

# CSj

October 2017

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



## Not for profit A company secretary perspective

Not-for-profit governance  
Digital identity  
Energy efficiency



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### Share Registration Public Office

Level 22  
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Tel: (852) 2980 1333  
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講者簡介

李源博士  
· 廣東省社會科學院企業研究所副所長  
· 畢業於雲南大學管理學院 - 管理學博士  
· 廣東省人事廳管理學研究員

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The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of the Chartered Secretary in Hong Kong and throughout Mainland China. 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 was a branch of ICSA in 1990 before gaining local status in 1994 and has also been ICSA's China/Hong Kong Division since 2005. HKICS is a founder member of Corporate Secretaries International Association (CSIA) which was established in March 2010 in Geneva, Switzerland. In 2017, CSIA was relocated to Hong Kong in which it operates as a company limited by guarantee. CSIA aims to give a global voice for corporate secretaries and governance professionals. HKICS has over 5,800 members and 3,200 students.

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### 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](mailto:ask@hkics.org.hk) (general)

[ecpd@hkics.org.hk](mailto:ecpd@hkics.org.hk) (professional development)

[member@hkics.org.hk](mailto:member@hkics.org.hk) (member)

[student@hkics.org.hk](mailto:student@hkics.org.hk) (student)

Website: [www.hkics.org.hk](http://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](mailto: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

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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

c/o MCI UK

Durford Mill, Petersfield

Hampshire, GU31 5AZ

United Kingdom

Tel: (44) 1730 821 969

#### ICSA: The Governance Institute

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

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### Credits

**Kieran Colvert**

Editor

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**Harry Harrison**

Illustrator (cover)

**Images**

iStockphoto

### Contributors to this edition

**Jimmy Chow**

Journalist

**Brent Carlson**

AlixPartners

**Anne Jacobs**

BASF

**Edmund Lowell**

KYC Chain Ltd

### Advertising sales enquiries

Ninehills Media Ltd

Tel: (852) 3796 3060

**Jennifer Luk**

Email: [jennifer@ninehillsmedia.com](mailto:jennifer@ninehillsmedia.com)

**Frank Paul**

Email: [frank@ninehillsmedia.com](mailto:frank@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](http://www.ninehillsmedia.com)

Email: [enquiries@ninehillsmedia.com](mailto:enquiries@ninehillsmedia.com)

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## Breaking news

At the Annual General Meeting of The Institute of Chartered Secretaries and Administrators held in London on 4 October 2017, the vast majority of voting members approved all of the resolutions put forward. Subject to the consent of the Privy Council in the UK, the proposed changes to the ICSA Charter and byelaws, enabling the creation of a new designation to be called 'Chartered Governance Professional' and the introduction of an intermediate grade of membership to be called 'Affiliated Membership', can proceed.

*More information is available on the HKICS and ICSA Global websites: [www.hkics.org.hk](http://www.hkics.org.hk) and [www.icsaglobal.org](http://www.icsaglobal.org).*



## Core values

This month's edition of our journal looks at the theme of not-for-profit governance, but I would like to take this opportunity to highlight a very important event which took place at the end of last month – our Convocation 2017. Our convocations are held annually to celebrate the success of newly admitted graduates, associates and fellows, as well as IQS examination subject prize awardees. This might sound like an opportunity for retrospection, but the event, and certainly this year's event, is very much about looking ahead. What kind of business environment will the 'class' of 2017 be experiencing in 10 or 20 years' time? What challenges will they be facing in their work? And, most important of all, what impact will they be having on the organisations they work for and the society in which they live?

Our Guest of Honour at the Convocation was Peter Greenwood FCIS FCS. As you may know, Peter is the Chairman of our biennial Corporate Governance Conference (CGC), a member of our Technical Consultation Panel and a regular contributor to our publications. In his convocation speech, Peter highlighted the increasing pace of change in our professional and personal lives. This pace of change means that we don't know with any degree of certainty what sort

of challenges our class of 2017 will be facing decades from now. Some, no doubt will be familiar to us today, but there will also be new challenges that will emerge as the business, social and professional environment changes.

There will be continuity, however, when it comes to the principles behind our work. The principles which underpin the entire governance endeavour, such as transparency, integrity and accountability, will be as relevant in the decades ahead as they are now. These core values are one of the main reasons why young people are keen to join us. Ada Au, a newly admitted graduate of the Institute, spoke at the convocation as a representative of the IQS subject prize and merit certificate awardees. Ada spoke of her uncertainty, after graduating with a bachelor's degree in science from the Hong Kong University of Science and Technology, about what career she wanted to follow. She researched the Chartered Secretarial profession and it was the career she was looking for because it represented not just a money-making career but a chance to belong to a profession that would develop her full potential. Her science degree meant that she did not have any exemptions from the IQS examinations, so she had to study for the full eight subjects. She nevertheless persevered and ended up with both an IQS subject prize in Hong Kong Corporate Law and two merit certificate awards in Hong Kong Taxation and Hong Kong Financial Accounting.

Ada's speech fills me with confidence about our future. If the senior Chartered Secretaries of the future have her spirit and motivation, the core principles of our profession will be in safe hands. I would therefore like to add my voice to that of Peter Greenwood in urging all of our members, young and old, experienced or fresh recruits, to believe in our potential to bring about positive change. The efforts we make as individuals, as company secretaries and as part of our community of professionals, to strengthen the governance of the organisations we work for produces a very valuable social contribution. Poor governance ruins businesses, destroys jobs, erodes shareholder and investor value and damages people's livelihoods and well-being. We are therefore not only helping the organisations we work for to survive and thrive, but creating a fairer, more prosperous and certainly more stable society.

A stylized, handwritten signature in black ink, appearing to read 'Ivan Tam'.

Ivan Tam FCIS FCS

# 核心价值

本刊今期的主题是非牟利机构的管治，但我想藉此机会特别一提上月底的一项重要盛事，即2017年资深会士及会士颁授仪式。这仪式每年举行一次，祝贺刚取得资格的毕业学员、会士和资深会士，以及国际专业知识评审考试科目奖项的得主。这听起来是回顾的场合，但实际上很有前瞻性，今年尤其如此。在10年或20年后，2017年这一届的毕业生将经历怎样的商业环境？工作上将面对什么挑战？最重要的是，他们对所任职的机构和身处的社会将有何影响？

林英伟FCIS FCS获邀为今年仪式的嘉宾。大家也许都知道，林英伟是公会两年一度的公司管治研讨会(CGC)的主席，公会技术咨询小组成员，并经常为公会的刊物撰文。在仪式中致辞时，林英伟指出特许秘书在专业和个人生活方面均经历越来越急速的变化，这意味着我们不能肯定2017年这一届的毕业生在数十年后将面对什么挑战。当然，有些挑战是我们今天很熟悉的，但随着商业、社会和专业环境转变，新挑战也将陆续有来。

不过，我们的工作所本的原则，却始终如一。所有管治工作的原则，例如

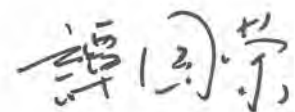
透明度、诚信和问责性等，在目前和数十年后同样重要。

这些核心价值，是年轻人渴望加入我们的行列的主要原因之一。公会一位刚毕业的学员Ada Au，在仪式当晚代表国际专业知识评审考试各科目奖项及荣誉证书得主致辞。她表示，在香港科技大学取得科学士学位后，对自己的事业路向感到有点彷徨。

她查阅有关特许秘书专业的资料，认定这就是自己有意发展的事业，因为这专业不仅让她赚取收入，也让她有机会全面发挥潜能。以她的科学士学位，报考国际专业知识评审考试时不能获得任何豁免，必须全数修读八个科目。她努力坚持，最终取得香港公司法科目奖项，并获得香港税务及香港财务会计两科的荣誉证书。

Ada的话，让我对前景充满信心。若未来的资深特许秘书具备她的志气与动力，便能维护特许秘书专业的核心价值。因此，我谨呼应林英伟的呼吁，促请会员对自己带来正面改变的能力抱持信心；不管年纪大小，资深或刚毕业，都应如此。作为个人、公司秘书、以及特许秘书专业的一分子，我

们在加强所任职机构的管治方面所作的努力，是很有价值的社会贡献。管治欠佳，会破坏业务经营，减少工作机会，蚕蚀股东及投资者价值，有损人们的生计和福祉。因此，我们的工作不仅协助所服务的机构维持营运、兴旺发展，而且缔造更公平、更繁荣，也肯定更稳定的社会。



谭国荣 FCIS FCS

# Not for profit: a company secretary perspective

The not-for-profit sector offers a rewarding and increasingly popular career stream for Chartered Secretaries. This month, *CSj* talks to company secretaries about the rewards and the challenges of working in this sector.





In the context of the limited resources not-for-profit organisations (NPOs) generally have, it is understandable that their priorities are often focused on fundraising campaigns and serving their beneficiaries. But as more of them realise that maintaining a high level of financial transparency and governance are key to credibility and thereby donor confidence, efforts are being made to pursue better organisational governance.

Chartered Secretaries are, as you might expect, central to this endeavour. Organisations increasingly rely on professional support from legal advisers and company secretaries – sometimes in the shape of *pro bono* work. But what is it like working for an NPO? Do NPOs offer a rewarding career for company secretaries? What are the differences between working for this sector and the listed company sector or the corporate service provider sector?

### The governance goals

Transparency serves as the foundation of trust that keeps the public committed to a philanthropic cause advocated by a charitable organisation, says April Chan Yiu Wai-yee FCIS FCS, (Honorary) Company Secretary of Hong Kong Breast Cancer Foundation and Past President of the Institute. Mrs Chan, who is also the Honorable Secretary for Hong Kong Women Professionals And Entrepreneurs Association, was the former CLP Company Secretary and therefore has substantial experience in the listed company sector. She points out that the corporate governance principles are the same for both the for-profit and the not-for-profit sectors. 'In terms of corporate governance principles, I think the end goal is similar. We seek to promote effective standards of corporate governance and stakeholder

stewardship. We want to see a greater degree of transparency through clear and conspicuous disclosures, which I think is very important to elevate an NPO's credibility and integrity,' she says.

She points out that NPOs generally rely on sponsors and donors to sustain financial viability and operate efficiently. A scandal, a misconduct or even a misunderstanding could cause huge damage to an NPO's reputation. They must therefore enhance transparency, for example reporting on the governance principles behind the organisation and how donations were spent, in order to give confidence to all stakeholders.

As with listed companies, sustainability is also a must for NPOs. They cannot only think about short-term benefits, they have to consider the community's long-term interest as part of their strategy.

### The three P's

While the objectives of company secretaries working for NPOs might be the same as those for practitioners working for commercial entities, Mrs Chan points out that in practice the experience of working for an NPO is often very different. The amount of pressure practitioners will be working under, as well as the pace of the work and the

culture of the organisation are likely to be very different. Similarly, the resources and manpower available to the organisation will be likely to be very different.

'Small NPOs may not have adequate resources. Their priority often goes to fundraising and working for beneficiaries. It's understandable that strengthening corporate governance and improving transparency is not their top concern. So as a company secretary for an NPO, we have to do it step by step to drive constructive change,' Mrs Chan says.

She suggests that legal advisers and company secretaries who want to get involved in volunteering for charities should bear in mind that working for NPOs, especially charities, on a volunteer basis requires strong self-motivation and commitment. Practitioners will need to have the three P's to keep themselves motivated – passion, patience and perseverance.

'The first must-have is passion. The work will often be unpaid, so if you don't have enough passion to promote the cause, the mission and the vision of the organisation, it will be a mission impossible,' she says. She adds that resources in NPOs are limited and usually prioritised for fund raising events and activities. So,

## Highlights

- the not-for-profit sector offers a rewarding and increasingly popular career stream for Chartered Secretaries
- corporate governance principles are the same for all sectors, but the experience of working for an NPO is often very different from working in the commercial sector
- working for an NPO requires strong self-motivation and commitment

“  
practitioners will need to  
have the three P’s to keep  
themselves motivated –  
passion, patience and  
perseverance  
”

April Chan Yiu Wai-ye FCIS FCS,  
(Honorary) Company Secretary, Hong Kong  
Breast Cancer Foundation and Past President  
of the Institute



in addition to passion, you will also need patience and the perseverance to persist with what you believe in for the enhancement of the organisation's governance. 'Though it takes time to see results, it's rewarding to see change gradually,' she says.

**Are NPOs under-regulated?**

In the ongoing debate about the appropriate level of regulation that should be imposed on NPOs in Hong Kong, Mrs Chan says it would be counterproductive to impose rules as stringent as those for listed companies. 'Most charities are established out of a commitment to working for the public good. Overly stringent regulations would take away the flexibility which NPOs currently enjoy and may discourage some people from setting up charities for the betterment of our society. Instead, I think what we need at this stage is education and guidance,' she says.

In Hong Kong, education and guidance is undertaken by the Social Welfare Department, NGOs and professional

bodies. The Institute's Public Governance Interest Group (PGIG), chaired by Mrs Chan, issued its first guidance note on not-for-profit governance in August 2016. The guidance note, available on the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk), focused on the qualities required of those at the helm of running NPOs including: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. A second guidance note from the PGIG will be published soon.

The Institute works with other NPO sector associations such as The Hong Kong Council of Social Services (HKCSS). 'We have discussions with HKCSS very often to share with them our suggestions, and co-organise with them conferences and seminars for their agency members,' Mrs Chan says.

HandsOn Hong Kong, an NPO registered as a limited company, is committed to serving those in need through mobilising volunteers. It is a member of HKCSS and is also a listed charity on WiseGiving, the branch of HKCSS focusing on

financial transparency, accountability and promoting a culture of philanthropy in Hong Kong.

'There are increasing concerns over the credibility of charities in Hong Kong, so we want to ensure that we are going above and beyond the official guidelines,' said Shaun Bernier, Founder and Board Chair of HandsOn Hong Kong.

To be included in the WiseGiving platform, charities must be willing to disclose and regularly update accountability information, which includes the organisational brief, service delivery and reporting, governance, financial situation and fundraising principles.

The WiseGiving endorsement is a testimony to HandsOn Hong Kong's commitment to accountability and transparency, Ms Bernier says. Beyond that, it also seeks advice on strategic planning, fund raising strategy, board governance, financial management and human resources management from Asian Charity Services, a charity that provides *pro bono* consulting services to other charities in Hong Kong.

'A couple of board members, including myself, were experienced in voluntary and community organisations when we were in the US and the UK, where NGO governance requirements are a bit more stringent. But we also rely on *pro bono* support from legal professionals and company secretaries in implementing best practices to a charity in Hong Kong,' says Ms Bernier.

'It's more than completing financial reports. The essence is transparency, and it should be consistently maintained in funding sources, deployment of



“there are increasing concerns over the credibility of charities in Hong Kong, so we want to ensure that we are going above and beyond the official guidelines”

Shaun Bernier, Founder and Board Chair of HandsOn Hong Kong

donations and the efficacy of the charity programme as we work towards our mission,' she says.

After some seven years of meetings with charitable organisations and public consultations, in December 2013 the Law Reform Commission proposed in a report that all charities should be subject to the requirement of registration with a Charity Commission. Ms Bernier says the proposed reform could be helpful to them as it would enhance the credibility of those registered.

#### Promoting best practice

Michelle Chow, a consultant at international law firm Withers, is specialised in charity law, including advising on the setting up of charitable organisations and governance matters for universities, schools, banks, corporations and individuals. She is currently a board member of a number of charities, as well as a member of the steering committee of HKCSS WiseGiving.

In Hong Kong, the three most common ways to register an entity as a charitable organisation are:

1. registration under the Societies Ordinance (Cap 151)
2. setting up a trust, and
3. incorporating a company under the Companies Ordinance (Cap 32).

Owing to the tax benefits a charity can enjoy, Hong Kong has seen a rise in charitable organisations with a variety of charitable causes. There is no requirement to prepare and comply with any best practice guidelines in Hong Kong, though charities that receive lump sum grants under the Social Welfare Department Lump Sum Grant Subvention System are required to follow a best practice manual issued in July 2014. The manual offers comprehensive guidance on human resource management, financial management, corporate governance and accountability issues. The

guidelines are classified into two levels – guidelines that NPOs are expected to follow unless there are strong justifications not to do so and guidelines that NPOs are encouraged to adopt.

'The guidelines were developed to be as exhaustive as possible. They demand financial transparency for sure, and even regulate the use of any surplus. I believe the guidelines provide a practical framework to promote more systematic governance across the charity sector,' Ms Chow says.

Sunlight is the best disinfectant against malpractice. To maintain public confidence in NPOs, transparency regarding the organisation's mission and vision, as well as detailed explanations of how donor dollars are spent, is at the forefront of expectations from the government and the donating public.

**Jimmy Chow**  
Journalist

# Taking the CIS to the PRC

CSj interviews four Chartered Secretaries working for Mainland enterprises listed in Hong Kong about the challenges they faced studying for the International Qualifying Scheme and about the benefits the Chartered Secretarial qualification has brought them in their work and professional careers.



Xing Jun ACIS ACS



Rita Zhong Yan ACIS ACS



Xiao Juguang ACIS ACS



Lu Hongyu ACIS ACS

Acquiring the 'CIS' post-nominals is no easy matter. First, you need a university degree. Then you need to do your initial training, either via the International Qualifying Scheme (IQS) examinations or equivalent accredited courses, and then you need to keep your knowledge current via mandatory continuing professional development training.

The gain is, of course, very significant. For members in this part of the world, you become a member not only of The Hong Kong Institute of Chartered Secretaries (the Institute), but also of the global Chartered Secretarial body – The Institute of Chartered Secretaries and Administrators (ICSA). You gain the only internationally recognised qualification for those wishing to pursue a career in the company secretarial and corporate governance fields.

In Mainland China, attaining this stamp of quality is increasingly sought after in a sector that is highly competitive, particularly in companies that have a listing in Hong Kong or other overseas jurisdictions. This month, *CSj* talks to four very diverse *In Profile* candidates who are linked by their ambition to become ambassadors for the Chartered Secretarial qualification in Mainland China. Why did they choose to study for the IQS? What challenges did they face to become members of the Institute? Were their employers supportive of their ambitions to upgrade their qualifications? And, perhaps most importantly, how has their new CIS status benefited them in their work and careers?

#### **Xing Jun ACIS ACS, Board Secretary, Haichang Ocean Park Holdings Ltd**

After graduating from Loughborough University in the UK with a degree in finance management, Mr Xing has worked for various Hong Kong-listed companies over the course of his career. His current role at Haichang includes compliance issues, disclosure, and corporate governance, while also serving as head of investor and media relations.

As a CFA Charter holder, he pursued membership of the Institute as a top-up endorsement to his professional qualifications and as a consequence of his dedication to the company secretarial career. 'My qualifications and knowledge in finance and accounting, plus solid working experience with Hong Kong-listed companies, prepared me well for the IQS exam,' he says. That's part of the reason why he achieved a merit in the Corporate Law exam.

'The reading materials that prepared me for the IQS exam have been a useful source of information in my career. I was strengthened in

## “ membership of The Hong Kong Institute of Chartered Secretaries offers constant invaluable learning and networking opportunities

”

Xing Jun ACIS ACS, Board Secretary, Haichang Ocean Park Holdings Ltd

my knowledge and eventual practice, and most importantly they enabled me to understand my formal obligations as a company secretary representing a Hong Kong-listed issuer,' says Mr Xing.

He adds that the CPD opportunities that his membership has opened up for him have been particularly valuable. 'The regular seminars, conferences and sharing sessions are very informative, enabling me to keep abreast of the latest regulatory updates, best practices, and learn from others' experiences through the many case studies. Membership of the Institute offers constant, invaluable learning and networking opportunities,' he adds.

'For others in China interested in pursuing membership of the Institute, I suggest they set aside a fair amount of time, say no less than 20 hours a week, to study the materials. The key is do your best to understand the theory behind the laws, regulations and best practices, rather than just reciting and drilling. Revisiting the past papers is also useful from my experience.'

### Highlights

- board secretaries with well recognised qualifications in Hong Kong and the Mainland are in demand
- the importance of board secretaries on the Mainland will continue to increase as listed enterprises are placing more importance on compliance and corporate governance
- there continues to be a mixed picture in terms of how far employers are willing to invest in staff training, such as supporting board secretaries who wish to acquire the Chartered Secretarial qualification on the job

Mr Xing believes that the importance of board secretaries on the Mainland will continue to increase, as listed enterprises are placing more importance on compliance and corporate governance. The status of the board secretary as part of the management team is also on the rise, he says. 'At present, about 40% of companies listed in Hong Kong are from the Mainland. Many of them are dual-listed companies (A+H share). Board and company secretaries with well recognised qualifications in both jurisdictions are in demand,' Mr Xing says.

As the Hong Kong and Mainland capital markets continue to integrate, with regulators on both sides strengthening market oversight, it is especially important for board/company secretaries of dual-listed companies to have the most updated knowledge of the regulatory environment at all times. Down the road, Mr Xing believes Mainland companies will be more willing to invest in company secretarial training and sponsor them to acquire international professional qualifications, such as ICSA membership. 'That being said, it seems to me the recognition of the Institute's membership among Mainland regulators and employers is not yet acknowledged widely enough. I hope the Institute can do more to promote its professional image in China,' he adds.

#### **Xiao Junguang ACIS ACS, Securities Representative at COSCO Shipping Holdings Co Ltd**

Mr Xiao believes that passing the IQS exam and engaging in the CPD activities organised by the Institute are particularly important ways for board secretaries representing dual-listed companies to enhance their abilities and capacities. He says that his employer was fully supportive of him in his pursuit of Institute membership, including giving him extra time off and full financial sponsorship.

'Many topics covered by the syllabus are closely related to our daily work, especially when it comes to corporate law, corporate finance and corporate governance, but not many board secretaries of dual-listed companies I know have attained the qualification. Some of them are talented and well connected but perhaps the exam language and medium of instruction are an issue for them since they use Chinese primarily in their daily business activities,' he says.

Despite this language barrier, Mr Xiao does not believe that the Institute needs to introduce a Chinese syllabus to cater to Mainland candidates. He points out that the Chartered Secretarial qualification is internationally recognised and board

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to be prepared, the company  
secretary has to be continually  
updated and refreshed on the latest  
regulatory framework  
”

Xiao Junguang ACIS ACS, Securities Representative at COSCO Shipping Holdings Co Ltd

secretaries hired to work for Hong Kong-listed companies are supposed to possess a good command of English.

'Both the Shanghai and Hong Kong exchanges have very stringent regulatory and compliance requirements. Board secretaries have to maintain effective communications with shareholders, investors and financial media,' he adds. As such, the board secretary needs to have a rigorous understanding of the company's financial situation, operations, strategy and the competitive landscape. Internal communications and risk control are also something that has to be considered. Continual professional training is therefore important to enhance their abilities and capacities, Mr Xiao believes.

'For example, handling shareholder relations and answering media enquiries, especially when there is a significant acquisition underway, require a profound understanding of the situation, the company's stance and the industry as a whole, as well as the disclosure requirements and specifically what constitutes insider information,' he points out. 'You've got to have a playbook or incident response plan in place. To be prepared, the company secretary has to be continually updated and refreshed on the latest regulatory framework.'

Mr Xiao believes that the CPD programmes for Affiliated Persons of the Institute in Mainland China are particularly suited for those who have not achieved the Chartered Secretarial qualification yet. 'Affiliated Persons can still benefit from the training and networking opportunities provided by the Institute. Sharing by regulators, legal and other professional bodies are very effective in keeping them updated on the latest regulatory changes. These activities also facilitate networking and experience sharing especially among dual-listed companies.'

**Lu Hongyu ACIS ACS, Board Secretary, Kingsoft Corporation Ltd**

Ms Lu has worked for Hong Kong-listed companies for more than 10 years. Prior to achieving her Chartered Secretarial qualification, she received legal training in her postgraduate degree. She has been a member of the Institute since passing the IQS exam. Ms Lu received subject prizes in the Corporate Administration and Corporate Financial Management exams.

'Studying for the IQS solidified my knowledge, giving me a better mastery of complex listing rules and compliance requirements. I found the sharing and networking sessions with other members particularly fruitful as well,' she says. She also found the study guidelines and reading lists provided by the Institute helpful in her exam preparations. Aside from professional achievement, the exam also enabled her to integrate the theoretical concepts with the real-world environment.

Ms Lu believes that the Institute has done a good job in its Mainland work. She appreciates the opportunities it provides, working in conjunction with other professional bodies, for board

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the board secretary has a direct impact on the public image of the company, so it's in the company's interest to have a professionally trained individual in this position

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Lu Hongyu ACIS ACS, Board Secretary, Kingsoft Corporation Ltd

secretaries to join CPD activities, meetings with regulators and company visits. 'The Institute has done a great deal of liaison work to orchestrate all the event details, sending out invitations, arranging venues and managing timelines. I'm still very impressed with a field trip to the Singapore Exchange I attended a few years ago – that was an eye-opening journey and I hope the Institute can continue to organise activities like that.'



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**Institute members are representatives of the Institute on the Mainland. Our professionalism, integrity, and the way we present ourselves and our companies, tells others what a Chartered Secretary is.**  
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Rita Zhong Yan ACIS ACS, Board Secretary, Shenzhen Sed Industry Co Ltd

She further suggests that the Institute should arrange events tailored for particular industries, such as the finance and tech sectors. 'The marketplace where we operate is very fast-paced and the decision-making process has to be short. When there is a takeover or an M&A deal, it usually happens very quickly. It would be very helpful if company secretaries across the tech sector could meet up with and learn from others' experiences regularly,' she says.

Ms Lu believes there is a good recognition now of the value of having a professionally trained board secretary in China. The board secretary is part of senior management, serving as the communication bridge between the company and regulators, and very often as a spokesperson on important issues. 'The role is highly cross-functional and dynamic. He or she has a direct impact on the public image of the company. So it's in the company's interest to have a professionally trained board secretary in this position,' she says.

She believes there continues to be a mixed picture, however, when it comes to how far employers are willing to invest in staff training, such as supporting board secretaries who wish to acquire the Chartered Secretarial qualification on the job. This, she says, depends on the corporate culture. 'Some companies have a faster staff turnover and they may prefer to hire a well-qualified candidate from the talent pool, while some may be more willing to provide sponsorship for existing staff to achieve a recognised qualification.'

There are advantages of both having an internally promoted board secretary and hiring one from the talent pool, she points out. 'An existing board secretary probably has a good understanding of the board and its management style, making internal communications more effective. On the other hand, a well-qualified, experienced

newcomer may be more familiar with applicable regulations and compliance requirements, minimising non-compliance risks and potential penalties from regulators.'

**Rita Zhong Yan ACIS ACS, Board Secretary, Shenzhen Sed Industry Co Ltd**

Ms Zhong became a member of the institute in 2014 after passing the IQS exam. She was on maternity leave after delivering her second baby when she was interviewed by CSj.

'When I signed up for the exam I had just got pregnant and when I attended the exam in Hong Kong my first kid was just three months old. Being pregnant while going to work is not easy, not to mention the extra time I needed to devote to preparing for the exam,' she recalls. 'So I would say, family support was the most important part in my drive for success.'

Besides family support, she remains thankful to her supervisor, the then board secretary of her company, for her encouragement. 'I was told that if I truly wanted to develop a career as a company secretary, having the membership of the Institute in my CV would be a big asset.'

Ms Zhong initially trained as a journalist so her career path has not been a common one. 'Because I had no formal training in law or accounting, I had to attend extra courses to acquire that knowledge. I also attended the preparatory courses at The Open University of Hong Kong to fully equip myself for the exam and the profession. On the other hand, compared with other board secretaries, I probably have better English reading and writing skills thanks to my major in English at university,' she says.

She points out that membership of the Institute provides an assurance and an internationally recognised accreditation to employers of a board secretary's knowledge, training, education and integrity. She also believes that members of the Institute can play a role in promoting the professionalism of board secretarial work on the Mainland. 'Institute members are representatives of the Institute on the Mainland. Our professionalism, integrity, and the way we present ourselves and our companies, tells others what a Chartered Secretary is. At the same time, we also rely on the Institute to facilitate more networking opportunities with regulators and other professional bodies in order for us to expand the recognition of the profession.'

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





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# 特许秘书专业认受性 在国内日益提升

今期，香港特许秘书公会会刊(CSj)访问了4位在港上市企业的董秘及高管，了解他们获取公会会员资格的成功之路、在过程中所遇到的挑战、以及专业资格如何助他们的事业更上一层楼。



“  
公会定期组织的研讨会、会议及交流会等，学习和交流内容等都非常丰富，让我及时了解最新的法规和最佳实践方式。  
”

海昌海洋控股有限公司董秘－刑军 ACIS ACS

**要**在名片或履历上，个人名字后添上“CIS”(特许秘书)名衔，看似锦上添花，但过程殊不容易。要考获专业资格，考生除本身须拥有认可大学的本科学历外，还须花相当时间，应付专业资格考试。成为会员后，要维持专业资格，须定期参与公会组织的持续专业发展培训(CPD)。

但苦尽甘来，成功通过国际专业知识评审考试(IQS)后，考生便可申请成为国际特许秘书及行政人员公会(ICSA)及香港特许秘书公会(HKICS)会员。获此专业资格，乃成为国际认可特许秘书必经之路，助你在公司秘书和公司治理等领域大展拳脚，对个人事业、专业发展和人际网络上均有莫大益处。

事实上，特许秘书资格越来越备受推崇，能提升个人竞争力，受香港和海外上市公司青睐。今期，本刊采访了4位代表在港上市企业的董秘和高管，了解他们考取该专业资格前后的心路历程。他们之中，有的希望能作为公会内地的代表，出席更多交流活动。

有今天的成就，付出自然必不可少。回想当初，他们又为什么希望能通过IQS?成为公会会员前，遇到什么样的挑战?他们的雇主或上司，又是否全力支持他们考取专业资格?也许最重要的，专业名衔对他们的工作和事业发展有何帮助?

## 海昌海洋控股有限公司董秘－刑军 ACIS ACS

刑先生毕业于英国拉夫堡大学，在获取财务管理学士学位后，曾先后于多家香港上市公司任职。现为海昌董秘，职务包括信息披露和公司治理等事宜，兼任投资者及媒体关系主管。

成为公会会员前，刑先生本身已是特许金融分析师(CFA)持有人。成为特许秘书后，除了履历更亮丽外，也证明了他对投身公司秘书专业的决心。他说：“我本身在财务会计等都有

基础知识，加上多家香港上市公司的工作经验，让我在应考IQS时更得心应手。”他的学历和工作背景，解释了他为何能于公司法科目中考获佳绩。

“即使在完成考试后，纲要和参考材料都成为了我日后工作有用的参考资料，结合理论与实务操作。最重要的是，指引使我更清楚作为香港上市企业公司秘书的职责。”刑先生说道。

他认为，公会举办的CPD活动，对事业发展特别有用。“公会定期组织的研讨会、会议及交流会等，学习和交流内容等都非常丰富，让我及时了解最新的法规和最佳实践。与其他会员的分享讨论，让我能借鉴其他公司的实际案例，取长补短，获益良多。”

对于其他同样希望取得特许秘书专业资格的同仁，他建议合理筹划复习时间，每周不少于20小时。结合平时工作实践，多理解而非死记，另外考前多关注以往试题，考试时放松心情。

刑先生认为，董秘作为上市企业管理团队要员之一，其重要性在商界正不断提升，在合规和公司治理方面等扮演重要角色。他说道：“目前，约40%的香港上市公司来自国内，包括A+H股公司。它们越来越重视公司秘书的专业化，未来随着更多内地优秀企业来港上市，相信有更多专业人士，寻求获得特许秘书资格。”

他续说，证券资本市场不断发展，法规不断完善，两地监管有不断融合的趋势，需要董秘的知识背景也要与时俱进。公司也能认识到必要的培训将有助于提升公司治理水平，确保合规运作，因此也愿意花时间及资金提升董秘的专业能力。“不过，我个人感觉特许秘书资格在大陆的认知度还不高，所以公会任重而道远！”

#### 中远海运国际(香港)有限公司证券事务部总经理兼证券事务代表—肖俊光 ACIS ACS

肖先生认为，通过IQS及参与公会举办的CPD活动，对A+H股公司董秘特别有意义，因此，公司全力支持他应考IQS，进而成为香港特许秘书公会会员，包括工作时间上的特别安排和相关费用。

“课程涵盖许多与日常工作息息相关的事宜，特别是公司法、公司财务管理和公司治理等。但我认识的董秘之中，没有太多人已经取得这个资格，他们当中不乏人才，有广泛人脉，但也许考试内容全是英文吧，某程度上令他们却步，他们日常商务活动都是使用中文的。”



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身为董秘，须要有一套危机处理方案，时刻做好两手准备，故必须不断更新法规知识。  
”

中远海运国际(香港)有限公司证券事务代表—肖俊光 ACIS ACS

尽管在语言上的障碍，但肖先生认为，公会不必引进中文教学大纲来迁就内地考生。“特许秘书资格为国际认可，作为香港上市公司的特许秘书，本身就应该具备良好的英语水平。”他说。

“无论是上交所还是港交所，他们的监管要求都十分严格。董秘有必要与股东、投资者和媒体保持有效沟通。因此，董秘须时刻掌握公司的财务状况、营运、战略和行业格局，对内也要保持良好沟通，做好风险监控。所以，持续专业培训对董秘可谓非常重要，保持他们的知识和能力时刻为最佳状态。”

#### 摘要

- 拥有特许秘书专业资格的董秘，特别受香港和内地上市企业青睐
- 随着上市企业更加重视合规和公司治理，董秘对内地上市企业的重要性将继续提升
- 企业对于是否投资于员工培训有不同考虑，有的全力支持在职应考，有的直接在外聘请具专业资格和经验的董秘

“举例说，在处理股东关系和回应媒体查询时，特别是在重大并购活动进行中，董秘须了解公司立场以致整个行业格局，特别是披露要求，有什么可以披露，有什么不可以，有什么是内幕消息。身为董秘，须有一套危机处理方案，做好两手准备，故必须不断更新法规知识。”

肖先生认为，为公会联席成员而设的CPD活动，特别适合尚未取得特许秘书资格的董秘或行政人员。“联席成员仍可透过公会安排的培训和交流活动，丰富知识，从监管机构、法律和其他专业团体分享，了解到最新的监管环境。这些活动也促进了A+H股公司董秘之间的交流联谊。”

### 金山软件有限公司董秘—吕虹燊 ACIS ACS

吕女士在香港上市公司拥有逾10年的工作经验，于2012年取得公会会员资格。她曾修读法律相关的研究生课程，为实现成为特许秘书的理想，她报考了IOS，并于公司治理和公司财务管理等科目中，考获优异成绩。

“应考IOS，直接巩固了我的专业知识，在温习过程中，我更能掌握到复杂的上市规则，以及上市后的法规要求。我觉得，与其他会员交流对我的工作特别有帮助，可以从他们的经验和分享中学习。”她还表示，公会提供的应考纲要和参考读物，十分具参考价值，结合理论和实践，让她学以致用。

吕女士认为，公会在内地的统筹工作已做得不错。她积极参与跟其他专业团体的交流活动和会议，以及参观监管机构和企业的活动。“可以想像，公会背后做了很多联系和协调工作，例如邀请专家代表、场地安排和行程规划等。我还记得，几年前我曾到新交所参观，印象还很深刻，我希望公会能继续举办类似的活动。”

她进一步指出，公会可考虑就特定行业，如金融或高科技行业，量身定制一些交流活动。“像我们的行业，节奏非常快，决策过程很短，并购活动频繁。如果科技板块公司的董秘可定期聚会交流，我想对大家都有很大益处。”

她认为，近年内地商界对受过专业训练的董秘之认受性已有所提升。董秘是上市公司高管人员之一，是上市企业与监管机构之间的沟通桥梁，往往是在重要问题上的发言人。“这个角色横跨不同范畴，互动性和机动性都很强，而且董秘的专业更直接影响公司形象。故此，立于公司利益层面，有需要聘用具专业资格的董秘。”她说。

对于企业是否愿意投放资源培训员工，助他们在任职期间，考取国际专业资格，很视乎企业文化。“行业竞争

大，某些公司的流失率可能较高，雇主可能在外直接聘请有经验和资格的董秘。当然，也有不少企业，愿意投放资源培训员工考取专业资格。”

无论在外聘请还是内部培训董秘，各有好处。“内部培训和晋升的董秘，对董事会的管理风格有更好了解，能让内部沟通更有效。另一方面，从外聘请有经验和具备专业资格的董秘，可能更熟悉法规和合规要求，大大减低违规处罚风险和成本。”



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**董秘的专业更直接影响公司形象。立于公司利益层面，有需要聘用具专业资格的董秘。**

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金山软件有限公司董秘—吕虹燊 ACIS ACS

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香港特许秘书公会的内地代表，专业形象和个人诚信等都很重要，直接影响特许秘书在内地商界的专业形象。

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深圳市桑达实业股份有限公司董秘—钟彦  
ACIS ACS



2016年中国上市公司治理论坛之  
2016 Corporate Governance Forum

并购促升级 重塑价值链

M & A Reshaping the Value Chain

暨第十二届新财富金牌董秘颁奖典礼

Awarding Ceremony for 12th New Fortune Top Board Secretaries

#### 深圳市桑达实业股份有限公司董秘—钟彦 ACIS ACS

钟女士在通过IQS后，于2012年正式取得公会会员资格。本刊访问她时，她正产后休假，照顾第2名刚出生的孩子。

“在报考IQS时，我刚好怀上了第1个宝宝。在香港参加考试时，孩子刚刚3个月大，跟我一起到香港。怀孕期间，上班工作本身不容易，还要安排额外时间温习考试内容，比较辛苦。”她回忆说。“所以，家人的全力支持是我考试成功的关键。”

除了家人支持，她还特别鸣谢她当时的上司(时任董秘)的鼓励。“他告诉我，如果我真的想走董秘事业之路，获取特许秘书资格，对我的事业有很大帮助。”

在大学本科期间，钟女士修读商务英语和新闻学。由此作为起点，要成为专业董秘，付出的努力也要比人多。“我在法

律会计等专业没受正式训练，故须修读额外课程。此外，我还报读了香港公开大学的预备课程，为应付IQS作好充分准备。不过，与其他内地董秘比较，或许因为曾主修英语吧，读写能力较佳，有助我以英文应考。”

她指出，特许秘书资格为国际认可，除持续培训和学习的机会外，也是个人诚信的保证，给予雇主充足信心能胜任董秘一职。她认为，公会内地会员，也就是公会于内地的代表，对提升公会在内地的专业形象和认受性发挥重要作用。

“我们作为香港特许秘书公会的内地代表，我们的专业形象和个人诚信等都很重要，直接影响特许秘书在内地商界的专业形象。与此同时，我们也得依靠公会，多举办与监管机构和其他专业机构的交流活动。”

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

# Pruning the corporate tree in China

China has always been a challenging place to do business, and this is just as true for the process of rightsizing operations as it is for building a presence in the market. Brent Carlson, Director, Hong Kong, AlixPartners, offers guidance for companies looking to cull non-core and/or under-performing assets to fit China's changing business and economic environment.



A subtle yet substantial shift is occurring in the foreign invested landscape in China. After two decades of a rush to invest into the country, foreign multinationals are now re-evaluating and rightsizing their China operations portfolios.

Several underlying factors underlie this emerging trend: the chronic slowdown of China's economy, overinvestment and overcapacity, an increasingly harsh business environment, and increased compliance and financial integrity challenges. In a boom period a rising tide lifts all boats; however, once the tide peaks, the receding waters expose the rust in the hull. Likewise, during the peak time of China's inward foreign investment boom (in the 2000s right after China acceded to the World Trade Organisation (WTO)) the challenges of doing business in China were outweighed by the strategic imperative and prospective opportunities offered by the booming China market. Now the tide has turned, and these strategic imperatives have largely eroded away.

Nevertheless, China remains the world's second largest economy and will retain its position as an important global market; however, the key issue revolves around rightsizing to the current opportunities rather than making a complete exit. Operations and investments which may have made economic sense in the past no longer do so. Savvy management teams at leading foreign multinationals are increasingly looking to 'prune the corporate tree in China', which will become a key aspect of M&A activity in China over the next few years. Furthermore, pruning the corporate tree successfully will take smart planning and execution as the intricacies of business in China make the process of business exits

challenging as well. Chartered Secretaries can play a key role in this process to help guide a company's overall strategy in this regard, as well as to help avoid potential pitfalls and effect a smooth corporate pruning process.

#### The China market – still compelling, but no longer what it once was

The spectre of a financial (and subsequently) economic crisis in China has loomed and then faded repeatedly over the past few years. The bears point to China's unsustainably high levels of debt which in historical perspective have always preceded a crash, whereas the bulls point to China's continued high level of economic growth rate as proof that a crisis will be avoided. Although the debate continues as to whether or not a crash will ensue (it's too early to tell), perhaps the larger issue which gets missed (the elephant in the room) is that China's economic growth rate has slowed dramatically in recent years and inevitably will continue to do so. China's annual GDP growth rate has dropped from double-digits 10 years ago (around 12%-13%) to around half that level this year. The decrease has come in the form of a slow, steady decline since 2010.

However, at the same time China has been pumping credit into its economy

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to sustain growth, with annual credit growth levels approximately double the GDP growth rate. In doing so China has propped up growth with credit. This represents a sound short-term strategy but remains fundamentally unsustainable over time. In a recent report by the International Monetary Fund (IMF), China's credit efficiency has eroded considerably over the past decade, resulting in the need for ever larger amounts of credit to generate the same amount of growth. The IMF noted that in 2008 new credit of approximately RMB 6.5 trillion was needed to increase nominal GDP by RMB 5 trillion; by 2016 it took RMB 20 trillion to generate the same amount of increase.

What this means is that China's current growth trajectory both in terms of

### Highlights

- in China's current economic and business environment, foreign multinationals are re-evaluating their China operations and culling under-performing and/or non-core assets
- choosing the right buy-side partner is key to a smooth disposal and exit
- corporate secretaries are well placed to assist their companies to execute the company's overall strategy in China

credit and the economy as a whole must decrease in the years to come. If China fails to de-lever its economy and wean itself from credit-driven growth, then the risk of a financial crisis becomes greater with even worse consequences. Policy makers in Beijing realise this, as exemplified by the recent crackdown on debt-fueled acquisitions and shadow banking. De-leveraging may be – and likely will be – a long, drawn-out process. Under any scenario the slowdown in China's growth will continue. The boom time is over.

**The challenges of China business – as always and even greater**

China has always been a challenging place to do business, from the travails documented in the early days of *Beijing Jeep* to today. However, during the peak boom period for foreign investment in China (the 2000s) such challenges were overlooked, ignored and brushed aside in favour of the vision of participating in China's monumental growth story. Indeed, in the 2000s after China acceded to the WTO, every multinational CEO had to have a China strategy to convey to investors. Throughout this period the challenges of doing business in China were always hard. Every year the American Chamber of Commerce in China conducts a member survey which includes top business challenges. Over the years these challenges have largely remained the same, with only slight variations in ranking from year to year. These challenges include rising labour costs (and unrest), inconsistent regulatory interpretation and unclear laws, intellectual property rights issues, and increasing domestic competition. In addition, one big difference over time in the annual survey has been the outlook on profitability for the companies' China

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**after two decades of a rush to invest into the country, foreign multinationals are now re-evaluating and rightsizing their China operations portfolios**  
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operations. Over the past several years these have shown a steady deterioration. In a booming economy, such challenges can be set aside; however, in China's current economic and business environment they only accentuate the necessity of re-evaluating China operations and culling under-performing and/or non-core assets.

**Pruning the tree in China – issues and approaches**

From a broad strategic perspective, determining whether an entity has become non-core or under-performing largely depends upon the strategic imperatives of the group company and key performance indicator benchmarks most appropriate to the business. Ultimately, beauty is largely in the eyes of the beholder. In terms of determining the level of under-performance, this is in essence an arbitrary benchmark driven by opportunity costs to the overall organisation combined with a projected cost/benefit analysis. Nevertheless, in any case if an entity has been operating at a loss or hovering around the break-even levels, it's fair to place it in the 'under-performing' bucket.



Once the decision has been made to cull non-core and/or under-performing assets, an initial assessment needs to be made upfront as to the available options and to highlight any issues which may hinder a smooth exit. The first obvious option is to explore sale of the business. Commonly this involves retaining an investment bank to guide the process and help find a buyer. However, for non-core or under-performing assets this may prove more difficult than expected for a couple of key reasons. First, many non-core operational assets may be too small to generate interest from the larger investment banks. In many cases foreign multinationals have subsidiaries in Mainland China which fall below the materiality threshold for the parent or group company's consolidated





financials. Subsidiary entities such as these tend to lack the size and scale necessary to generate much interest on the part of prospective buyers and consequently on the part of the prospective sell-side investment bank. In addition, if the operational asset is obviously under-performing (as defined above), the very nature of the troubled asset also results in a damping of interest on the part of prospective buyers. For under-performing assets the field of potential buyers narrows to those tending to specialise in 'special situations', as well as restructurings and turnarounds.

There has been an increase in such specialised financial investors in Asia Pacific over the last couple of years,

and these will likely provide the most attractive expanding base of potential buy-side prospects. Other buy-side options for assets in Mainland China have also included domestic Chinese companies. Choosing the right buy-side partner is key to a smooth disposal and exit. Although domestic Chinese buyers will continue to play a large role in buying up assets, the recent scrutiny by Chinese regulatory authorities on the M&A activities by Chinese multinationals indicates that doing deals may be more difficult for domestic Chinese buyers in the future, especially if they need to raise debt for the deal.

Besides an outright sale of the non-core asset, the other main strategic option for

a parent/group company to deal with a non-core and/or under-performing asset consists of winding-down the operations and deregistering the business. This option is usually considered after attempting to shop the asset to a prospective buyer, but without success. Like many things in China, wind-downs are possible but often not easy or at least may take longer than expected. Labour issues in particular, specifically negotiating severance with staff, can prove more difficult than initially foreseen. In addition, local districts typically can view de-registrations with a lukewarm welcome at best as decreases in investment reflect negatively upon the locality. Nevertheless, the concept of 'restructuring' in general is re-entering the business vocabulary in China. When placed in the context of pruning, of cutting certain pieces to save the whole, then acceptance of the situation becomes somewhat easier. During the wind-down process it's also important to appoint trusted interim managers as care-takers of the operations to guide the overall process, preserve what value remains in the entity, and facilitate an orderly wind-down.

#### More deals to follow

As the nature of China's business and economic environment continues to change and as multinationals in China re-assess their investment and operational footprints there, more pruning in the form of business exits will follow. Corporate secretaries are well-placed to assist their companies to execute the company's overall strategy in China as multinational companies increasingly enact their own version of the 'hold on to the big, let go of the small' (抓大放小) policy.

**Brent Carlson, Director, Hong Kong**  
*AlixPartners*

# Making energy efficiency count

## How sustainable buildings can contribute to the bottom line

ESG reporting provides transparency on energy use. However, the question remains: how can companies use this information to manage their business and contribute to their success? Anne Jacobs, Senior Expert, Sustainable Construction, BASF, looks at how Chartered Secretaries can use information about building energy efficiency to make a significant contribution to the bottom line.

ECO HOME



In 2016-2017, many companies in Hong Kong reported on their environmental, social and governance (ESG) performance, as a requirement set forth by The Stock Exchange of Hong Kong to all listed companies in Hong Kong. The move demonstrates that society is putting an increasing focus on gauging the sustainability performance of companies.

A substantial area covered by ESG reporting is energy use. Companies spend a great deal of time collecting this data, but is the information useful? One key take-away is the importance of energy efficiency for buildings in Hong Kong. Hong Kong's buildings account for about 90% of the city's electricity usage. Over 60% of our carbon emissions are attributable to generating electricity for buildings. Much of the energy used can be attributed to increased demand for cooling and heating inside buildings. As living standards rise in the city, people continuously strive for more comfortable dwellings: mobile heating units replace warm clothes in winter time, and dehumidifiers run around the clock in the humid season.

Yet it is possible to provide the comfort people are striving for while reducing energy consumption with energy-efficient buildings. Energy-efficient buildings not only offer a reduction in carbon emissions and a smaller environmental impact, but also lead to lower operating and maintenance costs and a longer building lifespan. By examining the information about a building's energy use, Chartered Secretaries can find opportunities for efficiency and savings.

### The building envelope

Among the various electricity uses, air conditioning takes up the largest

portion (usually between 30% and 70%) of consumption in hot and humid Hong Kong. There is huge energy and cost saving potential if the need for air conditioning can be reduced. This calls for an efficient, integrated building envelope design that can minimise heat transfer and reduce the amount of energy required for cooling. A building envelope controls the flow of air between the interior of the building and the outdoor environment. It is crucial in regulating interior temperatures and helps determine the amount of energy required to maintain thermal comfort. The key to an efficient building envelope is having effective insulation materials for all components of the envelope, including walls, foundations, windows and roofs. The market is well-equipped with advanced technologies to fit the needs of different environmental conditions of buildings. With quality materials, not only can the building envelope lower electricity consumption and operating cost, it can also create a more comfortable and healthy environment with better indoor air quality, a rising demand resulting from higher living standards.

### Choosing building materials

To improve the energy efficiency of buildings, begin by using quality, sustainable building materials. Together

with a sustainable building design, these materials can help lower energy consumption and hence contribute to a lower carbon footprint. For example, a good thermal insulation material used in façades, roofs and floors, enables buildings to consume less energy for cooling in summer and heating in winter months.

Some building materials additionally offer the benefit of contributing to lower greenhouse gas (GHG) emissions during the construction phase. The construction industry consumes up to 40% of the world's energy and contributes to 30% of global GHG emissions. It is therefore essential to use materials that have smaller environmental impact and still offer high performance. Various concrete technologies actively reduce the carbon footprint during construction by allowing for the replacement of parts of the cement by recycling materials or by eliminating the need for vibration to cure the concrete. All of this shortens overall construction time and cost, thus improving the eco-efficiency of the construction process.

### Selecting lighting

Apart from air-conditioning, lighting is also a major source of electricity consumption in buildings in Hong Kong.

## Highlights

- improving the energy efficiency of buildings has been well received in Mainland China, but less so in Hong Kong
- considering the extremely high electricity consumption of the building sector in Hong Kong, the savings potential of energy-efficient buildings is compelling
- Chartered Secretaries can play a key role in ensuring companies realise the benefits of greater energy efficiency



*A high-rise in Tianjin, China, now being developed to the passive house standard, will use 90% less energy than an ordinary building. Hong Kong has not yet constructed its first passive house certified building.*

Energy-efficient lighting equipment is gaining popularity as people are more conscious about saving energy. Options range from energy-saving fluorescent tubes, LED lamps, to smart lighting systems with motion sensors and electronic ballasts. All of which help lower electricity consumption. Apart from that, maximising the use of daylight (for example with active daylight redirection systems) can also reduce the need for using artificial lighting, thus minimising the use of electricity.

#### **Adopting international standards**

A building with advanced energy-efficient measures can even achieve the 'passive house' standard. A building certified to the passive house standard is a comfort-improved, low-energy building brought to a new level. Its energy demand has been reduced so much that traditional heating or cooling systems are unnecessary. The passive house standard is a strict international building standard designed

to reduce energy consumption and create a healthier living environment. As an approach to integrated building design (site selection, material use, setback, etc), it delivers 60% to 90% savings on energy use. A building can be certified by the German Passive House Institute (PHI) or its certification partners worldwide to ensure the quality standards are met. Because reaching passive house standards requires extreme dedication to every detail in construction, passive house buildings achieve excellent construction quality standards, which often also result in reduced maintenance costs.

The first passive house was constructed in Germany in 1991. This single-family, row house proved the feasibility of the ideas put forward academically by Wolfgang Feist and Professor Bo Adamson. The two men followed up on this concept and Feist later founded the PHI to promote and facilitate the idea. In the early years, it was mainly visionaries adhering

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energy-efficient buildings not only offer a reduction in carbon emissions and a smaller environmental impact, but also lead to lower operating and maintenance costs and a longer building lifespan  
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to the idea, but it soon became more mainstream. With the increasing demand for technology suitable for this type of buildings, prices for improved building elements began to drop, and it became more and more affordable to construct this way. Reduced energy costs quickly offset higher investment at construction phase. The concept began to be applied to non-residential buildings like schools, offices, hotels and special use buildings; the projects also became bigger in size.

Thus, most of today's buildings constructed to the passive house standard are located in the northern European climate zones. However, the concept is now extending to other locations around the world. The first certified passive house in Asia, the Hamburg House, was constructed in 2010 in Shanghai as an office building. This showcase building used innovative insulation materials, high performance windows, airtight layers and efficient building services, none of which

were standard in the Chinese market. Therefore, the building also served as a learning project for all the building experts involved.

Passive houses are also viewed as highly desirable in other countries: one Japanese company for prefabricated houses recently extended their portfolio to include this building concept. As most of the South Korean and Japanese climate zones are very well suited for this standard, the concept was quickly adopted there, and several passive houses have been registered with PHI.

How far can this concept go? The world's tallest building constructed to the passive house standard, a project for two 16-floor residential buildings, is currently under development in Tianjin, China.

### Passive houses for Hong Kong?

Hong Kong in many areas is seen as a

technology and innovation leader, but the city has yet to construct its first building certified to the passive house standard, even though there are sustainable buildings being constructed in Hong Kong.

Considering the extremely high electricity consumption of the building sector, the savings potential is compelling. Adding the advantage of good indoor air quality, it can only be a matter of time before the first passive house is constructed in Hong Kong – and this will serve as a showcase for others to come. The conditions are right: there is a high demand for comfortable, high-quality dwellings; rising awareness of sustainability is making people look for energy-efficient buildings; and the construction sector is technologically ready to take on this new task.

Hong Kong's climate is suitable for constructing a passive house. Even an

ordinary Hong Kong high-rise building in a dense neighbourhood could implement the standard, as in contrast to other climates, the building would not need to receive significant solar gains to heat it up in winter. The few cold days in winter could easily be covered in this well-insulated building by the energy recovering unit. In summer, shading in a densely-inhabited area could help the building keep cool, and in combination with good insulation, the air inside the dwellings would stay comfortably cool.

### What can Chartered Secretaries do?

So why have highly energy-efficient buildings been so well received in Mainland China, but not in Hong Kong? Do construction experts believe that insulation works only to keep out the cold? Many examples worldwide prove the opposite. To showcase the innovation and efficiencies that Hong Kong is famous for, it is time for Hong Kong to build its first passive house.

In this situation, Chartered Secretaries may hold the key to success. With their keen attention to efficiency, corporate structure, regulatory compliance, and risk management, Chartered Secretaries have the crucial capabilities to see both the big picture – overall company efficiency – while also understanding the importance of attention to detail at the micro level. Annual financial reports have become an expected routine, and their value is well understood. Now, it is time for Chartered Secretaries to use their ESG or sustainability reporting to play an equally important role in uncovering the potential for efficiencies in energy usage.

**Anne Jacobs, Senior Expert,  
Sustainable Construction**

*BASF*

## Five ways to improve your building energy efficiency

1. **Start with construction.** Look for high energy use not only in existing buildings, but during construction of new buildings: the construction industry consumes up to 40% of the world's energy.
2. **Insulate the building envelope.** Air conditioning uses the most energy in buildings, at 30% to 70% of total consumption. However, an efficient building envelope, with effective insulation materials for all components of the envelope, from walls, foundations and windows to roofs and gaps, can significantly reduce the need for air conditioning.
3. **Choose better building materials.** Modern thermal insulation materials are thinner and perform up to 20% better than conventional insulation, and can create significant energy savings in cooling.
4. **Look at your lighting.** Apart from air conditioning, lighting contributes to the highest level of electricity use.
5. **Get certified.** A building built to the 'passive house' standard can save as much as 90% of a normal building's energy demand.

# The future of KYC: Hong Kong at a crossroads

Edmund Lowell, Founder, KYC Chain Ltd, argues that the solution to Hong Kong's current know your customer (KYC) compliance woes is distributed ledger technology and customer-owned digital identity.



No one living in Hong Kong could be in any doubt that the methods currently used to gather and store identity information for the purposes of know your customer (KYC) compliance are not fit for purpose. Large financial institutions are subject to stringent KYC compliance burdens and, partly as a consequence of this, opening a bank account in Hong Kong has become very difficult for certain types of companies – particularly those without a provable operating history (such as small and medium-sized enterprises (SMEs), startups, or companies set up by foreigners).

Not only has KYC in Hong Kong become difficult and bureaucratically burdensome, it also poses systemic risks for Hong Kong – in particular tarnishing the HKSAR's reputation as an international financial centre. Establishing a company and a bank account are the two most basic requirements for doing business, if the process takes too long, or becomes too arduous, entrepreneurs will seek easier jurisdictions. The KYC process must adapt or change, or 'killing your customers' will become a more accurate rendition of the KYC acronym.

This problem has not gone unnoticed of course. The systemic risk to Hong Kong's status as an international hub has been recognised by regulators. The Securities and Futures Commission endeavours to be technology neutral, permitting technological solutions to KYC compliance as long as the basic rules are adhered to. Moreover, local and international corporate secretaries have also been eager for a solution since they are often on the frontline when it comes to KYC compliance. Offering incorporation and bank account introduction is a primary service offered by corporate secretaries working for corporate service providers

(CSPs). Customers expect and demand a bank account set-up alongside their company set-up, but for corporate secretaries in Hong Kong opening a bank account for a client has become a much more hands-on task which can use up hundreds of sheets of paper, and sometimes results in a disappointed client who walks away without a bank account.

### Why is KYC so difficult in Hong Kong? *Laws and ways of doing business are outdated*

Hong Kong often still relies on wet signatures or use of the company chop as a proof of identity, despite the fact that signatures can easily be forged and company chops can be obtained easily and inexpensively at numerous shops in Hong Kong. These outdated methods are hardly at the cutting edge of KYC. As an international financial centre, Hong Kong should be moving to digital solutions. There have been some moves in that direction. The Electronic Transactions Ordinance (Cap 553) (ETO), for example, puts electronic signatures on equal footing with 'wet ink' signatures under Hong Kong law. The ETO has not kept up with the speed of technological change, however, and e-signatures are still rarely used.

In other jurisdictions, innovative solutions have been adopted, such as the ability

to do a remote notarisation, remote certification or remote signature, and have this be legally binding and acceptable as a means of doing business. In certain contexts within many developed countries and regions including Europe and the US, opening accounts via video call has become an acceptable and normal way of doing business.

### *Databases are siloed and data is not shared*

Government databases often result in information being siloed and the restriction of the ability to share data. Bank information is seen as proprietary (even if it is information belonging to a customer such as a passport number). This trend is not unique to Hong Kong, all over the world data is often kept in a silo restricting the KYC process. If a bank doing an onboarding is able to instantly access government databases, credit bureau information, or an attestation from another bank that a customer is who they say they are – then KYC would be a much more straightforward process.

### Two solutions

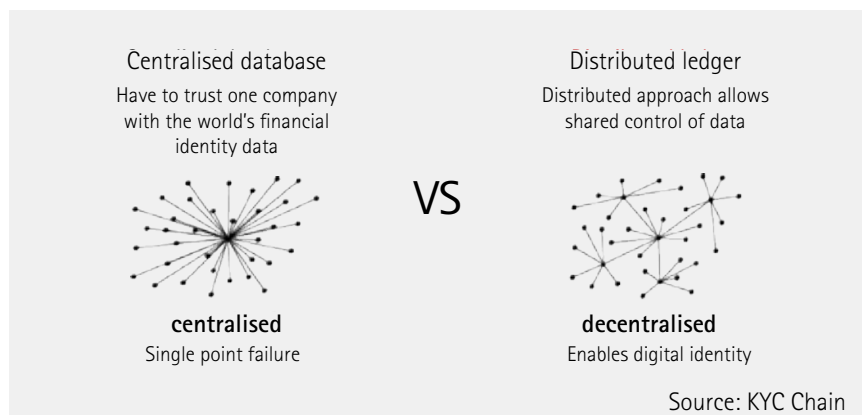
Recognising the problems set out above, the financial industry and regulators globally have come up with various initiatives to improve KYC. Currently, there are many different initiatives underway

## Highlights

- for corporate secretaries in Hong Kong, opening a bank account for a client has become a much more difficult task
- the traditional approach to the KYC problem is to create a centralised database but this is vulnerable to attack
- if a distributed ledger is adopted, a person (or company) can build a rich set of identity attributes and prove them to any company or government

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the KYC process must adapt or change, or ‘killing your customers’ will become a more accurate rendition of the KYC acronym  
”

The advantages of the decentralised model



in Hong Kong (some public, some not) to try to solve our KYC woes. The most obvious need is to build a technology and process to make KYC less expensive and less burdensome. Unfortunately, however, organisations have generally tried to solve this issue independently, without addressing other market participants such as corporate secretaries, who have an important role to play.

Globally, two types of solutions have emerged to solve the KYC problem. The first is to adopt a centralised solution where a third party (or government) provides all of the data from a single source and the

second solution is one where a distributed architecture is adopted.

**1. The traditional approach – pulling data inwards**

The traditional approach is to set up a centralised identity database and pull data in from various other sources, such as governments, telecommunication companies and banks.

There are several KYC utilities which follow this centralised approach, the most prominent and successful being the Aadhaar system used in India. In this system, over one billion individuals have

been registered using a retinal scan as proof of identity. These identities are stored in a central database. This system is 'voluntary' but has come under recent attack from critics because what started as voluntary has become a prerequisite for setting up a bank account or even obtaining a sim card.

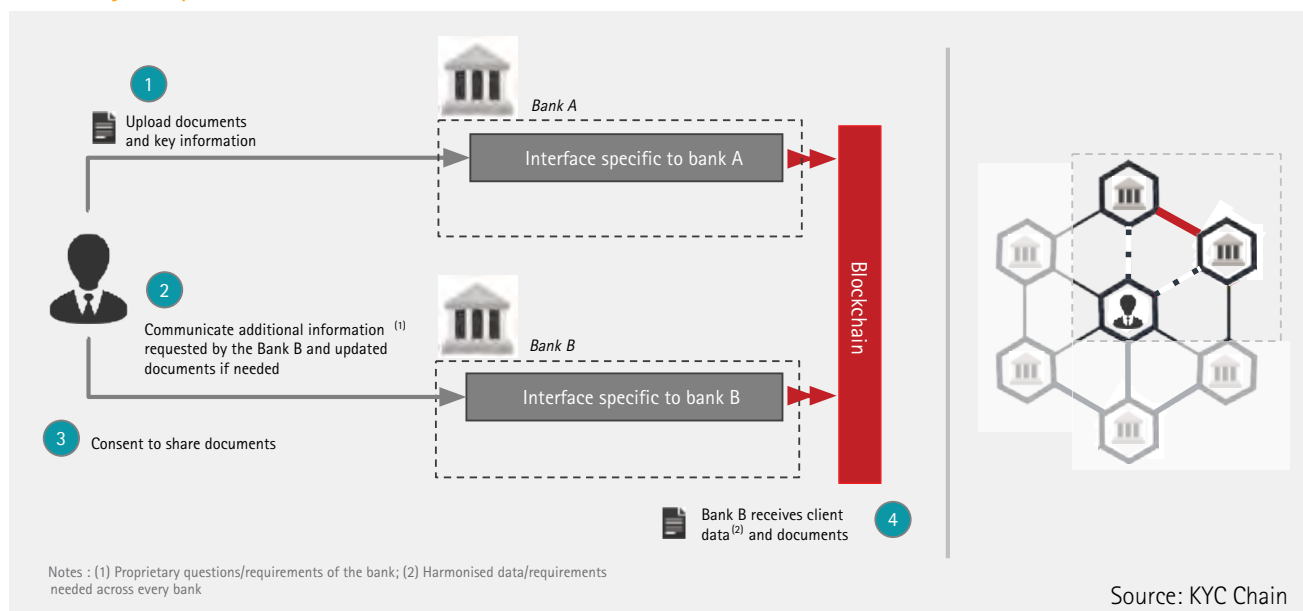
There are some very obvious vulnerabilities to this solution. If all of the identity data, and the banking and finance data, gathered in a given jurisdiction is centralised within a single database held by a single private company (or even in a public/private partnership, or government organisation),

Overseas examples of centralised and decentralised databases

Singapore	Estonia	UK	India
Government data is decentralised, but can be tied generally to three pillars: people, companies and land	Government data is decentralised, but with X-Road protocols that can form a federated view	Government data is decentralised, practice is 'tell us once'	Government data is centralised in the Aadhar system
Identity information is centralised, and with MyInfo, permission can be given to auto-fill forms	Identity information is centralised. The system as a whole is decentralised, allowing different agencies to join X-Road at their own pace	Identity information is decentralised using eight independent verifiers	Identity information is also shared with certain KYC registration agencies (KRAs)



### Customer journey from a client's view



a single security breach could mean that the entire dataset could be compromised.

Moreover, once data has been centralised, doubts can arise as to its source and authenticity. Furthermore this type of centralised approach represents a system which is run top-down, and this works against the global trend towards enabling self-sovereign identity – the ability of individuals to own their own digital identity. You end up with a big brother identity manager which everyone must trust and which is too big to fail.

#### 2. Distributed ledgers

There is an alternative to the centralisation of data – namely, establishing distributed ledgers which are not under the control of a single entity. In order to examine whether a distributed ledger solution is right for Hong Kong, we should look at what is working (and what is not working) in other jurisdictions (see 'Overseas examples of centralised and decentralised databases' information box on page 30).

There are several advantages to the distributed rather than the centralised approach. As set out above, this prevents a single point of failure risk, but it also preserves privacy. No personally identifiable information is ever stored on the blockchain and information can flow from the database about an individual only with consent. Adopting a distributed ledger solution in Hong Kong would enable self-sovereign digital identity on an industry-wide scale, whereas building on top of a single provider's platform locks you in to their technology.

#### How would it work?

I would suggest that, as a first point of contact, a corporate secretary would upload customer information to a shared distributed database. With the consent of the customer, this information would flow from one place to another. Several banks could instantly look at a customer account and decide if it was right to do business with them, allowing for the SME to gain access to banking through a

single common application. This was implemented in the US for high school students applying to university and streamlined the application process dramatically.

This datastore could be assigned to a single, globally unique and persistent identifier which would be controlled through the private keys of the blockchain. Given this starting point, a person (or company) can build a rich set of identity attributes and prove them to any company, any government, any time – satisfying KYC requirements in a digitally secure, safe, and more efficient manner.

Does Hong Kong have the ability to keep up with the pace of technology and remain globally competitive? Will Hong Kong implement a centralised or distributed KYC utility? Only time will tell.

**Edmund Lowell, Founder**  
*KYC Chain Ltd*

## Professional Development

### Seminars: August and September 2017

4 August

Earth on board – company secretary has a role to play?



*Chair: Gillian Meller FCIS FCS, Institute Council member and Professional Development Committee member, and Legal and European Business Director, MTR Corporation Ltd*

*Speakers: Philippe Joubert, Founder and CEO, Earth on Board; Stella Lo FCIS FCS, Institute Council member, and Group Company Secretary, Guoco Group Ltd; and Dr Jeanne Ng, Director – Group Sustainability, CLP Power Hong Kong Ltd*

8 August

Morning from hell: what to do in a crisis (re-run)



*Chair: Mohan Datwani FCIS FCS(PE) CAMS, Solicitor, Institute Senior Director and Head of Technical & Research*

*Speakers: Jennifer Van Dale, Partner; Veronique Marquis, Partner; and Adam Ferguson, Registered Foreign Lawyer (England & Wales); Eversheds*

10 August

Corporate rescue, insolvent trading and corporate governance



*Chair: David Fu FCIS FCS(PE), Institute Council member and Education Committee Chairman, and Company Secretary, Swire Pacific Ltd*

*Speaker: Dr Davy Wu, Senior Lecturer, Department of Accountancy and Law, Hong Kong Baptist University*

14 August

法定代表人职责及法律责任解析



*Chair: Eric Chan FCIS FCS(PE), Chief Consultant, Reachtop Consulting Ltd*

*Speaker: Ellen Xu, Partner, China Commercial Law Firm*

14 August

公司章程制定实务



*Chair: Dr Davy Lee FCIS FCS(PE), Institute Past President, and Group Corporate Secretary, Lippo Group*

*Speaker: Ellen Xu, Partner, China Commercial Law Firm*

16 August

How did listed companies react to the ESG reporting guide: a review of reporting practices and how to move forward



*Chair: April Chan FCIS FCS, Institute Past President and Technical Consultation Panel Chairman*

*Speakers: Maria Cheng, Partner, Head of Business Reporting and Sustainability; and Ir Coleman Ng, Director, Business Reporting and Sustainability; KPMG China*

17 August

Company secretarial practical training series: how to review financial statements and MD&A (re-run)



*Chair: Kitty Liu FCIS FCS, Institute Membership Committee member, and Company Secretary – Group Legal, AIA Group*

*Speaker: Franki Lui, Director, Assurance Services, BDO Ltd*

21 August

China's tightened control on capital outflows and its implications for cross-border financing



*Chair: Alberta Sie FCIS FCS(PE), Institute Professional Services Panel member, and Company Secretary & Director, Reanda EFA Secretarial Ltd*

*Speaker: Alan Xu, Partner, Zhong Lun Law Firm*

31 August

M&A involving listed companies – reverse takeovers and extreme very substantial acquisitions



*Chair: Wendy Yung FCIS FCS, Institute Council member and Education Committee member, and Director, Practising Governance Ltd*

*Speakers: Kevin Cheung, Partner and Co-Head of PRC IPO practice; Terri Poon, Counsel; Iris Yeung, Counsel; and Danny Kan, Managing Associate; Linklaters Hong Kong*

6 September

Roles of company secretary and the board in AML compliance (re-run)



*Chair: Frances Chan FCIS FCS, Institute Professional Services Panel member, and Founder and Director, K Leaders Business Consultants Ltd*

*Speaker: Dominic Wai, Partner, ONC Lawyers*

7 September

Climate risk: what company secretaries and accountants need to know and consider



*Chair: Mohan Datwani FCIS FCS(PE) CAMS, Solicitor, Institute Senior Director and Head of Technical & Research*

*Speakers: David Simmonds FCIS FCS, Group General Counsel, Chief Administrative Officer & Company Secretary, CLP Holdings Ltd; Pat-Nie Woo, Partner, Business Reporting & Sustainability, KPMG; and Maya de Souza, Senior Manager – Policy Research, Business Environment Council Ltd*

### Seminar fee discount for HKICS registered students

Effective from 1 January 2017, registered students of the Institute can enjoy a 30% discount on the Institute's regular ECPD seminars.

Seminar duration	Regular seminar rate	Discounted rate for registered students
1.5 hours	HK\$320	HK\$230
2 hours	HK\$400	HK\$280
2.5 hours	HK\$480	HK\$340

## Professional Development (continued)

### ECPD forthcoming seminars

Date	Time	Topic	ECPD points
26 October 2017	6.45pm – 8.15pm	Tax controversy workshop 4 – how to deal with negotiation and settlement	1.5
9 November 2017	6.45pm – 8.15pm	The rise of corporate risks when leveraging digital and social media	1.5
15 November 2017	6.45pm – 8.15pm	Company secretarial practical training series: the essential elements of a corporate compliance programme	1.5
20 November 2017	6.45pm – 8.15pm	Valuation and compliance for corporate transactions	1.5
22 November 2017	4.00pm – 5.30pm	Recent developments in cross-border insolvency law	1.5

For details of forthcoming seminars, please visit the CPD section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

### Key update on the revised CPD Policy (effective from 1 July 2017)

Revised CPD Policy	
Basic CPD requirements	All members/graduates are required to fulfil the minimum CPD requirements of at least 15 CPD hours per CPD year, at least 3 ECPD hours should be from the Institute's ECPD seminars.
Accredited providers of ECPD seminars	<p>The accredited providers of ECPD seminars are listed below.</p> <ul style="list-style-type: none"> <li>• Companies Registry</li> <li>• Hong Kong Exchanges and Clearing Ltd</li> <li>• Hong Kong Institute of Certified Public Accountants</li> <li>• Hong Kong Monetary Authority</li> <li>• Independent Commission Against Corruption</li> <li>• Office of the Privacy Commissioner for Personal Data</li> <li>• Official Receiver's Office</li> <li>• Security Bureau</li> <li>• The Law Society of Hong Kong</li> <li>• The Securities and Futures Commission</li> <li>• Other organisations considered appropriate by the Professional Development Committee</li> </ul>
Administrative penalty	<p>Where a relevant person:</p> <ol style="list-style-type: none"> <li>a. fails to file the declaration under Clause 6.2 of the CPD Policy within one month of the end of the previous CPD year; and/or</li> <li>b. fails to supply to the Institute's satisfaction the requisite information required under any random check referred to under Clause 6.3 of the CPD Policy with the declaration; and/or</li> <li>c. fails, based on other grounds identified by the Institute, as otherwise not having complied with the CPD Policy;</li> </ol> <p>the relevant person shall incur an administrative penalty of HK\$3,000 payable upon the Institute's demand should the failure subsist as at the end of 90 days from the end of the previous CPD year, without prejudice to the right of the Institute to refer the matter to the Institute's Investigation Group in accordance with Clause 3 of the CPD Policy for commencement of discipline.</p>

For details of the revised CPD Policy, please visit CPD Policy under the CPD section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

## CPD requirements

All members and graduates are reminded to observe the deadlines set out below. Failing to comply with the CPD requirements may incur an administrative penalty of HK\$3,000 payable upon the Institute's demand and constitute grounds for disciplinary action by the Institute's Disciplinary Tribunal as specified in Article 27 of the Institute's Articles of Association.

CPD year	Members and graduates who qualified on or before	CPD or ECPD points required	Point accumulation deadline	Declaration deadline
2017/2018	30 June 2017	15 (at least 3 ECPD points from the Institute's ECPD seminars)	30 June 2018	31 July 2018

## Online CPD (e-CPD) seminars

The Institute has launched a series of e-CPD seminars in collaboration with The Open University of Hong Kong (OUHK). Through the online learning platform of OUHK, members, graduates and students are able to easily access selected video-recorded seminars with any smart device anytime, anywhere. The launch of e-CPD seminars enables members, graduates and students to schedule their professional learning more flexibly.

*Details and registration are available at the CPD courses section of the OUHK website: <http://ecentre.ouhk.edu.hk>. For enquiries, please contact the Institute's Professional Development section at: 2830 6011, or email: [ecpd@hkics.org.hk](mailto:ecpd@hkics.org.hk).*

## Membership

### New graduates

Congratulations to our new graduates listed below.

Au Ka Yi	Cheung Wing Suet	Law Sze Nga	Siu Wing Shan	Wu Ka Yan
Au Yeung Wing Man	Chiang Ching Yee	Lee Sze Wai	Tam Lai Ching	Wu Tak Yiu
Chan Chun Sing	Chiu Ka Ming	Lee Ying Yeung, Clive	Tian Tian	Ye Fangfei
Chan Mei Nga	Fong Yi Yeung	Leung Wai Hang, Victoria	Tse Gee Kwan, Joanna	Yeung Ming Man
Chan Nga Ting	Ip Tsz Sum	Leung Yau Man	Wan Ho Yan	Yim Wing Sze
Chan Pik Yi, April	Kwan Sau In	Li Yuen Shan	Wong Chak Kuen	Yiu Ho Pui
Chan Pui Ching	Kwok Wai Chun	Lo Wai Yan	Wong Hiu Ching	Yuen Lok Lam, Lorraine
Chan Yip Wang	Kwok Yee Tai	Ng Wai Yee	Wong Hoi Sui	Zhang Tan Fung
Cheng Kwai Yuk	Kwok Yuen Ni	Ng Yu Yi	Wong Ming Sze	Zhou Xiaoke
Cheung Ka Lun, Karen	Lau Mei Fong	Pang Kwan Wai	Wong Shun Tsz	
Cheung Wan Sze	Law Ching Wa	Ren Yu	Wong Sze Wan	

## Membership (continued)

### New associates

Congratulations to our new associates listed below.

Chan Chun Ming	Chow Nga Ting	Lam Ngai Tat	Lo Sze Wan	Wong Wing Tung
Chan Ho Tai	Chu Lai On, Julia	Lam Suk Kuen, Irene	Lung Shi Fung	Wong Yuk Yee
Chan Mei Wing, Marlene	Chuang Ka Wing	Lau Kai Fan, Leonard	Ng Cheuk Ming	Wu Siu Ling
Chan Wai Chun	Fan Wai King	Lau Mei Ki, Maggie	Ng Yi Ting	Yip Tak Na
Chan Wan Yee	Fan Wai Yin	Law Yuen Kei, Peggy	Ngai Fong Hung	Yiu Yu Cheung
Cheah Shek Hei	Fung Sze Man	Lee Yu Ting, Scarlett	Nip Lon Ning, Teresa	Yu Ngan Hing
Cheng Yue Ting	Ho Chor Yin	Leung Chui Chui	So Yin Fai	Yuen Chung Yin
Choi Wing Yan	Huang Yishan	Leung Tsz Yan, Peggy	Tai Chun Kit	Yung Pui Shan
Chow Ho Yan, Jonathan	Lai Kit Ying	Li Liju	Wong Ka Chun	Yung Shek Leung

### Member and graduate discipline

The Institute requires its members and graduates 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 Byelaws of The Institute of Chartered Secretaries and Administrators (ICSA Byelaws) and the Institute's Articles of Association (the Institute's Articles). A summary of the Institute's disciplinary cases between 1 August 2016 and 31 August 2017 is as follows.

#### 1. Professional misconduct complaint cases under disciplinary proceedings

The total number of professional misconduct complaint cases under disciplinary proceedings was 13:

- three cases were closed as no *prima facie* case was established
- one case was closed after investigation
- one case was closed as the member was removed from membership register by the Disciplinary Tribunal on another issue when under investigation
- two cases are still under investigation
- three cases were concluded by the Disciplinary Tribunal

- three cases are under Disciplinary Tribunal review; and
- no appeal against the Disciplinary Tribunal decisions has been made to the Appeal Tribunal.

#### 2. Mandatory Continuing Professional Development (MCPD) non-compliance

The total number of MCPD non-compliance cases under disciplinary proceedings was 51:

- seven members were removed from membership register
- 17 cases were closed due to subsequent compliance
- 27 cases were still under disciplinary proceedings, and
- no appeal against the Disciplinary Tribunal decisions has been made to the Appeal Tribunal.

For the 27 cases that were still under disciplinary proceedings, penalties were imposed as follows:

- three members were fined for HK\$6,000 each
- one member was fined for HK\$3,000 and suspended from membership, and

- five members were fined for HK\$6,000 and suspended from membership.

### Notice of Disciplinary Tribunal decision

The Institute reprimands one member for professional misconduct.

- Wong Nam, Marian (the Respondent)

The case was considered at the Disciplinary Tribunal (DT) meetings of 19 April 2016, 16 August 2016, 29 November 2016, 19 April 2017 and 19 July 2017, and a DT hearing was earlier held on 16 August 2016.

### Findings and order handed down on 19 July 2017

Pursuant to the ICSA Byelaw 24.1 and the Institute's Article 25.2, the Investigation Group (IG) of both ICSA China Division and the Institute by its revised report dated 24 March 2017 recommended to the DT for consideration of the Respondent having been found to be one of the persons suspected to have engaged in market misconduct activities in the report dated 26 November 2015 of the Market Misconduct Tribunal (MMT) into dealings in the shares of Asia Telemedia Ltd on and between 5 February 2007 and 6 June 2007 (the MMT report).

Having reviewed the MMT report, the court decision and the explanations given by the Respondent, the DT has found and decided the following:

1. The Respondent was the company secretary of a listed company at the material time and her conduct and performance in discharging her company secretary duties and obligations were in fact criticised by the MMT in the published MMT report which reads as follows:

*'Para 246. In this regard, the Tribunal was referred to a publication of The Hong Kong Institute of Chartered Secretaries dated October 2013 entitled The Essential Company Secretary... By way of an overview, the publication states that a company secretary –*

*"...is regarded as both an officer and part of the senior management team, and at the centre of the board's decision making process. [The company secretary] is expected to use*

*his or her influence to promote good corporate governance. Specifically, [the company secretary] should assist directors in their legitimate pursuit of profit and growth with integrity and independence, and also seek to protect the interests of the company, its shareholders and its employees, to the best of his or her ability. [The company secretary] is required to play an active role in promoting good governance...'"*

*'Para 254. The Tribunal is satisfied that Marian Wong did quickly come to understand the true nature of the threat that presented itself; she understood that, in order to meet the dictates of good governance, advice at least should be taken as to whether a public announcement should be made. No such advice was taken. Knowing what she did, why, as a competent company secretary, did she not act?'*

2. The matter considered at the DT for the time being was whether the professional company secretary or the Chartered Secretarial profession duties and obligations were discharged and performed competently by the Respondent.
3. The DT considered and agreed with the MMT that the Respondent was experienced enough as the company secretary at the material time (at the MMT report paras. 234 and 244) and thus be reasonably expected to have conducted herself better.
4. The DT had found that the complaint against the Respondent was proved including the Respondent's failure or neglect to observe, maintain or otherwise apply a professional standard, thereby in fact being criticised in the MMT report on her conduct and performance in discharging her company secretary duties and obligations.
5. The breach committed by the Respondent was within the scope of her core responsibilities as the company secretary and as of a member of the Institute (that is, ICSA and the Institute) being governance professionals.
6. As insider dealing, or similar issue, is a separate issue and has not been considered by the DT for the time being, the DT reserves the right to re-consider and re-address such issue upon the delivery of any future judgment or decisions of the court.

## Membership (continued)

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7. Under all circumstances, the Respondent as a company secretary of the listed company concerned was accountable and with duties owed to its stakeholders and shareholders. The Respondent was found to be negligent in performing her duty as the company secretary of the company concerned and fell below the standard expected of a Chartered Secretary or member of the Institute, thereby was criticised and published in the MMT report in the public domain, thus bringing the profession and Institute to disrepute.
8. The DT considered the fact that the Institute's publication titled *The Essential Company Secretary* was in fact referred to for criticising the Respondent of her conduct in discharging her company secretary duties and obligations in the MMT published report, which is available in the public domain and of a permanent nature, was sufficient to substantiate the IG charges on the Respondent and to further warrant DT penalties to be imposed.
9. The Respondent is in breach of ICSA Byelaw 24.8(c) that she has failed to uphold the code of professional conduct and ethics.
10. The Respondent is also in breach of ICSA Byelaw 24.8(d) that she has behaved, by doing something or not doing something, in a way considered by the DT to bring ICSA or the profession into disrepute.
11. The Respondent is in breach of the Institute's Article 25.1(c) that she has conducted herself whether by act or default in a manner that might or is likely to be discreditable to the Institute.
12. The Respondent is also in breach of the Institute's Article 25.1(d) that she has acted in breach of the Memorandum and Articles of Association of the Institute or any rules, regulations, codes of practice or conduct, directions or instructions made or established by or under the authority of the Council.
13. Having taken into account the admission of the Respondent and the circumstances of the case, pursuant to ICSA Byelaw 25.1 and the Institute's Article 27 the DT ORDERED that:
  - a. *the Respondent shall undergo and complete the Listing Rules trainings for her 2017/2018 CPD requirements of the Institute within six months from the date of despatch of the DT decision letter*
  - b. *the Respondent shall pay a fine of HK\$25,000, and*
  - c. *public censure be imposed, and the Respondent be publicly reprimanded and this decision shall be published publicly via the Institute's journal, website and/or other official channels.*

### Exclusive benefits for fellows

Fellows of the Institute are leaders of the Chartered Secretarial profession, and are expected to be the crucial respected role models contributing to the growth of both the Institute and the profession.

Fellows are entitled to the following exclusive privileges:

- invitation to fellows-only events
- one complementary seat for membership events after election to fellowship
- priority seats for the Institute's events, and
- invitation as speakers or chairpersons at the Institute's ECPD seminars.
- eligibility to stand for election to Council

*For the 2017/2018 financial year, the Institute continues to offer a special fellowship election fee at HK\$1,000. For details of fellowship, please visit Fellowship under the Membership section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*



## Members' activities highlights: August and September 2017

20 August

Ap Lei Chau dragon boat race



2 September

Community Service – volunteer training (part 2)



25 August

Young Group – wine tasting for Happy Friday



9 September

Mentorship Programme – lunch gathering



## Membership (continued)

### Forthcoming membership activities

Date	Time	Event
7, 14, 21 October 2017	10.00am – 12.00nn	Young Group – yoga interest group (3 sessions)
22 October 2017	8.15am – 1.00pm	Community Service – pink walk for breast health 2017
24 October 2017	6.30pm – 8.30pm	Mentorship Programme – mentors' and mentees' sharing (by invitation only)
3 November 2017	6.45pm – 8.30pm	Members' Networking – 2018 流年专题讲座

For details of forthcoming membership activities, please visit the Events section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

## Advocacy

### HKICS President interviewed by Caritas

An interview with Institute President Ivan Tam FCIS FCS was arranged by the Caritas Institute of Higher Education (CIHE). The interview introduces the CIHE's Bachelor of Business Administration (Honours) programme (BBA Programme), which is recognised by the Institute.

To view or download the video, please visit the News section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk). For details of the BBA Programme, please visit the CIHE's website: [www.cihe.edu.hk](http://www.cihe.edu.hk).



Ivan Tam at the CIHE interview

### HKICS Foundation donates to OUHK

The Hong Kong Institute of Chartered Secretaries Foundation Limited (the Foundation), with support from Institute Past President Edith Shih FCIS FCS(PE), donated HK\$240,000 to The Open University of Hong Kong (OUHK) for the five-year scholarship scheme dedicated to students of the OUHK's Shanghai Postgraduate Programme in Corporate Governance. The scholarship has been named the 'HKICS Edith Shih Corporate Governance Scholarship'. A donation presentation ceremony was held on 30 August 2017, attended by Institute and OUHK representatives. The Institute and the Foundation thanks Ms Shih for her generosity.



Ms Shih presenting a donation cheque to OUHK representatives

## Advocacy (continued)

### HKICS supports ICAC conference

On 1 September 2017, the Independent Commission Against Corruption (ICAC) organised its 'Conference on Business Ethics for Listed Companies 2017 – Corporate Governance: Compliance and Beyond' attended by over 500 corporate leaders and professionals from some 250 institutions, including about 200 listed companies of Hong Kong. The conference featured 13 speakers and moderators from the ICAC, law enforcement and regulatory bodies, professional organisations and academics, who shared with the audience recent regulatory developments in corporate governance and practitioners' experience in promoting business ethics.

At the conference, Institute Vice-President Paul Stafford FCIS FCS(PE) was invited to be one of the panellists discussing the roles of company directors, professionals and practitioners in upholding business ethics and good corporate governance.



*Paul Stafford at the panel discussion*

### HKICS supports the Belt and Road initiative

Institute President Ivan Tam FCIS FCS was invited to attend the following two 'Belt and Road' events in September 2017 to exchange views on multilateral cooperation and explore new business opportunities arising from the Belt and Road initiative.

#### 1. Belt and Road Summit 2017

On 11 September 2017, Mr Tam attended the Belt and Road Summit 2017 jointly organised by the Government of the HKSAR and Hong Kong Trade Development Council. The summit brought together senior government officials, representatives of

### ASEAN Corporate Secretaries Network (ACSN) update

ACSN is an association chaired by Chartered Secretaries Institute of Singapore (CSIS), and with Indonesia Corporate Secretary Association (ICSA), Chartered Secretaries Malaysia (MAICSA), Thai Listed Companies Association (TLCA), and the Institute as members.

#### 1. ACSN 1st webinar – minority shareholders' rights

The first ACSN webinar on minority shareholders' rights was jointly presented by CSIS, ICSA, MAICSA, TLCA and the Institute on 7 September 2017. Institute Senior Director and Head of Technical & Research Mohan Datwani FCIS FCS(PE) gave a presentation on the protection of minority shareholders which has been a key governance and regulatory issue for many jurisdictions.

#### 2. Publication of ACSN comparative analysis

In collaboration with ACSN, the Institute has published *The Company Secretary, Regulation and Governance Roles – A Comparative Analysis in Selected Asian Jurisdictions*. The report covers information relating to ACSN members and Mainland China. The report found that there are substantial similarities in terms of the general background, qualifications and recognition, and appointments and removal of the company secretary under in the jurisdictions covered. The report illustrates the wider opportunities for collaboration in these areas, with other OBOR economies and beyond, to promote good governance.

*For details of the report, please visit the Publications section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*

international institutions, business leaders and industry experts from countries along and beyond the Belt and Road.

#### 2. Guangxi-Hong Kong Belt and Road Cooperation Forum

On 19 September 2017, Mr Tam attended the Guangxi-Hong Kong Belt and Road Cooperation Forum (一带一路"桂港合作高层论坛") organised by the Hong Kong and Macau Affairs Office of Guangxi Zhuang Autonomous Region at Nanning, Guangxi Province. The forum was also joined by major chambers of commerce and professional bodies in Hong Kong.



CHARTERED  
SECRETARIES  
特許秘書

# A Sparkling Night

## HKICS Annual Dinner 2018

Guest of Honour

**Chan Mo-Po, Paul**  
**GBM GBS JP FCIS FCS**

Financial Secretary  
the Government of the Hong Kong SAR

Thursday  
18 January 2018

6.30pm Cocktail reception  
7.30pm Dinner

Ballroom  
JW Marriott Hotel  
Hong Kong

Fees: HK\$790 per student ■ HK1,090 per member/graduate ■ HK\$1,290 per non-member  
HK\$13,080 per table of 12 seats

Attire: Lounge suit

For enquiries, please contact Vicky Lui at 2830 6088 or Vincy Wong at 2830 6048 or [member@hkics.org.hk](mailto:member@hkics.org.hk).



CHARTERED  
SECRETARIES  
特許秘書

SPREAD THE WORD

*Plan for  
change*

3R reduce,  
reuse, recycle

*Rethink travel*

**SHARING**

*Use your own bag*  
Reduction  
at source

## Best Green Pioneer Contest

As an institute promoting sustainability and environmental consciousness, The Hong Kong Institute of Chartered Secretaries (the Institute) has launched a number of initiatives to raise green awareness among staff and members. Every little step made by each of us will have a big positive impact on our environment.

We are calling our members, graduates and students to join the Institute's Green Circle and become a Green Pioneer and enter into the Best Green Pioneer Contest.

To learn more green living tips and details of the Contest, please visit the Institute's Facebook page and website: [www.hkics.org.hk](http://www.hkics.org.hk).



The first 50 participants will receive a gift. The three finalists will be invited to the Annual Dinner 2018 for the final round of the Contest and receive grand prizes.

Submission  
deadline:  
Friday  
15 December  
2017



For enquiries, please contact Idy Cheung at 2830 6018 or [event@hkics.org.hk](mailto:event@hkics.org.hk).

## Advocacy (continued)

### HKICS publishes Mainland corporate brochure

The Institute has published a brochure on the development of the Chartered Secretarial profession in Mainland China and the entry requirements to become an Affiliated Person and member of the Institute.

*For details of the brochure, please visit the Publications section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*



### HKICS receives the Good MPF Employer Award

The Institute has received the Good MPF Employer Award 2016/2017 from the Mandatory Provident Fund Schemes Authority. Certificates for the Good MPF Employer Award and the Support for MPF Management Award – a newly created award added to the Good Employer Award 2016/2017 programme, were presented to the Institute's representative at the presentation ceremony on 26 September 2017.

### Roundtable session with Secretary for Commerce and Economic Development

On 13 September 2017, Institute Past President Dr Maurice Ngai FCIS FCS(PE) and other representatives of Hong Kong Coalition of Professional Services (HKCPS), of which the Institute has been a member since 2011, were invited to attend a roundtable session hosted by the Office of Secretary for Commerce and Economic Development of the Government of the HKSAR with Edward Yau Tang-wah GBS JP, Secretary for Commerce and Economic Development. During the session, an in-depth cross-disciplines collaboration between the professional services and commercial sectors and its benefits to the professional services discipline under the Belt and Road initiative, as well as the concept of Guangdong-Hong Kong-Macau Big Bay Area were discussed.

# HKICS 2017 Annual General Meeting

**Friday 15 December 2017 at 6.30pm**  
Theatre A, 22/F, United Centre, 95 Queensway, Hong Kong

Members please  
mark your diary  
and join us at the  
AGM.

The Institute's Articles of Association allows electronic communication with members and Council of the Institute values the importance of preserving the environment. The Institute therefore encourages members to receive the annual report, general meeting notice and related documents in electronic form. All members will receive a notification email when the documents are made available on the Institute's website. Members who opt to receive hard copy should indicate their preference by returning to the Institute a completed and signed reply slip by 6.00pm on Friday 3 November 2017. More details and the reply slip will be available on the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

## International Qualifying Scheme (IQS) examinations

### December 2017 diet schedule

	Tuesday 5 December 2017	Wednesday 6 December 2017	Thursday 7 December 2017	Friday 8 December 2017
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

### Syllabus update – Corporate Secretaryship

The topic, titled Environmental, Social and Governance Report, will be included in the syllabus of Corporate Secretaryship under the field of Corporate Compliance effective from the December 2017 examination diet.

*For details of the syllabus, please visit the Studentship section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*

### Examination technique workshops

The Institute will organise a series of three-hour IQS examination technique workshops for students. These workshops, which will commence in mid-October 2017, aim to help students improve their examination technique. Each workshop costs HK\$500.

*Students may download the enrolment form from Examination Technique Workshops under the Events section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*

### IQS study packs go green

The Institute has launched online versions of four IQS study packs. This service, which is free to all registered students, enables students to schedule their professional learning and studies more flexibly, economically and in an environment-friendly manner. Students are highly encouraged to activate their online account and obtain access to the study packs for examination revision as soon as possible. For details of the account activation, please select Education under the News section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk), or refer to the Student Handbook of the Institute.

*For further information regarding the online study packs, please contact Ally Cheung at: 2830 6031, or Ruby Ng at: 2830 6006, or email: [student@hkics.org.hk](mailto:student@hkics.org.hk). For technical questions regarding the PrimeLaw account, please contact Wolter Kluwer's customer service: [HK-Prime@wolterskluwer.com](mailto:HK-Prime@wolterskluwer.com).*

### Tips from subject prize awardees

*Subject prize awardees from the June 2017 IQS examination diet share their study experiences and tips on preparing for the IQS examinations.*

#### Au Ka Yi, Ada (subject prize awardee, Hong Kong Corporate Law)

*Ms Au graduated with a bachelor's degree in Global China Studies from the Hong Kong University of Science and Technology. She is currently working as a company secretarial officer in a professional services firm. She also got a merit in Hong Kong Financial Accounting.*

This was her first attempt at the Hong Kong Corporate Law paper and her strategy for preparing for the IQS examinations was to practice the past examination papers and concentrate on

learning the study pack. She advises students to analyse the past papers, outline their study focus for each topic, and review the relevant study materials and questions thoroughly. In addition to acquiring relevant knowledge, she found the most enjoyable part of her examination preparation was the process of analysing and understanding the study materials.

#### Chan Tsz Yan, Jean (subject prize awardee, Corporate Governance)

*Ms Chan is currently working as a company secretarial assistant in a CPA firm. Her study major was accountancy.*

Ms Chan focused her examination preparation on reviewing the study pack and examiner's reports. By practising the past paper questions and learning the suggested answers, she was able to

## International Qualifying Scheme (IQS) examinations (continued)

gain knowledge relevant to her preparation for the examinations and, most importantly, for her daily work. She also mentions the importance of drafting a study plan. She spent approximately 240 hours (almost two hours of study per day for three months) preparing for each subject. She found the examiner's reports and the Institute's monthly journal *CSj* very useful, particularly in enabling her to avoid common mistakes and keep up with the latest changes in the business environment. Attaining the Chartered Secretarial qualification has broadened her career perspectives and advanced her career development.

### Chu Ka Yin, Tiffany (subject prize awardee, Hong Kong Financial Accounting)

*Ms Chu graduated with a bachelor's degree in English Studies from the City University of Hong Kong. She is currently working as a company secretarial associate in a professional services firm.*

This was her first attempt at the Hong Kong Financial Accounting paper. She decided to take the IQS examinations because she appreciated the flexibility of pursuing the qualification through self-study. Her strategy for preparing for the examinations was to concentrate on practicing the past paper questions for each topic. She points out that having relevant working experience helped her when it came to learning about financial statements and this benefited her in the examination.

### Lau Ka Ki, Klare (subject prize awardee, Hong Kong Financial Accounting)

*Ms Lau graduated with a bachelor's degree in History. She is currently working as a senior company secretarial officer in a listed company.*

Ms Lau prepared for the IQS examinations by attending the Institute's examination preparatory course and examination technique workshop. She found the lecture notes very helpful for equipping herself with practical techniques for each subject and she highly recommends students take the workshop when preparing for the examinations. Her examination strategy was to practice the past examination papers of the last six years by topics and also by years. Through this repetitive practice, she was able to speed up her responses to each examination question. She also points out that searching related accounting terms via the Internet and consulting her finance colleagues at her workplace were also beneficial to her in the examinations.

### HKICS collaborative courses – student orientations

The Institute secretariat organised orientations for students of the four collaborative courses: The Open University of Hong Kong, The Hong Kong Polytechnic University, City University of Hong Kong and Hong Kong Baptist University on 24, 26, 29 and 31 August 2017 respectively. Students learnt about the Institute and the related policies and admission requirements for the courses.



The Open University of Hong Kong



The Hong Kong Polytechnic University



City University of Hong Kong



Hong Kong Baptist University



## Studentship

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### New student orientation

On 19 September 2017, a new student orientation was held for new registered students to learn more about the Institute and meet with other students. The subject prize and merit certificate awardees of the June 2017 IQS examinations received appreciation certificates from Institute Education Committee member Richard Law FCIS FCS and shared their examination preparation tips with attendees.



*At the orientation*



*Subject prize and merit certificate awardees*

### Corporate Governance Paper Competition and Presentation Award 2017

The Institute's Corporate Governance Paper Competition has been organised every year since 2006 to promote business ethics and corporate governance awareness among undergraduates of local universities. This year a total of 36 teams from local universities enrolled for this competition. Six finalist teams will compete for the Best Presenter Award, and this award, together with the award for the winning paper of the Corporate Governance Paper Competition, will be presented to the winners at the award presentation ceremony on 21 October 2017.

*Members, graduates and students are welcome to join the presentation competition. If you wish to attend this event, please provide your full name and membership/graduateship/studentship number to Ally Cheung at: 2830 6031, or Ruby Ng at: 2830 6006, or email: [student@hkics.org.hk](mailto:student@hkics.org.hk) for enrolment by Friday 13 October 2017.*

<b>Theme:</b>	Corporate governance and business sustainability
<b>Date:</b>	Saturday 21 October 2017
<b>Time:</b>	10.00am – 1.00pm (Registration starts from 9.45am)
<b>Venue:</b>	United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong
<b>Fee:</b>	Free of charge
<b>CPD Points:</b>	2 (for members and graduates)

## Studentship (continued)

### Policy – payment reminder

#### Studentship renewal

Students whose studentship expired in August 2017 are reminded to settle the renewal payment by Thursday 26 October 2017.


#### Exemption fees

Students whose exemption was approved via confirmation letter in July 2017 are reminded to settle the exemption fee by Friday 27 October 2017.

### IQS information session

This free seminar will include information on the International Qualifying Scheme (IQS) and a member of the Institute will share valuable experience and the career prospects of Chartered Secretaries. This seminar is open to the public. Members and students are welcome to recommend the seminar to colleagues and friends interested in learning more about the Chartered Secretarial profession.

<b>Date:</b>	Monday 20 November 2017
<b>Time:</b>	7.00pm – 8.30pm
<b>Venue:</b>	School of Continuing and Professional Education (SCOPE) , 8/F, United Centre, Admiralty, Hong Kong



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

Each issue is distributed to over **8,000** members of HKICS, and read by approximately **20,000** individuals.

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# A bird's eye view

Company secretaries need to be proficient in a wide range of practice areas. *CSj*, the journal of The Hong Kong Institute of Chartered Secretaries, is the only journal in Hong Kong dedicated to covering these areas, keeping readers informed of the latest developments in company secretarial practice while also providing an engaging and entertaining read. Topics covered regularly in the journal include:

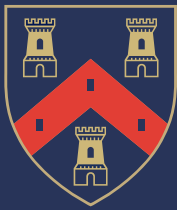
- regulatory compliance
- corporate governance
- corporate reporting
- board support
- investor relations
- business ethics
- corporate social responsibility
- continuing professional development
- risk management, and
- internal controls



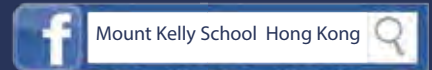
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**Contact Us**

*admissions@mountkelly.com.hk*

**+852 2110 1978**

***www.mountkelly.com.hk***

Disclaimer: The opening of the Mount Kelly International Preschool is subject to approval of the provisional school registration by the Education Bureau.