, which is a more common scenario in Hong Kong, can be done at very little cost. Such evaluations do, however, incur time rather than financial costs, requiring the chair and the company secretary to devise the questionnaires, analyse the completed questionnaires and compile the results into a report.

Similarly, loss of confidentiality may be a concern where the evaluation involves bringing in an outsider to assess board performance. However, as mentioned earlier, the vast majority of evaluations conducted in Hong Kong are conducted internally. Even where external parties are brought in, they generally fulfil an educational role – such as briefing the board about the performance criteria to look at in their internal evaluations, rather than as a direct participant in interviews or information gathering.

Dr Kelvin Wong, Deputy Managing Director of Cosco Pacific Ltd, believes that the debate about the relevance of board evaluation to Hong Kong needs to take into account the local business environment and, in particular, the concentrated ownership structure of most listed companies here. He believes that a structured, transparent board evaluation process should be encouraged, but it should be done in a localised way, carefully attuned to the local business environment.

'This doesn't mean that board evaluation is not suitable for Hong Kong,' he says, 'but the way we conduct evaluations must be thoughtfully designed to adapt to Hong Kong's business environment. In the US, most listed companies are owned by a diverse group of investors. Among them, institutional investors represent another powerful corporate governance mechanism. So, in addition to financial performance, board evaluation is an important yardstick for shareholders to measure how well the board performs. It is not rare for institutional investors to launch a campaign to oust the CEO or other independent directors of the board if they do not live up to their expectations.'

This situation contrasts with Hong Kong's business environment where the majority of listed companies are family controlled or state-owned enterprises. 'In Hong Kong, I don't think the chairman or CEO of a family-controlled or state-controlled company can easily be unseated as a result of a board performance evaluation. Therefore, we cannot follow blindly the way that the US or other Western countries do evaluations without considering our own situation,' he adds.

Another possible reason for the reluctance of Hong Kong companies to embrace board evaluation is the potential implications for board relationships. Is there a fear that the process could cause destructive confrontations and power struggles? Certainly, Hong Kong companies seem generally keen to keep personalities out of the process. Hence the fact that peer evaluation of directors is very rare in Hong Kong and the focus of board evaluations tends to be on assessing overall board effectiveness.

'The issues to be covered should be prioritised according to their importance in order to carry out a comprehensive evaluation,' Dr Wong says. He adds that the evaluation should focus on areas where there is a consensus that improvement would be beneficial and where there are a range of views on performance.

Dr Wong adds that the role of the chairman is crucial to the success of board evaluation. He or she sets the tone from the top and has the ultimate responsibility for carrying out the board evaluation. If the chairman is not fully supportive of the process, or does not see the benefit of it, the evaluation could turn out to be a mere box-ticking exercise.

The regulator's view

As mentioned above, the Exchange consulted the market in 2010 on whether to include a recommended best practice (RBP) on board evaluation in Hong Kong's Corporate Governance Code. The Exchange noted the increasing focus on board evaluation in other jurisdictions in its consultation paper. Its proposed RBP – which recommended that listed companies conduct a regular evaluation of its own, and individual director's, performance – was opposed by over two-thirds of issuers that responded, but gained majority support from market practitioners and professional bodies.

'Some opposing respondents felt that most Hong Kong issuers are not ready for board evaluation,' says Grace Hui, Managing Director, Chief Operating Officer of Listing at the Exchange. 'Nonetheless, many opponents said that they would be supportive if the evaluation of individual directors was omitted from the RBP. The Exchange considered there was merit to the opposing views and decided to drop the individual evaluation part.'

In view of the responses to the last consultation, the Exchange believes that the market is unlikely to be supportive of an upgrade of the board evaluation RBP to comply or explain at this stage.

'When formulating policies, the Exchange benchmarks its proposed rules against those of other developed markets and assesses their potential impact on the Hong Kong market,' Hui explains. As a comparison, the UK currently requires, on a comply-or-explain basis, listed firms to

A case scenario: CLP Group

Though board evaluation is not yet a common practice in Hong Kong, there are a small number of companies for whom the process has become an integral part of their corporate governance practices and philosophy. The CLP Group is one. The CLP Group carries out board evaluations on an ongoing basis with an independent external evaluation every three years. CLP also discloses a summary of the findings of its board evaluations in its annual reports and/or on its website.

'Although most companies that carry out a board evaluation have chosen to do it internally, CLP does both internal and external evaluations,' says David Simmonds, Group General Counsel, Chief Administrative Officer and Company Secretary, CLP Group. 'We commenced with an evaluation conducted by an external consultant in 2012 and followed that with our own internal evaluations in 2013 and 2014.'

CLP's internal evaluations have been conducted by the company secretary in the form of a questionnaire to all directors individually, with a focus on the implementation of the recommendations of the previous years' board performance evaluation. External evaluations typically involve a questionnaire and individual interviews with directors with responses generally aggregated without attribution.

'In the past, we covered areas such as board dynamics and culture; organisation of the board; committee organisation; board composition; board involvement and engagement; communication with shareholders and stakeholders; and overall board effectiveness,' says Simmonds.

disclose how the evaluation of the board, its committees and its directors has been conducted. It does not require disclosure of the results of the evaluation. Similarly in Australia, a listed issuer only needs to disclose on a comply-or-explain basis the process for periodically evaluating the performance of the board, its committees and individual directors.

> "we cannot follow blindly the way that the US or other Western countries do evaluations without considering our own situation"
>
> Dr Kelvin Wong, Deputy Managing Director, Cosco Pacific Ltd

'On disclosure of the process of evaluation, we will continue to review the developments in this area. On disclosure of the results of board evaluation, given that there is no such requirement in other international exchanges, we do not believe that it should be a requirement in Hong Kong, but we will continue to monitor the developments,' Hui adds.

The role of the company secretary

Given the benefits of the formal board evaluation process, and the fact that few companies in Hong Kong have yet to incorporate such evaluations into their corporate governance regimes, should company secretaries be promoting this issue to their boards?

The Institute's Corporate Governance Conference 2012 indicated that most company secretaries in Hong Kong would be highly reluctant to initiate a proposal to get board evaluation onto the board's agenda. A conference poll revealed that a majority (51%) of attendees thought that boards would reject any recommendation to instigate formal board evaluation. Among that majority, 11% believed that company secretaries bold enough to propose board evaluation would be shown the door.

Dr Wong believes that, while the company secretary plays a facilitative role in the implementation of board evaluation, promoting this issue in companies without a formal board evaluation process should be handled with care. 'Without the full support and endorsement of the chairman, the company secretary is not in a position to initiate board evaluation. I would say it is a very sensitive and sometimes political issue. So keep your personal opinions out of the process and apart from procedural issues, unless you are also an executive director of the board,' he says.

In companies that have already embarked on the board evaluation journey, the company secretary generally plays a key role assisting the chairman (or, in the UK, sometimes the senior independent director) in managing the process. 'As an officer of the company and a key interface between board and management with a responsibility for promoting good governance, the company secretary is well placed to manage an independent, impartial and effective process,' says David Simmonds, Group General Counsel, Chief Administrative Officer and Company Secretary, CLP Group.

As mentioned above, the cost of internal evaluations is principally the time needed to see the process through rather than the financial outlay required. The services of the company secretary are therefore highly useful to oversee the process. The company secretary will generally be very familiar with the workings of the board and will also typically have the trust and confidence of the chairman and other directors to carefully analyse the feedback collected and to impartially discuss with the chairman, and where appropriate, follow up with management on suggestions and concerns, if any, so as to formulate appropriate recommendations for the whole board to consider.

If the board evaluation is conducted by an external party, the company secretary would also be expected to play an important role in the appointment and engagement process. In Hong Kong, a number of management consulting firms and executive search firms offer board evaluation services to their clients. The company secretary is also well placed to brief and prepare the consultant on a wide range of matters concerning the board, its practices and board dynamics.

Jimmy Chow, Journalist, and Kieran Colvert, Editor, *CSj*

> *CSj's previous article on board evaluation ('Asking the right questions: board evaluation and the company secretary') is available in the online journal (http://csj.hkics.org.hk, see the December 2012 edition cover story).*

Rewarding the Extraordinary

CHARTERED SECRETARIES
特許秘書

The Hong Kong Institute of Chartered Secretaries Prize 2016

Call for Nominations

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

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

The nomination deadline is Friday, 30 September 2016.
Please visit www.hkics.org.hk or contact Louisa Lau at 2830 6008 or email to member@hkics.org.hk for details.

Please act now!

Board assessment and board effectiveness

George Anderson, Katherine Moos and Alice Au, Spencer Stuart, look at six key questions all boards need to consider regarding board performance and the suitability of individual directors.

Investor focus on board performance has reached new levels of intensity. The chairman and CEO of Vanguard, one of the largest mutual fund companies in the world, recently sent letters to the independent directors of its biggest holdings in which he outlined six principles of governance. 'In the past, some have mistakenly assumed that our predominantly passive management style suggests a passive attitude with respect to corporate governance,' he wrote, 'Nothing could be further from the truth'.

We have come to expect that kind of perspective from activist investors, who have long been assertive about board governance and composition. Now, large institutional investors are joining the chorus. Firms such as State Street, BlackRock and Vanguard are calling for greater transparency about how candidly boards are addressing their own performance and the suitability of individual directors. As the Council of Institutional Investors sums it up, disclosure about assessment 'is an indication that a board is willing to think critically about its own performance on a regular basis and tackle any weaknesses... and can be a catalyst for 'refreshing' the board as new needs arise'.

Annual board assessments have become ubiquitous, but are boards truly using them to ensure they are as effective as their shareholders expect them to be?

Some evidence suggests the answer to that question is no. For example, 39% of US directors in the 2015 PricewaterhouseCoopers' Annual Corporate Directors Survey thought that someone on their board should be replaced. The primary impediments to replacing an underperforming director is board leadership's discomfort in addressing the issue and the lack of individual director assessments, previous research has found. The best boards are holding themselves to higher standards.

Improving board effectiveness

When done effectively, board assessments provide the board with an opportunity to identify and remove obstacles to better performance and to highlight what works well. They give directors a forum to review and reinforce appropriate board and management roles, ensure that the board has the right perspectives around the table and bring to light issues brewing below the surface. A robust assessment can help ensure that the board is well-equipped to address the issues that drive shareholder value by focusing on the six questions considered below.

1. How effectively do we engage with management on the company's strategy?

Oversight of the business strategy always has been a core responsibility of the board. But, today, the threats and opportunities facing companies are more dynamic. Digital transformation, business model shifts, the rise of new competitors and the impact of doing business globally require many businesses to change faster than in the past. So regular strategic discussions have assumed greater urgency. The board should ensure that the management team is responding to emerging developments most effectively.

The CEO and his or her team 'own' the strategy, but the board provides critical oversight. Directors should challenge assumptions and the soundness of the strategy, fine-tuning where needed, and measure performance against a set of agreed-upon objectives. The best boards ensure that the articulated strategy provides a forward-looking roadmap for the organisation, including the

Highlights

- institutional investors are calling for greater transparency about how candidly boards are addressing their own performance and the suitability of individual directors
- When done effectively, board assessments provide the board with an opportunity to identify and remove obstacles to better performance and to highlight what works well
- high-performing boards make time to focus on what matters, striking the right balance between important oversight responsibilities and forward-looking conversations

specific levers to improve performance. A clear, sound strategy should serve as the foundation for all of the board's work, and high-performing boards are disciplined about making sure that it does.

The board conversation has increasingly drifted toward reviews of historical data – compliance reviews, financial reviews, safety reviews – that have less impact on business results, many directors report. This backward-looking review can come at the expense of forward-looking strategic matters where directors' expertise can be valuable in shaping future results. High-performing boards make time to focus on what matters, striking the right balance between important oversight responsibilities and forward-looking conversations.

The eight biggest contributors to board dysfunction

1. too much time spent on compliance and other backward-looking reviews at the expense of strategy
2. lack of trust between the board and CEO
3. weak or non-existent CEO succession plan
4. lack of board succession planning
5. disruptive or disengaged directors
6. poor decision-making processes
7. lack of a direct channel to shareholders
8. too much board information and material

2. How healthy is the 'balance of power' that exists between our CEO and board?
The relationship between the board and the CEO requires balance. The board is ultimately responsible for selecting the CEO, reviewing his or her performance, aligning CEO compensation with the performance of the business, and planning for the succession of the CEO. At the same time, the CEO is a close partner in many of these endeavours, sometimes taking the lead. For example, in succession planning, the CEO drives management succession at senior levels and serves as counsel the board. The CEO's role diminishes as a transition nears, and the board moves toward selecting the next CEO. To minimise confusion about the respective roles of the board and CEO, it is helpful to have an open channel for communication. Effective use of executive sessions is part of the answer. Regularly meeting in executive session, both with and without the CEO, helps reduce the awkwardness that can arise when the board has executive sessions only on an as-needed basis. When the board meets without the CEO, it is best practice to debrief with the CEO immediately. The CEO evaluation also provides an opportunity for the board to assess aspects of the CEO's performance – including succession planning – that the board is ultimately accountable for overseeing.

3. What is our board succession plan?
In the words of Vanguard's Chairman, having the right directors on the board 'is the single most important factor in good governance... Who they are, how they interact and the skills they bring to the table are critical from a long-term value standpoint'. Boards should continually consider whether they have the optimum composition, given the company's strategic direction and the current business context. Boards should also establish mechanisms to identify the expertise that will be valuable as the context and strategy change. For example, in an industry that is rapidly consolidating, a board will want to consider whether it has the capability it needs to best oversee multiple acquisitions or the sale of the business in shareholders' best interests. The board of a company with a new first-time CEO may decide it needs someone to serve in a mentoring capacity to the CEO. Regularly reviewing the current composition and any gaps, positions the board to take advantage of natural attrition from director departures and retirements. The best boards also forge agreement about the right degree of turnover and the mechanisms to promote board refreshment, including appropriate timeframes.

4. What is our mechanism for evaluating the contributions of individual directors and providing director feedback?
On many boards, the elephant in the room is the performance (or lack of) of an individual director. Consensus is growing in support of conducting individual director assessments as part of the board effectiveness assessment – not to grade directors, but to provide constructive feedback that can improve performance. It can be difficult or uncomfortable to raise individual director performance issues, but high-performing boards expect directors to stay engaged and to contribute fully, and are willing to address under-performance. They establish a mechanism for surfacing and addressing issues and use director succession planning to encourage healthy turnover

> "boards can use robust board assessments to ensure that they measure up to the evolving standards of corporate governance and have the composition, practices and healthy dynamics to be effective stewards of the business"

and accountability. They also create an environment that encourages individual directors to think critically about their contributions and the relevance of their skills to the company strategy.

5. What is our board culture and how does it contribute to our ability to advise management effectively?
A really good board understands its own culture and how it impacts its decision-making and relationship with management. Despite the growing appreciation for the importance of culture, few directors are able to describe their board culture beyond 'collegial' or 'engaged'. A deeper understanding of the culture of the board – how directors make decisions, handle disagreements, share information and the spirit in which they do these things – can improve the board's ability to advise management and provide appropriate oversight. In a fast-moving, highly dynamic industry, for example, the board needs to learn fast, remain open to alternatives and needs at least some directors with a more agile orientation. Culture can be shaped by influential figures, such as the chair, the CEO, the founder or long-serving directors; structural elements such as the format and conduct of meetings; selection and onboarding of new directors; or external events and the board's response to them. High-performing boards are willing to examine their culture more closely and assess its alignment with the needs of the business.

6. What processes are in place for engaging with shareholders?
Management is responsible for communicating with investors about the business, but shareholders increasingly want to engage with the board on a range of governance issues, including succession, compensation, risk oversight and other concerns. Often, it's not until after a board has experienced a challenge from shareholders – losing a say-on-pay vote, for example – that it concludes it needs to improve communication with shareholders. The most effective boards stay abreast of how the company is perceived by investors. They identify in advance who should take the lead from the board (whether a committee or individual board leader) in dialogue with shareholders and in responding to investor enquiries. Robust relationships with investors can help the board understand how the company is viewed externally versus competitors and can reduce the chance that the company will be surprised by activists or proxy votes. And when challenges do arise, the board is more likely to have built up a reservoir of understanding and support among large long-term shareholders.

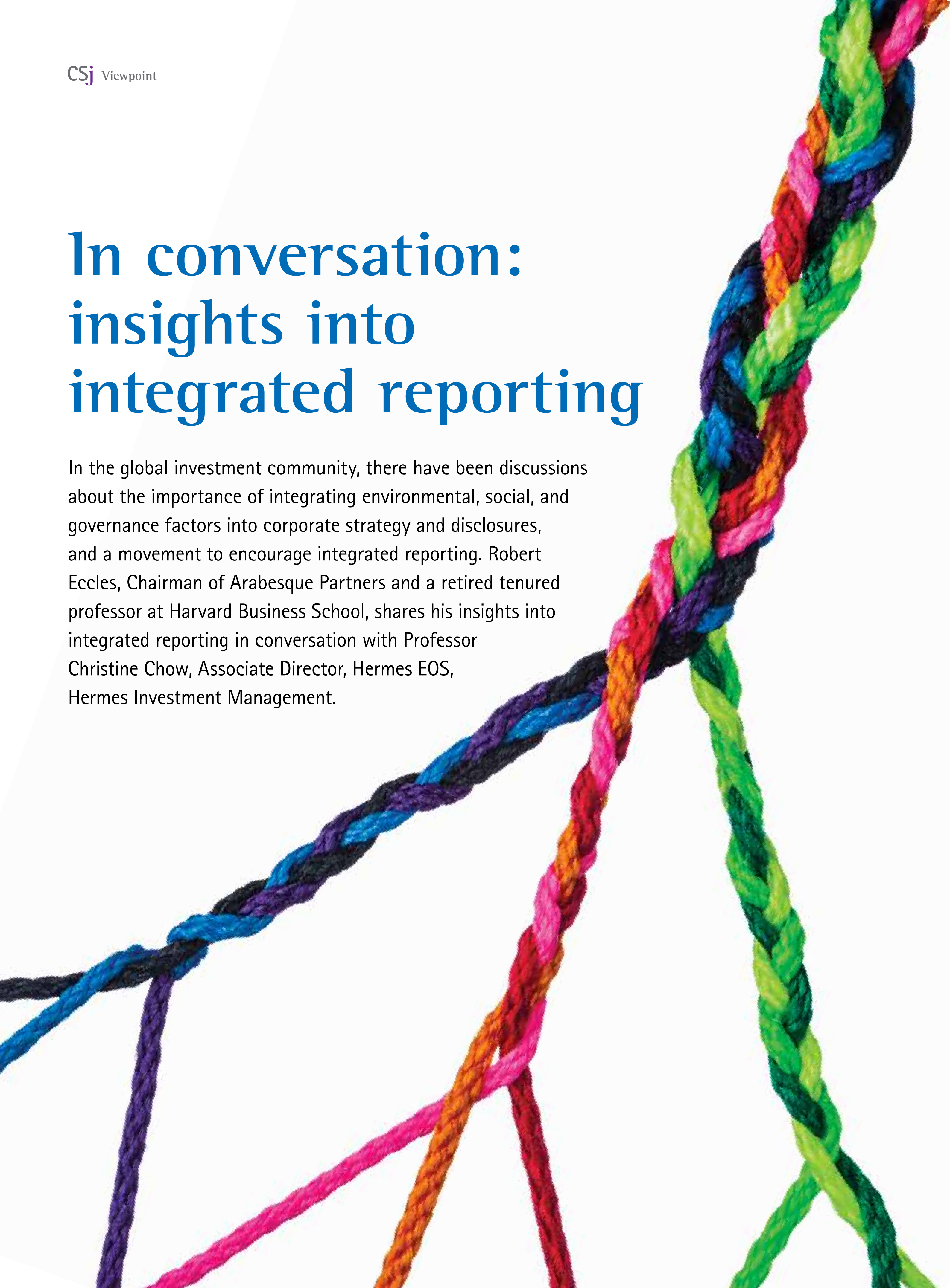
Conclusion

The bar continues to rise for boards, which not only face pressure from shareholders but also want to hold themselves to higher standards of performance. Boards can use robust board assessments to ensure that they measure up to the evolving standards of corporate governance and have the composition, practices and healthy dynamics to be effective stewards of the business.

George Anderson, Katherine Moos and Alice Au
Spencer Stuart

In conversation: insights into integrated reporting

In the global investment community, there have been discussions about the importance of integrating environmental, social, and governance factors into corporate strategy and disclosures, and a movement to encourage integrated reporting. Robert Eccles, Chairman of Arabesque Partners and a retired tenured professor at Harvard Business School, shares his insights into integrated reporting in conversation with Professor Christine Chow, Associate Director, Hermes EOS, Hermes Investment Management.



Professor Chow: What is integrated reporting?

Professor Eccles: To the extent to which people have heard of integrated reporting, the common perception is that it is kind of a mash-up of a company's financial report and sustainability report. That is not true. An integrated report is defined as follows by the International Integrated Reporting Council (IIRC): 'An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term'. In other words, an integrated report contains information on financial *and* environmental, social, and governance (ESG) performance that is important to investors – the primary audience of an integrated report. The concise *International Integrated Reporting Framework (IR Framework)* actually only uses the word 'sustainability' three times. Of course, others interested in a holistic view of a company's performance and prospects will find an integrated report useful as well.

Professor Chow: Why is it important?

Professor Eccles: The accounting standards and reporting requirements upon which financial reporting is based were established many years ago, long before talk of the 'knowledge economy' and concerns about issues such as climate change, water, and the use of dwindling natural resources. What the *IR Framework* makes clear in its 'value creation process' model (see 'Figure 1: The value creation process') is that companies use and have impact on six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

Financial reporting does a good job of reporting on how a company has used the first two capitals, the equity and debt of financial capital and cash generated from operations, and the hard assets of manufacturing capital which go on the balance sheet and are depreciated. But financial reporting has virtually nothing to say about the intangible assets of intellectual, human, and social and relationship capital which are increasingly important in today's knowledge economy. Similarly, it does not account for how a company is using natural capital and the positive and (usually) negative externalities it is creating on it through its operations. Intangible assets and natural capital now represent around 80% of a company's market value and hence the importance of managing and reporting on intellectual, human, and social and relationship capital. As society recognises the dangers of climate change and the stress that our growing population is putting on natural resources, regulators and civil society are increasingly expecting companies to be responsible in how they are using and impacting natural capital.

Professor Chow: How is integrated reporting different from CSR reports, ESG reports, and sustainability reports?

Professor Eccles: In a nutshell, it is explained in the diagram below (see 'Figure 2: Sustainable value matrix').

An early concern of proponents of sustainability reporting – called by many different names – is that integrated reporting would make sustainability reporting less relevant or even disappear. This is far from the case. In my first book on integrated reporting – *One Report: Integrated Reporting for a Sustainable Strategy* (co-authored with Mike Krzus) – I made it clear that integrated reporting and sustainability reporting are in fact complementary.

The former is for investors and what I call 'significant audiences' (explained in more detail in my second book – *The Integrated Reporting Movement: Meaning, Momentum, Motives, and Materiality* (with Mike Krzus and Sydney Ribot). Sustainability reporting is for other stakeholders. While the issues for these stakeholders may not be important, at least for now, for a company's ability to create value over the short, medium, and long term, a company has an obligation to report on those issues which stakeholders deem important. After all, a company's licence to operate ultimately comes from civil society. So in the end, integrated reporting and sustainability reporting are quite complementary. They respond to the information needs of different audiences.

Highlights

- intangible assets and natural capital now represent around 80% of a company's market value
- financial reporting has virtually nothing to say about these intangible assets, or about how a company is using and impacting natural resources
- hence the importance of managing and reporting on the six capitals (financial, manufactured, intellectual, human, social and relationship, and natural) that are at the core of integrated reporting

> "don't wait, get started now and reap the reinforcing benefits of integrated thinking and integrated reporting, both of which will increase year after year once the journey has begun"

Professor Chow: There are many different reporting standards which companies can choose to follow, such as: the Global Reporting Initiative; the UN Global Compact; the Sustainability Accounting Standards Board; the Carbon Disclosure Standards Board, and the International Integrated Reporting Council. How are these different standards related to each other?
Professor Eccles: Good question. There is a real 'alphabet soup' of reporting organisation acronyms out there. It can sound complicated to the everyday business person and there is no reason he or she should have to keep track of this stuff, so let me try to clear it up. I actually think it's pretty simple. First, we need to distinguish between frameworks and guidelines, and measurement and reporting standards. The *IR Framework* is just that. It is a short (around 40 pages) principles-based document that provides guiding principles and content elements for integrated reporting. It does not take a position on what measurement standards should be used.

For the financial information in an integrated report a company will use International Financial Reporting Standards, US GAAP, or whatever the standards are that are required in the company's jurisdiction. For ESG information the company can choose among a number of standards. In my view, the most appropriate standards for an integrated report are those of the Sustainability Accounting Standards Board (SASB). Like the IIRC, SASB's audience is investors. The origins of the Global Reporting Initiative (GRI) are in stakeholder reporting and so these standards are well-suited for sustainability reporting. The Carbon Disclosure Standards Board (CDSB) has its expertise in climate, water, and forestry and so their standards can be used for these topics. The UN Global Compact simply requires its participants to provide an annual 'Communication on Progress' (COP) and is very flexible about what this can be. For example, an integrated report or a sustainability report can be used to fulfil the COP requirement.

Professor Chow: Who should be involved in making a decision on what types of reports companies should produce? What are the considerations? What are the challenges?
Professor Eccles: Another very good question. Integrated reporting actually starts with a company's board of directors. The board should issue an annual Statement of Significant Audiences and Materiality (The Statement). These audiences, for example long-term shareholders and a few key stakeholders, establish the audience for the integrated report. They also determine which issues are 'material' for the company. Both

the IIRC and SASB call for a rigorous materiality determination process. These are the issues that go into the integrated report. Issues that are not material for the company but that are important to stakeholders who are not significant audiences go into the sustainability report.

I think a company's Chief Sustainability Officer (CSO) should be responsible for the production of the sustainability report. The CEO, however, should bear ultimate responsibility for the integrated report, and this requires a collaboration between the CSO, CFO, and others who are responsible for generating material ESG information, such as marketing (for customers), human resources (for people), and environmental health and safety (for natural resources).

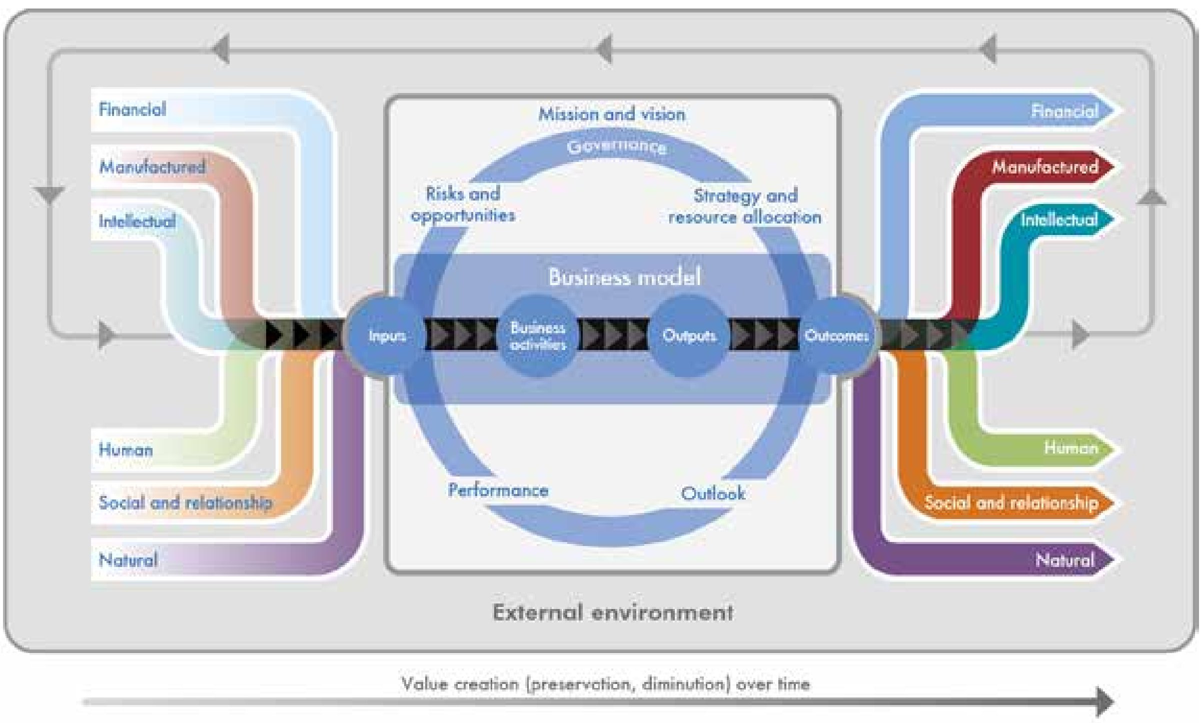
I don't know of a single example of high quality integrated reporting – defined as action on integrated thinking as opposed to a kind of bolt-on document prepared at the end of the year that has nothing to do with how the company is being managed – that didn't have the direct and enthusiastic support of the CEO. This support is often over and above the reticence of the CFO. CFOs tend to be uncomfortable with integrated reporting since they are used to dealing with financial information only, and are rightly concerned about the quality of the internal controls and measurement systems for ESG information. High quality and timely ESG information is one of the biggest barriers to integrated reporting, but the necessary software and internal controls are improving thanks to the work of organisations like SASB and the CDSB.

Another barrier is perceived lack of investor interest. Although this is changing and rapidly so. Investors are now learning how to use ESG information in their resource allocation decisions, just as companies are learning to do so as well. For a company that has never done integrated reporting, there is obviously no process for doing so. This needs to be created. The CEO needs to appoint the right person to head up this collaborative process that will involve people in a number of different functions and business units.

Professor Chow: How can I determine what resources I need to prepare for integrated reporting?

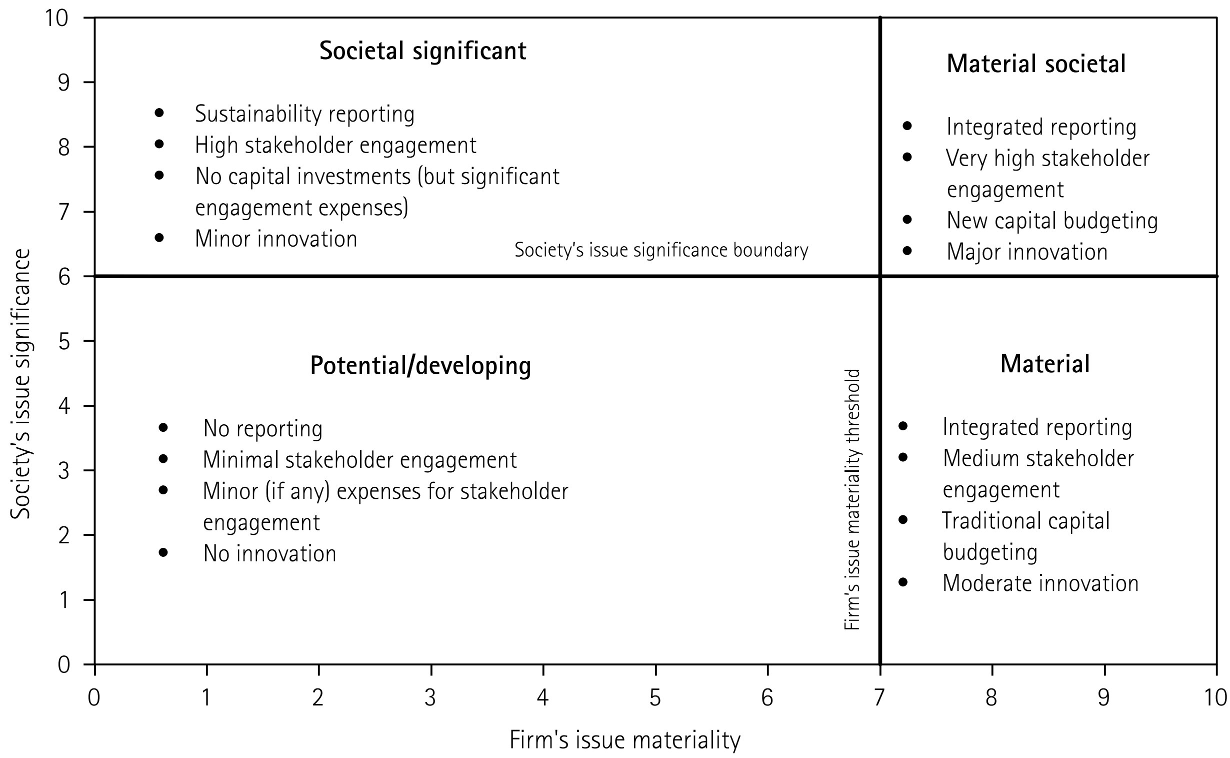
Professor Eccles: I'd actually ask a different question: Does every company have the resources it needs

The value creation process



Source: International Integrated Reporting Framework (www.theiirc.org)

Figure 2: Sustainable value matrix



Source: Eccles (2015: 159) The Integrated Reporting Movement]

to do integrated reporting? The answer is an unequivocal 'yes' since integrated reporting is an act of will and commitment. No integrated report is perfect the first time out. Integrated reporting is a journey, not a destination. Trite to say, I know, but still true. The commitment to integrated reporting will then enable the company to determine what capabilities exist and which ones need to be developed.

And remember – it's not the report *per se* that's important; it's the integrated thinking around how a company is using and impacting the six capitals that is facilitated and reflected in integrated reporting. The company needs to start with getting the board involved through 'The Statement' in which the board identifies the company's significant audiences and the timeframes it uses to assess its impact on them. Audiences determine issues which leads to the need to put in place a rigorous materiality determination process to create a 'sustainable value matrix' (SVM). The SVM identifies what ESG information goes into the integrated report and what information goes into the sustainability report. This process will involve both internal and external data collection, the latter requiring genuine stakeholder engagement. The company then needs to assess the quality of the material ESG information that goes into the integrated report. In the early stages, it will often need improvement but this shouldn't stop a company from moving ahead with its integrated report. And here's another trite but true saying: 'Don't let the perfect be the enemy of the good'. The company simply discloses its view on information quality and the degree of assurance that has been done. Each year the integrated report will get better. Don't wait, get started now and reap the reinforcing benefits of integrated thinking and integrated reporting, both of which will increase year after year once the journey has begun.

Professor Chow: Anything else you'd like to share with readers?

Professor Eccles: Thanks for asking. Yes, five quick things. First, the most immediate benefit a company will get

from integrated reporting is greater employee engagement that comes from a better understanding of how the company is managing the six capitals. This is particularly important to millennials.

Second, getting benefits with investors is harder and takes time. They need to be educated on how to use the information in an integrated report. The company needs to explain the relationship between financial and ESG performance, or what the *IR Framework* calls 'connectivity of information'.

Third, we need to get away from thinking about integrated reporting (and sustainability reporting for that matter) as a static document, like a PDF posted on the company's website. The action is on the internet, which can be leveraged in a number of ways to make information easy to find and use and to create a conversation with the audience of the integrated report.

Fourth, I think that ultimately an integrated report should have an integrated assurance opinion. Yes, I can already hear companies moaning about higher audit expenses and audit firms moaning about increased audit liabilities, but I don't buy it. Until ESG information is subjected to the same strict positive assurance as financial information, the integrated report will not have the same legitimacy as today's financial reports. And the internal benefits to the board and management of better quality ESG information and an understanding of the relationship between financial and ESG performance will far exceed these additional audit costs.

Fifth and finally, thanks for the opportunity to talk to you to get the word out on integrated reporting to an Asian audience. It's been a fun conversation!

> "it's not the report *per se* that's important; it's the integrated thinking around how a company is using and impacting the six capitals that is facilitated and reflected in integrated reporting"

Career notes

Professor Eccles is Chairman of Arabesque, one of the world's first ESG quant fund managers. He first joined Harvard in 1979 and received tenure in 1989. He is also the founding Chairman of the Sustainability Accounting Standards Board (SASB) and has written four books with other distinguished peers on corporate reporting:

1. *The Value Reporting Revolution: Moving Beyond the Earnings Game*
2. *Building Public Trust: The Future of Corporate Reporting*
3. *One Report: Integrated Reporting for a Sustainable Strategy, and*
4. *The Integrated Reporting Movement: Meaning, Momentum, Motives and Materiality.*

The last two books in the above list are available in Chinese.

More information is available on the following websites:

- *The Global Reporting Initiative (www.globalreporting.org)*
- *The UN Global Compact (www.unglobalcompact.org)*
- *The Sustainability Accounting Standards Board (www.sasb.org)*
- *The Carbon Disclosure Standards Board (www.cdsb.net), and*
- *The International Integrated Reporting Council (http://integratedreporting.org).*

CGC 2016 preview

CSj previews the Institute's upcoming biennial corporate governance conference, to be held on the 23–24 September 2016 at the JW Marriott Hotel in Hong Kong.

Next month, the 10th in the Institute's series of biennial corporate governance conferences (CGCs) gets underway in Hong Kong. The Institute's CGCs have established a reputation as a premier forum for exploring practical solutions to emerging corporate governance issues and the traditional practical focus to the forum's discussions will be maintained this year, but, interestingly, the perspective will be something new.

Corporate governance inside and out

The theme 'Corporate governance: inside and out – forces shaping the corporate governance landscape', will enable twin perspectives on the latest trends, developments and practices in corporate governance. Firstly, from the governance players internal to the company itself – primarily the board and management, and secondly, from the external actors such as regulators, auditors, shareholders and the media.

The first day of the conference will focus on specific aspects of this overall theme as outlined below:

- session one, 'Guard dogs, police dogs or lap dogs?' will look at directors and corporate governance
- session two, 'Hands on or handcuffed?' will look at management and corporate governance
- session three, 'Players or spectators?' will explore shareholders' perspectives on corporate governance, and
- session four, 'At the table or just noisy neighbours?' will look at the role of external stakeholders.

Unusually, the conference this year will involve two full days of discussions – the usual format was to have the second day comprise site visits. The second day of the conference will be devoted to corporate governance issues in Mainland China, as well as the complex interplay of factors between the Mainland and Hong Kong.

Join the debate

In keeping with the practice of past years, this year's CGC will adopt a format of relatively short speaker presentations (they will be limited to 20 minutes) followed by extended panel discussions and Q&A sessions. This helps to boost the level of interaction between speakers, panellists and the audience. In addition, CGC participants can look forward to the very lively discussions inspired by the use of the electronic voting system. Holding regular electronic polls throughout the debate gives every member of the audience a chance to express his or her view on the topics under discussion. Moreover, in the hands of Conference Chair Peter Greenwood FCS FCIS, use of the polls helps to lift the humour with which the day's discussions are held. CSj

The Hong Kong Institute of Chartered Secretaries Corporate Governance Conference 2016 'Corporate governance: inside and out – forces shaping the corporate governance landscape', will take place at the JW Marriott Hotel, Hong Kong, on the 23–24 September 2016. More information and the conference booking form can be found on the CGC webpage: www.hkics.org.hk/CGC2016.

NGO governance: new guidance

A new guidance note issued by the HKICS gives a practical introduction to the governance issues relating to non-governmental organisations (NGOs).

A director on your board wants to become involved in an NGO. He comes to you, as the company secretary, and wants to know the differences between the governance of a business and that of an NGO. Also, he wants to know what he needs to watch out for in terms of the big picture. How do you respond?

This scenario is considered by a new guidance note issued by the HKICS on NGO governance. Hong Kong has a sizeable NGO sector but the all-important issue of how organisations in this sector are governed receives nothing like the attention it does for commercial enterprises. The new HKICS guidance seeks to shine some light on the issues that directors and managers of NGOs need to be aware of and to help company secretaries to fulfill their advisory role in this area.

The topic of NGO governance is, of course, a very broad one. It involves high-level issues such as the obligations of those in control of the NGO; technical issues such as which structures to adopt when establishing an NGO and how to call meetings, prepare reports and accounts; as well as the regulations and best practice procedures relating to NGOs. The new HKICS guidance does not attempt to address all of these issues, it intends to serve as an introduction to the topic and will be the first in a series of guidance notes looking at NGO governance.

Understanding NGO governance

Are NGOs subject to different corporate governance concerns from commercial enterprises? While many of the key governance concerns are the same for both types of organisations, one salient feature of NGOs is their relationships with stakeholders. The stakeholders of an NGO tend to be a wider community than those for commercial enterprises and they require:

- the delivery of services
- proper use of funds
- defensible selection criteria, and
- no evasion of responsibility.

'Anyone taking up a directorship in an NGO needs to understand that stakeholders' concerns are much wider than those for a commercial enterprise,' the guidance states.

The guidance also quotes a 2001 study by the International Federation of Accountants, *Study 13 – Governance in the Public Sector*, (see end note for the web address) which states that 'public sector entities have to satisfy a complex range of... economic and social objectives, which subject them to a different set of external constraints. They are also subject to forms of accountability to various stakeholders, which are different to those that a company in the private sector has to its shareholders, customers, etc.'

The guidance makes it clear that NGOs must:

- have systems, principles and processes in place to ensure checks and balances on those in control
- be aware of the complex socio-economic environment they operate in
- add value to their stakeholders, and
- deliver 'public good'.

Advising on NGO governance

As set out in the case scenario mentioned at the beginning of this article, advising directors on NGO governance will be a likely scenario for governance professionals to become involved in this field. In particular, company secretaries will find useful the section detailing the issues that such a company secretary would need to draw to the attention of the director interested in getting involved in an NGO.

The decision to get involved with NGO work should not be undertaken lightly. Directors of NGOs will be held to the same high standards as their counterparts in

Highlights

- the stakeholders of an NGO tend to be a wider community than those for commercial enterprises
- directors may find themselves in difficult situations – for example where they are confronted by incompatible demands from different groups of stakeholders, or faced with potential conflicts of interest
- directors of NGOs should not lose sight of the ultimate objective of the NGO – that is, to serve the public good

> anyone taking up a directorship in an NGO needs to understand that stakeholders' concerns are much wider than those for a commercial enterprise

the for-profit sector, and they should be aware of the qualities required of persons acting as part of the board and management of an NGO. The Nolan Committee in its *The Seven Principles of Public Life* (see end note for the web address), sets out the personal qualities required for those in public office. These principles could be used in relation to decision makers of NGOs. These are:

1. selflessness
2. integrity
3. objectivity
4. accountability – including for the use and stewardship of public funds and assets
5. openness
6. honesty, and
7. leadership.

The guidance points out that directors may find themselves in difficult situations – for example where they are confronted by incompatible demands from different groups of stakeholders, or faced with potential conflicts of interest. It emphasises that, in such scenarios, directors will need to exercise judgement and no small amount of diplomatic skill. Most important of all, however, they should not lose sight of the ultimate objective of the NGO – that is, to serve the public good.

The new HKICS Interest Groups

Members of the HKICS, and their professional network both locally and internationally, collectively represents a significant body of expertise in corporate governance and corporate secretaryship. The guidance note on NGO governance reviewed here represents the first fruits of a new initiative launched by the Institute to focus this expertise for the benefit of HKICS members and the wider profession and community. The Institute has set up seven interest groups looking at key issues for governance professionals. They are:

1. Company Law (Chair: Benita Yu, Partner, Slaughter and May)
2. Competition Law (Chair: David Simmonds, Group General Counsel, Chief Administrative Officer and Company Secretary, CLP Holdings Ltd)
3. Ethics, Bribery and Corruption (Chair: Dr Brian Lo FCIS FCS, Vice-President & Company Secretary, APT Satellite Holdings Ltd)
4. Public Governance (Chair: April Chan FCIS FCS(PE) Past President and Chairman of Technical Consultation Panel, HKICS)
5. Securities Law and Regulation (Chair: Daniel Wan, Partner, Francis & Co, in association with Addleshaw Goddard (Hong Kong) LLP)
6. Takeovers, Mergers and Acquisitions (Chair: Michelle Hung General Counsel & Company Secretary, COSCO Pacific Ltd)
7. Innovation (Chair: Gillian Meller, Legal Director & Secretary, MTR Corporation Ltd)

The guidance produced by these interest groups will be published on the HKICS website and reviewed in *CSj*. As mentioned above, this first guidance note will be followed by further guidance from the Institute's newly formed Public Governance Interest Group looking at other aspects of NGO governance.

'Doing Public Good – Public Governance Interest Group Guidance Note 1' is available on the HKICS website (www.hkics.org.hk). The International Federation of Accountants (IFA) publication, 'Study 13 – Governance in the Public Sector', is available on the IFA website: www.ifac.org. The Nolan Committee's publication: 'The Seven Principles of Public Life', is available online at: www.gov.uk.

The Public Governance Interest Group

Chair
April Chan FCIS FCS(PE), Past President, and Chairman of Technical Consultation Panel, HKICS

Members
Stella Ho, Project Director (NGOs Governance Platform Project), Hong Kong Council of Social Service

Lau Ka Shi, BBS, Managing Director & CEO, BCT Group

Stella Lo FCIS FCS, Council member, HKICS, and Group Company Secretary, Guoco Group Ltd

Rachel Ng ACIS ACS, Assistant Company Secretarial Manager, CLP Holdings Ltd

Samantha Suen FCIS FCS(PE), Chief Executive, HKICS

Mohan Datwani FCIS FCS(PE), HKICS Senior Director and Head of Technical & Research, serves as the PGIG secretary. Please contact Mohan if you have any suggestions about topics relevant to the new HKICS interest groups at: mohan.datwani@hkics.org.hk

Details of seven newly-formed technical interest groups are available on pages 42-43 of this CSj August 2016 edition.

Singapore's new sustainability reporting rules

Erin Lyon, Executive Director, CSR Asia, takes a look at the Singapore stock exchange's new sustainability reporting requirements.

The long wait for the Singapore Exchange Ltd (SGX) sustainability reporting requirements is finally over. On the 20 June 2016, the SGX announced:

- new reporting requirements (Listing Rule 711A and 711B)
- a guide to implementation (Practice Note 7.6 *Sustainability Reporting Guide*), and
- plans for CEO briefing sessions, online portal and a series of workshops.

This comes on the back of the announcement last week introducing the new SGX Sustainability Indices. The new rules have been introduced following years of voluntary guidelines in place since 2010 that resulted in only a few companies disclosing sustainability information.

The new requirements have been released following a month of consultation earlier this year. SGX reports that the consultation exercise met with strong support for the proposals. Notably, the Small and Middle Capitalisation Companies Association (SMCCA), said that it welcomes SGX's *Sustainability Reporting Guide*, it also noted that SGX has 'softened many requirements ... in view of reducing anxiety to small- and middle-capitalisation companies when implementing this report'.

Companies have been preparing for this announcement for some time now – having been given ample notice that this reporting requirement was coming. Many companies have been preparing based on the consultation draft of the requirements, but there are some significant changes.

What are the requirements?

As part of a listed company's continuing obligations it must comply with the rules set out below. Where a company does not include any of the 'primary components' it must disclose that these have been omitted and explain what the company does instead with reasons for doing so.

Listed companies must issue a sustainability report on an annual basis no

Highlights

- listed companies must issue a sustainability report on an annual basis no later than five months after the end of the financial year
- the sustainability report must cover material environmental, social and governance (ESG) factors
- targets should be set out for the forthcoming year in relation to each material ESG factor identified

later than five months after the end of the financial year. SGX is allowing up to 12 months from the end of the financial year to publish the first report. This takes effect for any financial year ending on or after 31 December 2017.

The sustainability report also must describe the sustainability practices with reference to the following primary components.

- Material environmental, social and governance (ESG) factors and describe both the reasons for and the process of selection, taking into consideration their relevance to the business, strategy, business model and key stakeholders (lengthy guidance is provided on this in the practice note).

- Policies, practices and performance in relation to the material ESG factors identified, providing descriptive and quantitative information on each of the identified material ESG factors for the reporting period. Performance should be described in the context of previously disclosed targets.

- The targets should be set out for the forthcoming year in relation to each material ESG factor identified.

- A sustainability reporting framework (or frameworks) to guide reporting and disclosure. The framework(s) selected should be appropriate for and suited to its industry and business model. Issuers are required to state the name of the framework(s), explain reasons for choosing the framework(s) and provide a general description of the extent of their application of the framework(s).

- A statement of the board confirming that it has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

What are the key changes since the public consultation document?

SGX highlights that there have been three key changes since the draft document, one is the additional length of time allowed to prepare the first report and the other two are set out below.

1. The board statement

The revised Guide sets out the requirement mentioned in the last of the bullet points above (that is, the sustainability report should contain a statement of the board confirming that it has considered sustainability issues as part of its strategic formulation, determined the material ESG factors, and overseen the management and monitoring of the material ESG factors. The draft requirements would have meant that a board would have had to 'confirm compliance with the primary components'.

This revision is a result of feedback that the requirement for a separate assurance from the board might lead to increased compliance costs as the board might require assurance from external auditors and/or consultants before confidently making the prescribed board statement.

Companies have the discretion to decide on the wording of the board statement, as long as it adheres to the substance of the board statement provided in the Guide. This requirement is also arguably a requirement of the Singapore Code of Corporate Governance.

2. Corruption and diversity reporting

The revised Guide provides that in cases where corruption or diversity is not assessed to be a material ESG factor, it need not be included in issuers' sustainability reports, but if stakeholders express sufficient interest in the information, issuers are advised to present information on their websites to satisfy the interest. It is also possible that issuers may discuss issues of corruption or diversity in their corporate governance reports or other sections of their annual reports. In this regard, SGX considers that it is sufficient for issuers to refer to that report or those sections of their annual reports. This removes the requirement that reporting on corruption and diversity are mandatory.

Other notable things to consider are set out below.

1. The Principles for reporting, outlined in the Practice Note 7.6 *Sustainability Reporting Guide*:

    - board responsibility
    - 'comply or explain'
    - report risks as well as opportunities
    - balanced reporting
    - performance measurement system
    - global standards and comparability
    - stakeholder engagement
    - independent assurance

> The new rules have been introduced following years of voluntary guidelines in place since 2010 that resulted in only a few companies disclosing sustainability information

2. Where holding companies and operating subsidiaries are both listed issuers having to undertake sustainability reporting, the operating entities can report on the ESG factors within their scope of operations. If the ESG factors are also material to the holding company, the holding company may make reference in its sustainability report to the sustainability reports of the operating subsidiaries. If the holding company has material investee companies which are not subsidiaries, its sustainability report should include the selection and management of these investee companies.

3. Companies should publish the sustainability reports on SGXNet and on the company website. After a few years of sustainability reporting, a company can maintain static information, such as, policies and historical sustainability information, on its website while presenting the current year's changes as well as performance in the annual sustainability report.

4. A phased approach is supported. Guidance on what a phased approach might look like is provided.

5. Companies should take note that SGX explicitly states ESG factors are not philanthropy or other charitable activities. The practice of reporting charity as ESG should stop.

What's next?

SGX is working with the Global Compact Network Singapore (GCNS) to organise training workshops by sustainability reporting consultants. CSR Asia is part of the network of consultants providing training and services to companies looking to report. SGX is also planning other initiatives including an online portal.

Wilson Ang, Executive Director of GCNS, says 'The CEO briefings and series of workshops that we will be putting together will be essential for companies to understand how they can effectively implement their sustainability reporting and learn from some of the existing best practices. With this and other announcements, such as the upcoming launch of the latest update to the Singapore Sustainable Blueprint, the pressure on the private sector to engage with sustainability is non-negotiable.

We now look forward to the first reports, with the voice of those like corporate governance specialist Mak Yuen Teen sounding a cautionary tale. 'As we have learnt from the comply or explain approach to the Code of Corporate Governance, issuers may, with the aid of consultants, issue boilerplate disclosures and explanations that are not useful at all. There needs to be monitoring and education initially, followed by monitoring and enforcement after some time,' he said.

Time will tell how SGX and other interested stakeholders look to enforce the new listing rules.

Erin Lyon
Executive Director, CSR Asia

More information can be found in the new SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide.

Global connectivity

Xie Jilong, Board Secretary, CRRC Corporation, highlights the economic and social opportunities resulting from the trend towards global connectivity.

From the age of discovery to the proof of the earth being round, from the industrial revolution to the massive expansion of railway networks, we have reached milestone after milestone, with new discoveries and inventions that have helped us progress into the modern era. And now we have entered the internet age. Not only has the internet enabled real time communication, it has also been an important engine driving our economy. A fast, reliable and secure internet connection makes online securities trading simple and accessible to everyone.

The internet is the foundation of the Shanghai-Hong Kong stock connect programme, which allows more global investors to participate in the Shanghai A-share market in real time. More importantly, the new cross-border trading platform has been a catalyst to the faster integration of China's capital markets with the rest of the world.

Highlights

- the Shanghai-Hong Kong stock connect programme has been a catalyst to the faster integration of China's capital markets with the rest of the world
- the One Belt One Road initiative is China's roadmap towards greater global connectivity
- improving connectivity is a core value of CRRC

One Belt One Road – another route to global connectivity

The One Belt One Road plan, introduced by President Xi Jinping in the fall of 2013, is the Chinese framework for fostering foreign trade with more than 60 countries along the ancient Silk Road. This initiative enables win-win cooperation that promotes common development and prosperity and a road towards peace and friendship by enhancing mutual understanding and trust, and strengthening all-round exchange.

Towards greater capital market connectivity

CRRC Corporation, as an A+H share company, is open to both domestic and international investors. It is also one of the qualified stocks in the Shanghai-Hong Kong stock connect programme. The One Belt One Road initiative is giving it never-before-possible opportunities to further extend its reach. Currently, the company's business covers 102 countries and regions across six continents, and more than 83% of the countries and regions that own railway networks use the company's products.

Leveraging the One Belt One Road infrastructure development, CRRC will continue to devote itself to the building of a better connected world by taking part in high-speed rail construction around the world.

Shanghai-Hong Kong stock connect

In 2014, the eagerly-awaited Shanghai-Hong Kong stock connect programme commenced, establishing a new channel for global investors to access China's stock market. Mainland investors can also trade Hong Kong-listed stocks through the new platform.

Not only can the programme set examples for a similar scheme planned for the Shenzhen and Hong Kong bourses, but it also is a good reference for the future cross-border trading links to London and New York markets.

The establishment of the Shanghai-Hong Kong and Shenzhen-Hong Kong stock connect schemes is a timely opportunity for Mainland companies to access global capital markets through Hong Kong. In other words, the capital market convergence allows Mainland companies to tap into global sources of finance as they continue to increase their global presence. It also allows them to adapt their strategy to international market changes more quickly. As an A+H share company and a qualified stock in the Shanghai-Hong Kong stock connect scheme, CRRC Corporation will seize the future opportunities presented by a more connected world.

Xie Jilong

Board Secretary, CRRC Corporation

互联互通——时代的主题

中国中车董秘谢纪龙认为，沪港通是全球经济一体化的体现之一，正为经济和社会带来前所未有机遇。

大航海时代的探险向世人证明，地球是圆的；以蒸汽机为代表的工业革命使人类迈入铁路时代又一次证明，世界是互联的；互联网的突飞猛进让大家感觉都生活在地球村里，世界是平的：全方位的互联互通必将成为时代的主题！

沪港通的开通以及两地市场的融合是催化剂，一方面推动全球资本市场的互联互通，另一方面也为实体经济的互联互通提供强有力的支持。

"一带一路"，区域的互联互通

"一带一路"的伟大构想，赋予了古丝绸之路崭新的时代内涵，得到了国际社会的广泛响应。"一带一路"是开放的，立足于一带一路面向全球，致力于互联互通、互惠互利；"一带一路"是多元的，涵盖各个合作领域，合作形式可以多种多样；"一带一路"是共赢的，各国共同参与，遵循共商共建共享原则，实现共同发展繁荣。"一带一路"将实现海路陆路的互联互通，创造新的区域经济模式，为经济圈内60多个国家和地区带来发展机遇。

摘要

- 沪港通的开通，加快内地资本市场融合全球资本市场
- 一带一路实现互联互通、互惠互利
- 中国中车以国际化战略为发展目标

国际化，互联互通最终实现形式

国际化是A+H上市公司使命所在，也是互联互通的最终实现形式。中国中车是沪港通标的公司，是"一带一路"战略的重点实施企业，国际化也是中国中车持之以恒实施的战略之一。中国中车的产品已经覆盖全球六大洲102个国家和地区，超过83%拥有铁路的国家和地区用上了中国中车的产品。

借势"一带一路"建设，中国中车将秉承"融合全球，造福人类"的使命，整合全球资源，加强产能合作，聚焦用户需求，致力用中车方案解决世界交通问题，将高铁打造成为中国制造金字品牌，让中国中车的产品和服务，成为世界各国人民生产生活不可或缺的组成部分。

沪港通是资本市场互联互通的大胆尝试

沪港通于2014年正式开通，使得上海、香港两个股票市场之间建立了一个双边互通的准入市场，实现了上海与香港股票市场的互联互通。沪港通为两地投资者带来方便，海外投资者能够参与内地的A股市场，同时内地的投资者能够投资香港的股票市场；同时沪港通也为深港通、沪伦通、沪纽通等的开通等提供了可藉鉴的模式。

如果说"三网融合"、"一带一路"和国际化是实现经济实体的互联互通，那么沪港通就是实现资本市场互联互通的大胆尝试。实体经济的发展需要资本市场的支撑，香港的资本市场是面向全球的开放的资本市场，沪港通的开通也是两地市场融合的有效突破。

内地与香港资本市场的融合为全球资本市场的互联互通起到了先导和示范作用，具有重要的意义。不论是"三网融合"推动中国国内的互联互通，还是"一带一路"推动世界区域的互联互通，终将实现的是国际化、是全球的互联互通。

中国中车作为A+H上市公司、沪港通的标的公司，在实施国际化战略的过程中，将会抓住全球互联互通的发展机遇。

谢纪龙
中国中车董秘

The Golden Landmark case

A new dawn for enforcement of foreign arbitral awards in China?

Richard Bell, Ik Wei Chong and Samuel Sharp, Clyde & Co, discuss the implications of a recent case in the Intermediate People's Court of Shanghai which recognised and enforced a foreign arbitration award.

A recent case in the Intermediate People's Court of Shanghai *(Siemens International Trading (Shanghai) Co Ltd vs Shanghai Golden Landmark Co Ltd)* recognised and enforced a foreign arbitration award in China, even though the arbitration took place in Singapore between two PRC-incorporated companies. This represents a break from past decisions and has interesting implications for foreign parties operating in the PRC through PRC entities.

The factual background

The dispute concerned a sale and purchase contract entered into between two PRC entities. Both of the entities were wholly foreign-owned enterprises (categorised under PRC law as 'WFOEs'). The contract was governed by PRC law, but provided for any disputes to be resolved in Singapore, before the Singapore International Arbitration Centre (SIAC). A dispute arose between the parties, and in 2007 the Buyer commenced arbitration in Singapore against the Seller.

The Seller challenged the tribunal's jurisdiction, arguing that PRC law did not permit disputes without a 'foreign element' to be arbitrated outside of the PRC. The tribunal rejected the Seller's challenge. The Seller accordingly submitted to arbitration and filed a counterclaim against the Buyer.

In its decision, the tribunal rejected the Buyer's claims, and issued an award in favour of the Seller. However, the Buyer failed to satisfy the entire award, and in June 2013 the Seller commenced proceedings in Shanghai for the recognition and enforcement of the award.

The Buyer challenged the application on the basis that the dispute had no 'foreign element' (both parties were PRC registered entities and the contract was part performed in China). The Buyer argued that because PRC law does not allow for non-foreign-related disputes to be arbitrated outside the PRC, the award could not be upheld.

The legal background

Under PRC law, the general rule is that 'domestic' disputes can only be arbitrated in the PRC, whereas 'foreign-related' disputes may be arbitrated either within or outside the PRC. This means that for domestic disputes, the arbitration must be seated in China and subject to the rules of a Chinese arbitral institution. Awards seated in a jurisdiction outside the PRC which relate to a 'domestic' dispute may not be recognised and enforced in the PRC.

PRC law has previously drawn a clear distinction between 'foreign-related' disputes and 'domestic' disputes. Article 1 of the *Interpretation on Certain Issues Concerning the Application of the Law of the People's Republic of China on the Application of Laws to Foreign-Related Civil Relations* (which came into force on 7 January 2013) provides that a 'foreign element' in a case will arise in any of the following circumstances:

- at least one party to the underlying legal relationship is a foreign national, foreign legal entity, or other organisation or individual without nationality
- the usual residence of one or both parties to the underlying legal relationship is in the territory of a foreign state
- the subject matter of the dispute is located outside of the PRC
- the legal facts establishing, altering or terminating the parties' relationship occurred outside of the PRC, or
- any other circumstances whereby the legal relationship can be regarded as 'foreign-related'.

The definition of what constitutes a 'foreign-related' dispute appears at first glance to be quite broad. However, in practice, the main test has been whether or not any of the parties to the dispute are foreign parties. If they are, then the dispute will be considered to be 'foreign-related'. In addition, PRC-incorporated foreign-invested entities (FIEs) and WFOEs are considered to be 'domestic' entities.

Highlights

The PRC court decision:

- suggests a willingness by the PRC courts to construe the term 'foreign-related' relatively broadly, and to permit PRC entities to arbitrate their disputes outside of the PRC, where there are various 'foreign elements' in play
- differentiates between the status of companies formed inside free trade zones such as the Shanghai FTZ and companies incorporated on the Mainland
- tends to indicate a more 'enforcement friendly' approach to foreign awards

> this decision goes beyond earlier PRC court decisions, which have held that purely 'domestic' disputes, including those involving FIEs and WFOEs, should not be arbitrated outside the PRC

The result is that foreign parties who conduct business in the PRC using FIEs or WFOEs have often been obliged to arbitrate their disputes in the PRC.

The decision

On 27 November 2015, the Shanghai No1 Intermediate People's Court ruled that the dispute was 'foreign-related', and it recognised and enforced the award. The court acknowledged both parties were incorporated in the PRC and the relevant equipment had been delivered in the PRC and was being held in the PRC. These factors all indicated that this was a 'domestic' dispute.

However, the court then considered the final limb of the test – that is, whether there were any other circumstances that might cause the legal relationship to be regarded as 'foreign-related'. The court held that there were, as the parties were both WFOEs, and they had both been incorporated in the Shanghai Waigaoqiao Bonded Zone, which formed part of the China (Shanghai) Pilot Free Trade Zone (Shanghai FTZ).

The court held that this differentiated them from ordinary domestic companies, because the source of their registered capital, their ultimate ownership interests, and their business decision-making were all closely connected with foreign investors. The court further held that because the objective of the Shanghai FTZ had been to facilitate foreign investment, particular emphasis should be placed on these factors when considering whether or not they constituted a 'foreign element'.

In addition, the Seller had procured the goods in question from abroad and had then stored the goods under bond (no tariff duties were due) in the Shanghai FTZ before transferring them out of the tariff-free zone and delivering them to the Buyer. The court held that this aspect of the contract's performance bore the features of an international sale of goods, as opposed to an ordinary domestic sale of goods.

The court held that these factors constituted 'other circumstances', and they were sufficient for the legal relationship between the parties to be categorised as 'foreign-related'. The arbitration agreement was therefore valid and the court proceeded to recognise and enforce the award.

This decision goes beyond earlier PRC court decisions, which have held that purely 'domestic' disputes, including those involving FIEs and WFOEs, should not be arbitrated outside the PRC. It is also the first known PRC court decision that has shed light on what 'other circumstances' might mean, when determining if a contract is 'foreign-related'.

The implications

A number of significant implications arise out of this decision. First, it suggests a willingness by the PRC courts to construe the term 'foreign-related' relatively broadly, and to permit PRC entities to arbitrate their disputes outside of the PRC, where there are various 'foreign elements' in play.

Secondly, it differentiates between the status of companies formed inside free trade zones such as the Shanghai FTZ and companies incorporated on the Mainland.

Thirdly, it tends to indicate a more 'enforcement friendly' approach to foreign awards.

The decision will therefore be of interest to foreign companies who do business in China through a free zone registered entity and who wish to have foreign arbitration as the dispute resolution mechanism in their contracts. However, precisely because this decision appears to be the first to shed light on what 'other circumstances' might mean, it should be treated with caution at this stage. It is unclear if the decision would have been endorsed by the Supreme People's Court, had it reached that stage, or if the same reasoning will be followed in the future by other PRC courts. There were also some unusual facts in the case which may have persuaded the court to enforce the award.

Richard Bell, Ik Wei Chong and Samuel Sharp
Clyde & Co


CHARTERED SECRETARIES 特許秘書
HKICS
Annual Dinner 2017
Ballroom, JW Marriott Hotel Hong Kong
Thursday, 19 January 2017
6.30pm Cocktail reception • 7.30pm Dinner
More than meets the eye.
潛能.超越所見.
SAVE THE DATE
For enquiries, please contact Vicky Lui at 2830 6088 or member@HKICS.org.hk.
The Hong Kong Institute of Chartered Secretaries 香港特許秘書公會 (Incorporated in Hong Kong with limited liability by guarantee)


CSj is the only publication dedicated to corporate governance in Hong Kong.
Each issue is distributed to over 9,000 members of HKICS, and read by approximately 20,000 individuals.
CSj is the most effective way to source your future Corporate Secretarial colleagues.
To advertise your vacancy in the Careers section, please contact Paul Davis: paul@ninehillsmedia.com
ninehills media

Professional Development

Seminars: June to July 2016

13 June
Director and senior management remuneration

Chair: Kitty Liu FCIS FCS, Institute Membership Committee Member, and Company Secretary – Group Legal, AIA Group
Speaker: John Ng, Managing Director, Tricor Consulting Ltd

20 June
Ethics and sustainability

Chair: Ernest Lee FCIS FCS(PE), Institute Council Member, and Partner, Assurance, Professional Practice, Ernst & Young
Speaker: Pat Dwyer, Founder and Director, The Purpose Business, Ltd

23 June
Trusts for family and corporate planning

Chair: Edmond Chiu FCIS FCS, Institute Membership Committee Member, and Head of Corporate Services, VISTRA Hong Kong
Speaker: Katherine Chiu FCIS FCS, Director, Sino Corporate Services Ltd

24 June
Stock connect and its mechanisms behind the scenes

Chair: Paul Stafford FCIS FCS, Institute Vice-President, and Corporation Secretary and Regional Company Secretary Asia-Pacific, The Hongkong and Shanghai Banking Corporation Ltd
Speaker: Christopher Hui, Managing Director and Head of Project Management, Market Development, Hong Kong Exchanges and Clearing Ltd

4 July
Building an internal audit function

Chair: Jenny Choi FCIS FCS(PE), Institute Professional Services Panel Member, and Senior Manager, Ernst & Young Tax Services Ltd
Speakers: Roy Lo, Managing Partner, Shinewing (HK) CPA Ltd; and Gloria So, Senior Risk Manager, Shinewing Risk Services Ltd

10th HKICS Corporate Governance Conference to be held in September

The Institute's 10th biennial Corporate Governance Conference (CGC) under the theme of 'Corporate governance inside and out – forces shaping the corporate governance landscape', will bring together thought leaders from corporate governance, legal, regulatory, risk and finance, and other fraternities, locally and internationally to share perspectives on corporate governance for navigating the challenges ahead. There are various internal and external forces that shape a company's corporate governance practices. This conference will explore their influence on the corporate governance landscape. Don't miss this opportunity to learn from peer sharing with players both inside and outside of companies on best practices in corporate governance.

For details, please refer to the flyer on page 23 and the conference website: www.hkics.org.hk/CGC2016.

ECPD forthcoming seminars

Date	Time	Topic	ECPD points
22 Aug 2016	10.00am – 12.00nn and/or 2.00pm – 4.00pm	The enforcement of investor protection laws and director duties in practice	4
29 Aug 2016	4.00pm – 6.00pm	How to deal with the 3 'C's when they come knocking – an overview of the dawn raid and investigative powers of the ICAC, SFC and CC (Competition Commission) and practical tips on dealing with them	2
5 Sep 2016	4.00pm – 5.30pm	Practical approaches to successful joint venturing	1.5
28 Sep 2016	4.00pm – 5.30pm	Managing third party rights – controlling, reducing and avoiding future legal risk	1.5
29 Sep 2016	6.45pm – 8.15pm	Recent developments in executive compensation and long-term incentives	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	31 August 2016
2016/2017	1 January 1995 - 31 July 2016	13.5 (at least 2.5 ECPD points)	30 June 2017	31 July 2017

MCPD requirement extends to graduates

All graduates are required to comply with the Institute's MCPD requirements from 2015/2016 CPD year and onwards.

Advocacy

Stakeholder networking luncheon with employers

The Institute held a stakeholder networking luncheon with over 20 employers and senior members on 23 June 2016. It was the second year the Institute held such an event to strengthen its relationship with employers as a major stakeholder. Participants shared their insights on recruitment and attracting new talent to the profession. The Institute also obtained ideas for future collaboration with employers to strengthen the career development of HKICS members and students. Before the event, a survey to understand the current recruitment market and employer needs was conducted and three lucky draw winners who completed the survey were announced during the event.

Group photo

Achievements and awards

Chan Mo-Po, Paul FCIS FCS MH JP, has been awarded the GBS in recognition of his dedicated and distinguished service to the government and the Hong Kong community, particularly in his capacity as Secretary for Development. He has made significant contributions in the areas of land supply, town planning, land administration, building safety, urban renewal, public works, harbourfront matters and conservation of built heritage.

The Honourable Lee Wai-king, Starry ACIS ACS JP, has been awarded the SBS for her long and distinguished public and community service, particularly her significant contributions to Kowloon City District, as well as her support for the promotion of district administration. She also rendered valuable advice on various issues during her tenure as a member of the Executive Council.

Wong Chun-nam, Duffy FCIS FCS JP, has been awarded the BBS for his dedicated public and community service, particularly his contributions to the promotion of quality education and enhancement of teachers' professional conduct.

HKICS attends CPD Alliance annual general meeting

Institute Professional Development Director Lydia Kan FCIS FCS(PE) attended the Continuing Professional Development (CPD) Alliance annual general meeting on 22 June 2016. At the meeting, representatives of alliance members, which includes the HKICS, shared their thoughts on future events, and the executive committee members and office bearers were elected.

Institute attends international education forum

Institute Education Committee member Dr Susana Yuen and Institute Education and Examinations Director Candy Wong attended the 7th United Nations Principles for Responsible Management Education (PRME) Asia Forum hosted by The Hong Kong Polytechnic University on 6 and 7 July 2016. The forum explored ways to engage stakeholders including accreditation bodies, businesses, policy-makers and students in promoting responsible leadership, sustainability and corporate responsibility in the education sector.

Internal training in Hong Kong and Beijing Offices

An in-house training on anti-corruption for the Institute's secretariat staff in Hong Kong was held on 11 July 2016. A representative from the Hong Kong Business Ethics Development Centre under the Independent Commission Against Corruption (ICAC) conducted the training, which focused on corruption-prone areas in business sectors, Prevention of Bribery Ordinance and illustrative cases.

An information technology (IT) security training was held in June 2016 to enhance the IT security knowledge of the staff members of the Institute's Beijing Representative Office. The same training will be conducted for the Institute's secretariat staff in Hong Kong in August 2016.

HKICS AML/CFT Charter networking lunch

The Institute held a networking lunch on 6 July 2016 with HKICS AML/CFT Charter founders and representatives of the Financial Services and the Treasury Bureau. Salina Yan JP, Deputy Secretary for Financial Services and the Treasury (Financial Services); Mable Chan JP, Deputy Secretary for Financial Services and the Treasury; and Jackie Liu, Principal Assistant Secretary (Financial Services), joined the event. Institute President Ivan Tam FCIS FCS; Chairman of Professional Services Panel Paul Moyes FCIS FCS; Chief Executive Samantha Suen FCIS FCS(PE); Senior Director and Head of Technical and Research Mohan Datwani FCIS FCS(PE); and Professional Development Director Lydia Kan FCIS FCS(PE), also attended the lunch meeting. During the lunch, the participants discussed, amongst other things, ways for HKICS and the AML/CFT Charter to facilitate the ease of doing business in Hong Kong. The AML/CFT Charter was established as part of HKICS's broader remit to promote good governance and to assist Hong Kong in its compliance with its international obligations under the Financial Action Task Force.

Corporate Governance Paper Competition and Presentation Award 2016

A total of 32 teams from local universities enrolled to the Institute's corporate governance paper competition this year. Six finalist teams selected by the judging panel consisting of nine academics will enter into a paper presentation competition on Saturday 10 September 2016 at United Conference Centre, Admiralty. The judges for the presentation competition are David Fu FCIS FCS(PE), Company Secretary, John Swire & Sons (HK) Ltd; Philip Miller ACIS, Assistant Company Secretary, HSBC; and Mr Paul Yeung, Commission Secretary, Commission Secretariat, Securities and Futures Commission. Event details are set out opposite.

Date:	Saturday 10 September 2016
Time:	10.00am – 1.00pm
Venue:	United Conference Centre 10/F, United Centre, 95 Queensway, Admiralty
Fee:	Free of charge

Members and students who are interested to attend, please email to student@hkics.org.hk

Institute supports public governance initiative

The Institute has been invited by The Hong Kong Council of Social Service (HKCSS) to participate as a partner in their recently launched 'NGOs Governance Platform' (the Platform). This Platform is a four-year project which aims to provide support to the boards of NGOs in their pursuit of excellence in directorship so that they can serve our community better. As a partner, the Institute would collaborate with HKCSS to organise sharing sessions and thematic seminars for board members of NGOs so as to facilitate exchange and experience sharing. The other partners in this Platform are: The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Directors, The Hong Kong Medical Association, The Law Society of Hong Kong, Independent Commission Against Corruption, and The University of Hong Kong.

Thank you for helping us go green together

The Council, in support of preserving the environment, has offered Institute members, graduates and students the option of receiving the Institute's official journal *CSj* electronically and from the Institute's website: www.hkics.org.hk from August 2015 onwards. As of 1 August 2016, 2,114 members, graduates and students opted for the electronic version (eCSj) as compared to 1,440 in 2015. The Council thanks members, graduates and students for their generous support.

Students who register or re-register from 1 August 2016 onwards will receive *CSj* in digital format–eCSj. These students will only receive eCSj in future.

Advocacy (continued)

Technical interest groups formed under Technical Consultation Panel

The Institute is pleased to announce that seven technical interest groups have been formed to address issues and publish guidance notes on various areas of focus and essential compliance topics for Chartered Secretaries.

Area of focus	Members
Company Law	• Chairman: Benita Yu, Member of Technical Consultation Panel, HKICS, and Partner, Slaughter and May • Loretta Chan, Member of Professional Services Panel, HKICS, and Director, Tax Services – Company Secretarial Services, PricewaterhouseCoopers Ltd • Angela Mak FCIS FCS, Member of Technical Consultation Panel, HKICS, and Chief Financial Officer & Executive Director, TOM Group Ltd • Paul Moyes FCIS FCS(PE), Council Member, Chairman of Professional Services Panel, HKICS, and Executive Director and Head of Practice Development, Marketing & Communications and Director – Corporate Services, Tricor Services Ltd • Wendy Yung FCIS FCS, Council Member, Member of Technical Consultation Panel, HKICS, and Director, Practising Governance Ltd
Competition Law	• Chairman: David Simmonds, Member of Company Secretaries Panel & Technical Consultation Panel, HKICS, and Group General Counsel, Chief Administrative Officer and Company Secretary, CLP Holdings Ltd • Neil Carabine, Partner, King & Wood Mallesons • Brian Kennelly QC, Blackstone Chambers • Mike Thomas, Partner, The Lantau Group • James Wilkinson, Senior Associate, King & Wood Mallesons • Professor Mark Williams, Member of Technical Consultation Panel, HKICS, and University of Melbourne Law School
Ethics, Bribery and Corruption	• Chairman: Dr Brian Lo FCIS FCS, Member of Technical Consultation Panel, HKICS, and Vice-President & Company Secretary, APT Satellite Holdings Ltd • Miang Lee, Partner, Ernst & Young • Ralph Sellar, Associate, Debevoise & Plimpton LLP • Monica Yu, Executive Director, Hong Kong Ethics Development Centre, Independent Commission Against Corruption
Public Governance	• Chairman: April Chan FCIS FCS(PE), Past President and Chairman of Technical Consultation Panel, HKICS • Stella Ho, Project Director, Sector & Capacity Development, The Hong Kong Council of Social Service • Lau Ka Shi, BBS, Managing Director & CEO, BCT Group • Stella Lo FCIS FCS, Council Member, Member of Technical Consultation Panel, HKICS, and Group Company Secretary, Guoco Group Ltd • Rachel Ng ACIS ACS, Assistant Company Secretarial Manager, CLP Holdings Ltd • Samantha Suen FCIS FCS(PE), Chief Executive, HKICS
Securities Law and Regulation	• Chairman: Daniel Wan, Member of Technical Consultation Panel, HKICS, and Partner, Francis & Co, in association with Addleshaw Goddard (Hong Kong) LLP • Agnes Wong, Associate, Francis & Co, in association with Addleshaw Goddard (Hong Kong) LLP

Area of focus	Members
Securities Law and Regulation (continued)	• CK Poon FCIS FCS, Member of Technical Consultation Panel, HKICS, and Executive Director & Company Secretary, Huabao International Holdings Ltd • Bill Wang FCIS FCS, Member of Technical Consultation Panel, HKICS • Professor CK Low FCIS FCS, Member of Technical Consultation Panel, HKICS, and Advocate & Solicitor (Malaysia), Associate Professor in Corporate Law, CUHK Business School, The Chinese University of Hong Kong
Takeovers, Mergers and Acquisitions	• Chairman: Michelle Hung FCIS FCS, Member of Technical Consultation Panel, HKICS, and General Counsel & Company Secretary, COSCO Pacific Ltd • Henry Fung, Partner, Holman Fenwick Willan • Kevin Hoi, Partner, PricewaterhouseCoopers Ltd • Lisa Chung, Partner, Slaughter & May • Philip Pong, Partner, PricewaterhouseCoopers Ltd
Technology	• Chairman: Gillian Meller FCIS FCS, Member of Company Secretaries Panel, HKICS, and Legal Director & Secretary, MTR Corporation Ltd • Effie Tang, Senior Manager, BDO Ltd • Ricky Cheng, Director – Risk Advisory Services, BDO Ltd • Philip Miller ACIS, Member of Technical Consultation Panel, HKICS, and Assistant Company Secretary, The Hongkong and Shanghai Banking Corporation Ltd • Mark Johnson, Partner, Debevoise & Plimpton LLP

Membership

Membership renewal for the 2016/2017 financial year

The membership renewal notice for the financial year 2016/2017, together with a demand note, has been posted to members and graduates in August 2016. Details of the fee structure was published in the July edition of *CSj* (page 44) and on the Institute website: www.hkics.org.hk.

Please return your completed personal data update form, together with the subscription payment, to the Institute as early as possible. Failure to pay the subscription by the deadline of Tuesday 31 January 2017 will constitute a ground for membership removal. Reinstatement by the Institute is discretionary and subject to payment of the outstanding membership and re-election fees, together with levies determined by the Council.

The Institute secretariat engaged SAHK Chai Wan Workshop again this year for lettershopping the member annual subscription notices. SAHK is a non-profit rehabilitation organisation serving persons with physical or mental disabillities.

Members and graduates who have not received the renewal notice by the end of August 2016 should contact the Membership Section at 2881 6177, or email: member@hkics.org.hk.

Membership election – application deadline in 2016

Members and graduates are encouraged to advance their membership status once they have obtained the relevant work experience. Fellowship and Associateship applications will be approved by the Membership Committee on a regular basis. If you plan to advance your membership status, please note the following submission deadline and the respective approval date.

Submission deadline	Approval date
Friday 28 October 2016	Monday 5 December 2016

If you need assistance for your applications, please contact Melani Au, Assistant Manager, Membership at: 2830 6007, or email: member@hkics.org.hk.

Membership (continued)

Member's discipline

The Institute requires its members to comply with the highest standards of professional conduct and the Institute's regulations. The Investigation Group, Disciplinary Tribunal and Appeal Tribunal are the Institute's disciplinary bodies, as stipulated in the ICSA Byelaws and HKICS Articles of Association. As of 30 June 2016, the Institute's membership disciplinary statistics were as follows.

1. **Mandatory Continuing Professional Development (MCPD) non-compliance**
   The total number of MCPD non-compliance cases under disciplinary proceedings was 62 of which six cases were closed and concluded.

2. **Other complaint cases under disciplinary proceedings**
   The total number of other complaint cases received was 10:

   - three cases are still under investigation
   - three cases are under Disciplinary Tribunal review
   - four cases were closed as no *prima facie* case was established, and
   - no appeal against the Disciplinary Tribunal decisions was made to the Appeal Tribunal.

New graduates

Congratulations to our new graduates listed below.

Cheng Pui Man	Woo Sze Wai, Shirley
Lau Tsz Shan	Yip Sau Wa

New associates

Congratulations to our new associates listed below.

Chak Wai Ting	Ho Siu Man	So Cheuk Yee
Chan Chung Hin	Ho Sum Yi	So Chi Ming
Chan Ho Wai	Ho Tin Sang, Sylvian	Sun Xin
Chan Ka Cheong	Ho Yui Pang	Tang Ting Ting
Chan Ka Ying	Hon Chi Chung	Tian Jinghua
Chan Suk Yin	Hui Hok Yi	Tong Ching
Chan Tsz Wun	Kong Mei Yee, Joyce	Tsang Hiu Pan
Chan Tsz Yan	Kwok Siu Lai	Tsui Nga Chuen
Chau Chun Him	Lai Ho Wai	Tung Suet Ying
Chen Xian	Lai Kin Wa	Wan Kwong Kei
Cheng Ling Kwan	Lam Hoi Kei	Wong Ka Man
Cheung Fan	Lam Pui Wa	Wong Mei Yan
Cheung, Jason	Lau Ka Ho	Wong Tin Yu
Cheung Man Ki	Lau Pui Kwan	Wong Wing Yan
Cheung Man Lung	Lee Ching Yi	Wun So Fan
Chin Pui Kei	Lee Lai Yi	Xiao Junguang
Chu Hiu Laam	Leung Chung Nam	Yang Chi Ting
Chui Wan Ngai	Leung Lai Yee	Yau Ting Nga
Fan Chui Lin	Leung Wing Man	Yip Wing Shan
Fok Chi Wing	Li Lok Yi	Yip Wing Shuen
Fu Yuen Hung	Li Wing Sze	Yu Ching Sum
Fung Ching Nga	Liu Tsz Yin	Zhu Ruili
Ho Ching Man	Lo Ming Wan	
Ho Ching Man, Miranda	Lu Lijuan	
Ho Pui Ka	Mok Mei Gee	
Ho, Rosenna	Ng Uen Chi	

New fellows

The Institute would like to congratulate the following fellows elected in May and June 2016.

Chan Chun Yuk, Freda FCIS FCS

Ms Chan is Company Secretary of CITIC United Asia Investments Ltd, which is an indirectly wholly owned subsidiary of CITIC Ltd (Stock Code: 267). She is responsible for all legal, compliance and company secretarial matters of the company.

Chan Wai Keung FCIS FCS

Mr Chan is currently the Head of Company Secretarial of The Hong Kong and China Gas Company Ltd (Stock Code: 3) which is also known as Towngas. He joined Towngas in 1993 and is responsible for company secretarial, compliance and corporate governance matters as well as intellectual property management. Mr Chan has over 28 years of related professional experience and holds an MBA degree.

Cheung Man Lung, David FCIS FCS

Mr Cheung is the Senior Membership Development Manager of the Royal Institution of Chartered Surveyors (RICS). RICS has over 9,000 members in Hong Kong and Macau including about 4,500 Chartered members. Mr Cheung, who joined in 2007, oversees membership development of the Hong Kong and Macau markets, including handling membership services and membership growth in these regions. Mr Cheung holds a bachelor's degree in management from University of London and an MBA degree from University of Queensland, Australia.

Chiang Yee Ching, Flora FCIS FCS

Ms Chiang is currently a Partner of the East Asia Sentinel Group and heads the Group's Company Secretarial Department. She has over 20 years of experience in the corporate services field and provides corporate services to many multinational, private and offshore companies as well as Hong Kong listed companies. Prior to joining East Asia Sentinel Group, she worked in one of the 'big four' accounting firms and a leading professional services provider firm. Ms Chiang holds a master's degree in management from the Macquarie Graduate School of Management.

Chow Wing Shing, Daniel FCIS FCS

Daniel Chow is a Senior Managing Director of FTI Consulting. He has over 22 years of financial reporting, corporate restructuring and recovery experience. Mr Chow is experienced in the trading resumption for several listed companies and taking appointments arising from family and shareholders' disputes. Mr Chow is a fellow of the Hong Kong Institute of Certified Public Accountants (with a specialist designation in insolvency) and the Taxation Institute of Hong Kong. Mr Chow is also a Certified Practising Accountant in Australia and a Certified Fraud Examiner. Mr Chow holds bachelor degrees in commerce and laws and postgraduate diplomas in corporate administration and IT Forensics.

Gillian Elizabeth Meller FCIS FCS

Ms Meller is currently the Legal and European Business Director of MTR Corporation Ltd (Stock Code: 66). She is responsible for the provision of commercial legal support and advice to all aspects of the company's business. In addition to her responsibility for the strategic management of the company's insurance programmes and its governance and risk management function, she also manages and oversees the growth of the company's European Business. Ms Meller graduated from Hertford College, University of Oxford in the UK, and holds a master's degree in geography. She then obtained her postgraduate qualifications in law from The College of Law in Guildford in the UK. She also completed the Stanford Executive Programme at Stanford University in the US in 2010. Ms Meller is qualified to practice as a solicitor in Hong Kong and England and Wales.

Yumiko Nakano FCIS FCS

Ms Nakano is the Managing Director of Hong Kong Business Support Co Ltd, which provides compliance and consultancy services. Ms Nakano has been writing columns for a Japanese newspaper (NNA) and magazine (HK LEI), conducting seminars and introducing Hong Kong business practices and requirements to the local

Membership (continued)

Japanese community. She is also SME International Development Adviser of the Tokyo Chamber of Commerce and Industry. Prior to incorporating the company, Ms Nakano had over 20 years of work experience in Hong Kong and worked for professional firms including one of the 'big four' accounting firms. She graduated from Brock University (Canada) with a Bachelor of Arts and City University of Hong Kong with a Master of Science.

Ng Pik Ha FCIS FCS

Ms Ng joined Tencent Holdings Ltd (Stock Code: 700) in 2004 and is currently the Assistant Company Secretary. She is responsible for assisting the company secretary to oversee the company secretarial department. Ms Ng has over 20 years of experience in the company secretarial field. Before joining Tencent, she worked in several listed companies and sizeable professional firms. She holds bachelor's degree in accountancy from The City University of Hong Kong, and an MBA from University of Adelaide, Australia.

Pang Ka Fai, Angus FCIS FCS

Mr Pang is the Company Secretary of SRE Group Ltd (Stock Code: 1207) and Uni-President China Holdings Ltd (Stock Code: 220). He is also a Director of Gowise Corporate Services Ltd where he is mainly responsible for overseeing corporate governance and compliance matters of listed groups, as well as providing advice on corporate finance projects. Mr Pang holds a master's degree in corporate governance from the Hong Kong Polytechnic University, a bachelor's degree in business administration and accounting, and a specialist certificate (Corporate Finance) from the Hong Kong Securities and Investment Institute. He is also a member of Regulatory Committee of The Hong Kong Independent Non-Executive Director Association.

Wong Kwong Ling FCIS FCS

Mr Wong is the Chief Financial Officer of Castelo Concepts Group of companies. He oversees financial operations, corporate finance, investor communications and administration. He has over 20 years of experience in auditing, financial reporting, budgeting, financial management, compliance and administration, mainly for listed companies. Mr Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a registered Certified Public Accountant of the State of Illinois, the US. He holds a bachelor's degree in management, an MBA and a master's degree in corporate governance.

Xie Bing FCIS FCS

Mr Xie is the Senior Vice-President and Company Secretary of China Southern Airlines Company Ltd. As a member of senior management, he is responsible for capital operation, information disclosure and investor relations management. Mr Xie holds an MBA (international banking and finance) and an Executive Master of Business Administration (EMBA) degree awards from Jinan University, the University of Birmingham, Britain and Tsinghua University respectively. Mr Xie is a Senior Economist and also a member of 'Hall of Fame' in Chinese capital market.

Lee Tak Sam FCIS FCS(PE)

Mr Lee is the Company Secretary of CN Innovations Holdings Ltd where he is responsible for overseeing company secretarial, compliance and corporate governance issues. Prior to joining CN Innovations Holdings Ltd, Mr Lee worked at international professional firms and served several Hong Kong and Singapore listed companies. Mr Lee holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University and a master's degree in corporate governance from Anglia Ruskin University.

Chu Lai Shan, Sammie FCIS FCS

Company Secretary, Kingbo Strike Ltd (Stock Code: 1421).

Members' activities highlights: June and July 2016

24 June
Young Group – glamorous grooming in summer

Presenter sharing techniques on skin care

25 June
Chartered Secretary Mentorship Training – power of positive thinking

Mentors and mentees learning the power of positive thinking

30 June
YCPG Joint Professional Networking Party 2016 – 'Hawaii aloha'

Members having fun in 'Hawaii'

9 July
Members' Networking – Le French May: Claude Monet: the spirit of place

Members learning more about the life of Claude Monet

Donate as you spend

Starting from 1 August 2016, purchases made with the Chartered Secretaries American Express Credit Card will contribute to the profession.

The HKICS Council has resolved to donate the commission income received from American Express arising from members' spending made through the Chartered Secretaries American Express Credit Cards to The Chartered Secretaries Foundation Ltd (the Foundation). We would like to encourage members, graduates and students to be holders of the Chartered Secretaries American Express Credit Cards. For details of the credit card and the relevant application forms, please visit the membership section on the Institute website: www.hkics.org.hk.

The Foundation, established by HKICS on 5 January 2012, aims to support education, research in company secretarial, legal, accounting, business studies and, in particular, in the area of corporate governance; and to support related charitable activities. We value your contribution to the Foundation.

Forthcoming membership activities

Date	Time	Event
12 Aug 2016	6.30pm - 8.30pm	Chartered Secretary Mentorship Programme – mentors & mentees gathering (by invitation only)
27 Aug 2016	10.30am– 12.00nn	Young Group – flower art arrangement

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 2016 diet reminders

Examination timetable

	Tuesday 6 December 2016	Wednesday 7 December 2016	Thursday 8 December 2016	Friday 9 December 2016
9.30am - 12.30pm	Hong Kong Financial Accounting	Hong Kong Corporate Law	Strategic and Operations Management	Corporate Financial Management
2.00pm - 5.00pm	Hong Kong Taxation	Corporate Governance	Corporate Administration	Corporate Secretaryship

Please enrol between 1 and 30 September 2016.

Studentship

Student Ambassadors Programme (SAP) 2016/2017 – recruitment of mentors

The SAP was established to promote the Chartered Secretarial profession to local university undergraduates. One of its flagship projects is the mentoring programme which aims to connect the future leaders of the profession with company secretarial veterans in small-group mentoring relationships. Mentors are encouraged to share work experience and professional knowledge, as well as provide career guidance and advice to mentees.

Members who have signed up to be mentors will be invited to join the kick-off ceremony of the SAP 2016/2017 to meet with their mentees. The ceremony will be held on Saturday 8 October 2016. Details will be available soon.

For members who want to sign up as mentors, please contact Institute Education and Examinations Assistant Manager Jonathan Ng at: 2830 6019, or email: student@hkics.org.hk.

Policy – payment reminder

Studentship Renewal

Students whose studentship expired in June 2016 are reminded to settle the renewal payment by Friday 26 August 2016.

Exemption Fees

Students whose exemption was approved via confirmation letter on May 2016 are reminded to settle the exemption fee by Monday 15 August 2016.