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May 2018

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The journal of The Hong Kong  
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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 where it operates as a company limited by guarantee. CSIA aims to give a global voice to corporate secretaries and governance professionals. HKICS has over 5,800 members and 3,200 students.

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## Competition compliance

This month our journal takes stock of where we are on the journey towards compliance with Hong Kong's new competition regime. I say 'new', but our first comprehensive competition law, the Competition Ordinance, is now in its third year of operation and it was enacted in 2012, a full six years ago. Over the course of those six years, the Competition Commission has run a series of high-profile promotion campaigns and has issued six guidelines under the Ordinance to ensure the widest possible understanding of the new obligations and the new liabilities businesses face under the competition regime.

The message of this month's journal is a very clear one – ignoring the new regime is not an option since we can expect increasingly tough enforcement of the regime by the Competition Commission. In this context, our emphasis as Chartered Secretaries and governance professionals should of course be on ensuring full compliance with the spirit and the letter of the law, and ensuring that the board is addressing this area of regulatory risk and opportunity.

This task will not always be as straightforward as it may appear. As Suzanne Rab, Barrister, Serle Court Chambers, UK, points out in this

month's cover story, old habits die hard and the first battle is often to combat misperceptions about what constitutes anti-competitive behaviour. There is, for example, a widely held view that Hong Kong's reputation as a bastion of laissez-faire free market economics in Asia indicates that our market is open to fair competition. But an open and free economy is not a guarantee of fair competition, and the Competition Commission and the Consumer Council have been highlighting a number of problem areas in Hong Kong where entrenched anti-competitive practices are proving resistant to change. Practices such as bid-rigging, information exchange and collusion with competitors, as well as resale price maintenance, for example, are under scrutiny for potential breaches of the First Conduct Rule. Similarly, among businesses with substantial market power, practices such as engaging in predatory or below-cost pricing, tying or bundling separate products, or refusing to supply products are under scrutiny for potential breaches of the Second Conduct Rule.

Ensuring compliance with Hong Kong's competition regime is not an easy task. While the guidance provided by the Competition Commission is certainly useful in highlighting potential breaches of the Ordinance, the Commission points out that no guidance can be definitive and much will depend on the facts of each case. So the role that we can play as Chartered Secretaries and governance professionals starts with the advocacy needed to ensure that competition compliance gets the attention it deserves. Going on to build a successful compliance programme will require the usual mix of knowledge of the letter of the law

and well-informed judgement about the spirit of the law, which members of our profession are well qualified to provide.

Before I go, I would like to update you on some important events in the Institute's calendar. First of all, we hosted and participated in the Executive Committee and Council meetings of Corporate Secretaries International Association Ltd (CSIA HK) on 18 and 19 April 2018. CSIA HK, of which the Institute is a full member, was formerly registered in Geneva, Switzerland in 2010 and relocated to Hong Kong in February 2017. The Institute also held a dinner to welcome and network with the members of CSIA who are from different parts of the world.

Looking ahead, our latest Annual Corporate and Regulatory Update (ACRU) seminar will be held in Hall 5G of the Hong Kong Convention and Exhibition Centre on Tuesday 5 June 2018. We have an excellent line-up of speakers from Hong Kong Exchanges and Clearing Ltd, Securities and Futures Commission, Companies Registry and Equal Opportunities Commission. ACRU is your opportunity to get first-hand advice on all of the top regulatory issues from Hong Kong's leading regulatory bodies.

A handwritten signature in black ink, appearing to read 'David Fu', written in a cursive style.

David Fu FCIS FCS(PE)

# 遵守竞争法

本刊今期探讨我们遵守香港新竞争法的进展。虽说是新，但我们首条完备的竞争法，即《竞争条例》，实施至今已有三年，并且在整整六年前的2012年已经通过。在这六年间，竞争事务委员会推行了一连串的高调宣传，并根据条例发出六份指引，让各界广泛认识竞争法制度下商业机构新增的义务和法律责任。

今期月刊的讯息很明确：我们预期竞争事务委员会将越趋严谨执法，因此对新制度置诸不理绝不可取。有见及此，特许秘书及管治专业人员实应确保完全遵循法律的精神和条文，并确保董事会能应对这个规管范畴的风险，掌握相关机遇。

这项工作看似简单，其实并不容易。正如英国Serle Court Chambers的大律师Suzanne Rab在今期的封面故事所指出，积习难返，第一场要打的仗，就是纠正何谓反竞争行为的错误观念。例如人们普遍认为，香港既是在亚洲地区捍卫自由市场经济的桥头堡，即意味香港市场开放，公平竞争。但开放自由的经济并不保证有公平竞争，而竞争事务委员会和消费者委员会已指出香港某些行业存在根深蒂固的反竞争做法，难以改变。一些行业的惯例，例如围标、与竞争者串通及交换资料、维持转售价格等，均有可能违反第一行为守则，现正受紧密注视。同样，具有相当程度市场权势的企业

的掠夺性定价或低于成本定价、捆绑销售或搭售、或拒绝供应货品等，也有可能违反第二行为守则，受到紧密注视。

确保各界遵从香港的竞争法制度，并非易事。竞争事务委员会提供的指引，当然有助指出有可能违反条例的情况，但该会表明，指引并非绝对，往往须视乎个别个案的具体情况而定。因此，作为特许秘书及管治专业人员，我们的角色，由倡议注重竞争法开始，让遵守竞争法的需要得到应有的重视。随后，建立妥善合规计划的工作，一如其他范畴的合规工作一样，需要既熟悉法例条文，又对法例的精神有良好认识和准确判断；这些专长，公会会员均已具备。

最后，我想一提公会的一些重要盛事。首先，我们在2018年4月18及19日主办并参与公司秘书国际联合会(CSIA HK)的行政委员会及理事会会议。公会是CSIA HK的正式成员。CSIA HK最初于2010年在瑞士日内瓦注册，2017年2月迁册香港。公会亦举行晚宴，欢迎来自世界各地的CSIA成员，与他们联系。

即将举行的活动方面，新一届的公司规管最新发展研讨会(ACRU)，将于2018年6月5日(星期二)，假香港会议展览中心5G厅举行，讲者阵容鼎盛，有来自香港交易及结算所有限公司、证券及期货事务监察委员会、公司注册处

及平等机会委员会的代表。ACRU让大家有机会从香港的主要监管机构得知各项重要规管事务的第一手资料。

傅溢鸿

傅溢鸿 FCIS FCS(PE)

# Creating a culture of competition

Hong Kong's competition regime two years on





## International competition law expert Suzanne Rab talks to CSj about the challenges facing Hong Kong's fledgling competition regime.

### *Could we start by discussing why Hong Kong's new competition regime is necessary – what are the benefits for Hong Kong?*

'Economic theory suggests that, generally speaking, free market competition is the best way of ensuring that high-quality goods and services are available to consumers at the lowest possible price. The basic idea is that, if a market is competitive, producers will not be able to charge excessive prices because they will lose customers to other businesses offering similar products and services. This means that producers and service providers have to deliver value for money in order to increase their profits. Competition therefore tends to increase social welfare by maximising society's overall wealth through the efficient allocation and distribution of resources. The purpose of competition law, simply stated, is to remedy some of the situations in which the free market system breaks down.

The enactment of the Competition Ordinance in 2012, which came into force in December 2015, itself followed years of consultation and resistance among

industry and government. For a time, Hong Kong defended its pre-existing sector-specific model of competition control as responsive to the needs of its economy. Indeed, for some time, it was questioned whether there was a need for a general competition law in Hong Kong at all.

The constant efforts of the Consumer Council since the early 1990s have revealed the existence and consequences of anti-competitive conduct and monopolistic or oligopolistic market structures in Hong Kong. Furthermore, as Hong Kong transitioned into a service economy, there was a growing recognition that an open and free economy is not a guarantee of fair competition. It was recognised that in a market with high entry barriers, price-inelastic demand, limited product differentiation, predictable demand and market shares and vertical integration, anti-competitive behaviours would be possible, regardless of the size of the economy.

Over time, a changing economic structure has made Hong Kong a costly place for business, gradually eroding Hong Kong's

### Highlights

- since the early 1990s, the Consumer Council has revealed the existence and consequences of anti-competitive conduct and monopolistic or oligopolistic market structures in Hong Kong
- an open and free economy is not a guarantee of fair competition
- businesses need to update and implement competition compliance programmes to take account of Hong Kong's competition regime

competitiveness as a destination for investment and trading partners. Hong Kong felt increasing peer pressure from its neighbouring regions such as Singapore, Taiwan, South Korea, Japan and Mainland China. These factors gave impetus to the enactment of the Competition Ordinance.'

*Hong Kong has come rather late to this game – how does Hong Kong's competition regime compare with the regimes of other jurisdictions and are there lessons to be learned from overseas experience?*

'Hong Kong may be regarded as a relatively late adopter of competition law. Despite the introduction of competition law in other prominent Asian economies much earlier, including in Mainland China in 2007, it was not until 2012 with the passage of the Competition Ordinance that Hong Kong put competition law on a legislative footing across all economic sectors. Among the matters that appear important in considering the appropriate structure of competition law in Hong Kong are the relatively small size of the economy, the limited number of players in some industries, the prospects for trade with other countries and the relationship with other trade partners, particularly Mainland China.

The structure and content of Hong Kong's competition law is heavily influenced by the competition laws in other jurisdictions, principally the European Union (EU). Specific influences can also be inferred from the competition and anti-trust laws applicable in Australia, Malaysia and Singapore, the UK, the US and other jurisdictions. Most countries across the Asia-Pacific region have had legislation on competition law in place before Hong Kong.

The progression of competition law across Asia has created a complex regulatory environment for international businesses seeking to navigate the different systems, often with their local idiosyncrasies.'

*Can we discuss the challenges faced by Hong Kong's Competition Commission, particularly in view of the fact that Hong Kong's competition law is still relatively new?*

'The implementation of a new competition law requires a long-term investment in building awareness of the role of competition law and a tough approach to anti-competitive practices. The complexities of competition law and the introduction of unfamiliar technical concepts mean that the authorities and courts need to be equipped with the necessary legal, financial and economics skills to apply the law intelligently and effectively.

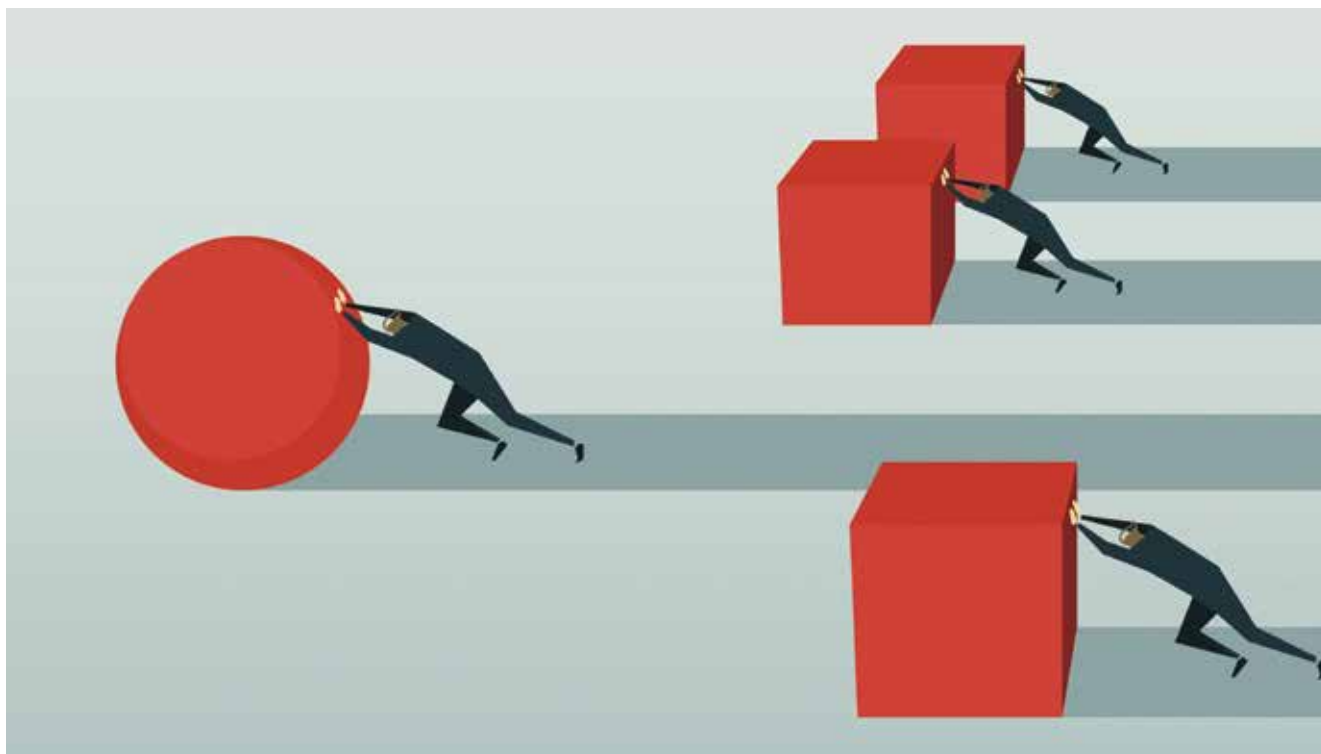
Hong Kong's Competition Commission has drawn from the experience in other jurisdictions and the EU when considering how similar issues have been treated in similar contexts. It is essential, however, to appreciate the limits of international comparisons.

Different policy objectives may apply. The First Conduct Rule and the Second Conduct Rule (which deal with restrictive agreements and abuse of substantial market power, respectively) contain substantively equivalent provisions to Articles 101 and 102 of the Treaty on the Functioning of the EU (TFEU). It can be expected that the Competition Commission and the Competition Tribunal will look to EU precedents for guidance on how similar concepts and issues have been approached by

“  
the implementation of a new competition law requires a long-term investment in building awareness of the role of competition law and a tough approach to anti-competitive practices  
”

the European Commission and the EU Courts. Nevertheless, it is important to bear in mind that EU competition cases are often decided with internal market integration objectives in mind and that this EU policy does not have an equivalent in Hong Kong. On the other hand, it is likely that the question of the correct geographic scope of reference is going to be increasingly important when evaluating competition cases in Hong Kong. Although Hong Kong is a compact territorial unit, that should not necessarily lead to a geographical market being confined to that territory.

Procedural rules may be assessed in their historical context. For example, Hong Kong has adopted a procedure whereby a party may apply to the Competition Commission for a decision as to whether or not the conduct in question is



excluded or exempted from the First Conduct Rule. This resembles the early EU procedure whereby parties to an agreement could notify any agreement, decision or practice to the European Commission with an application for negative clearance, that is to say, a ruling that, on the basis of the facts in its possession, there were no grounds under Article 101(1) TFEU for action on its part in respect of the agreement, decision or practice. This possibility ceased, as a matter of EU law, in 2004 and was replaced by a self-assessment procedure.

It should not be overlooked, however, that the practices in the EU, the UK and the US have been developed after lengthy experience and drawing on insights from established competition regimes. In some circumstances, however, it may be more appropriate to seek

guidance from the smaller Southeast Asian economies, such as Malaysia and Singapore, or Australia, where economic or legal conditions may be closer to those in Hong Kong!

*How do you think Hong Kong's competition regime will evolve in the future? In particular, do you expect Hong Kong to plug the rather glaring gaps you mentioned in your seminar – for example the limited merger control and the limitation of private actions for damages to follow-on actions after the Tribunal has ruled?*

'Hong Kong does not have general merger control at present outside the telecommunications sector. Transactions that have, or are likely to have, the effect of substantially lessening competition in Hong Kong are prohibited. Merger control is voluntary in that there is no

obligation to notify the Competition Commission of a transaction before or after its implementation. However, the Competition Commission may investigate a merger that falls within the scope of the Merger Rule so it may be advisable to discuss a relevant transaction with it. The need for industry-wide merger control is expected to be revisited in a few years.

Private actions based on infringement of the Competition Ordinance can only be brought after the Tribunal has ruled that there has been a violation following an application by the Competition Commission for the imposition of a fine or an order to stop the infringing practices.

This represents a significant limitation on the right of victims of anti-competitive activity to claim compensation for their

“  
 creating a ‘culture of compliance’  
 can be challenging, especially  
 where business practices  
 that previously escaped legal  
 sanctions become competition law  
 infringements for the first time  
 ”



losses. This is mitigated in part by the ability of the Tribunal on the application of the Competition Commission to make an order for damages payable to any person who has suffered loss or damage as a result of the anti-competitive conduct. However, the government is understood to be considering the need for a standalone competition law private action in the future. In principle, this right of action would be available regardless of whether the Competition Commission or the Tribunal has ruled on the matter.

It remains to be seen whether the current legal framework for private actions will achieve a proper balance between public and private enforcement. In this respect, the approach in Hong Kong goes against the general policy trend in this area internationally.'

*What message would you have for businesses still unconvinced about the need to change behaviour?*

'It sounds obvious, but from the outset it is important to know that what you are doing is legally compliant. Knowing what you can do without breaking the law, whatever your sector, is essential.

The Competition Commission has broad investigatory powers, including the power to require an undertaking to provide documents or information. It may also conduct unannounced inspections of premises ('dawn raids') under warrant.

The Competition Commission does not have the power to determine whether a breach of the substantive provisions of the Competition Ordinance has occurred. It may issue an infringement notice where it suspects that an undertaking has breached the First Conduct Rule involving serious anti-competitive conduct, and in other cases it is required to issue a warning notice affording the business an opportunity to admit the breach and enter into commitments to remedy its unlawful conduct. If the business does not enter into the commitments or the breach is continuing, the Competition Commission may bring proceedings before the Tribunal.

A business or any person who is found by the Tribunal to be in violation of the Competition Ordinance may face a range of penalties including:

- a financial penalty of up to 10% of annual turnover 'obtained in Hong Kong' (based on the gross turnover of the undertaking(s) concerned for each year of infringement, up to a maximum of three years), and
- disqualification for up to five years from acting as a director or being directly or indirectly involved in the management of a company.

The Tribunal may impose a wide range of sanctions including:

- a declaration that an infringement of the Conduct Rules has occurred
- an order prohibiting a person from engaging in conduct that infringes the Conduct Rules
- an interim injunction pending determination of proceedings under the Conduct Rules
- an order for damages payable to any person who has suffered loss or damage as a result of the anti-competitive conduct, and



- disgorgement of illegal gains (or avoided losses) as a result of the anti-competitive conduct.

The Court may impose criminal sanctions for failure to cooperate with a Competition Commission investigation.

Do not forget that it may be possible to use an understanding of competition law to commercial advantage. A party harmed by a competition law infringement may have grounds to complain to the competition authorities and ask them to investigate the matter or to take other action. You may be able to stop the practice and obtain compensation.

Below are some areas where you may be able to use competition law to advantage in your dealings with companies who occupy and abuse a position of substantial market power:

- challenging aggressive discounting by a dominant supplier
- challenging excessive prices by a dominant supplier
- challenging an anti-competitive tie-in, and
- challenging a refusal to supply.

*What message would you have for company secretaries in terms of their role in promoting competition compliance?*

'As part of its competition law "advocacy", the Competition Commission has already emphasised the importance of competition law compliance. The Competition Commission states on its website Frequently Asked Questions that: "Businesses are encouraged to


take proactive steps to understand the Ordinance, identify risk areas and set up self-compliance programmes in time".

However, creating a "culture of compliance" can be challenging, especially where business practices that previously escaped legal sanctions become competition law infringements for the first time. Such practices (for example, bid rigging) may be endemic across an industry and embedded in accepted business culture and it can be difficult for old habits to die.

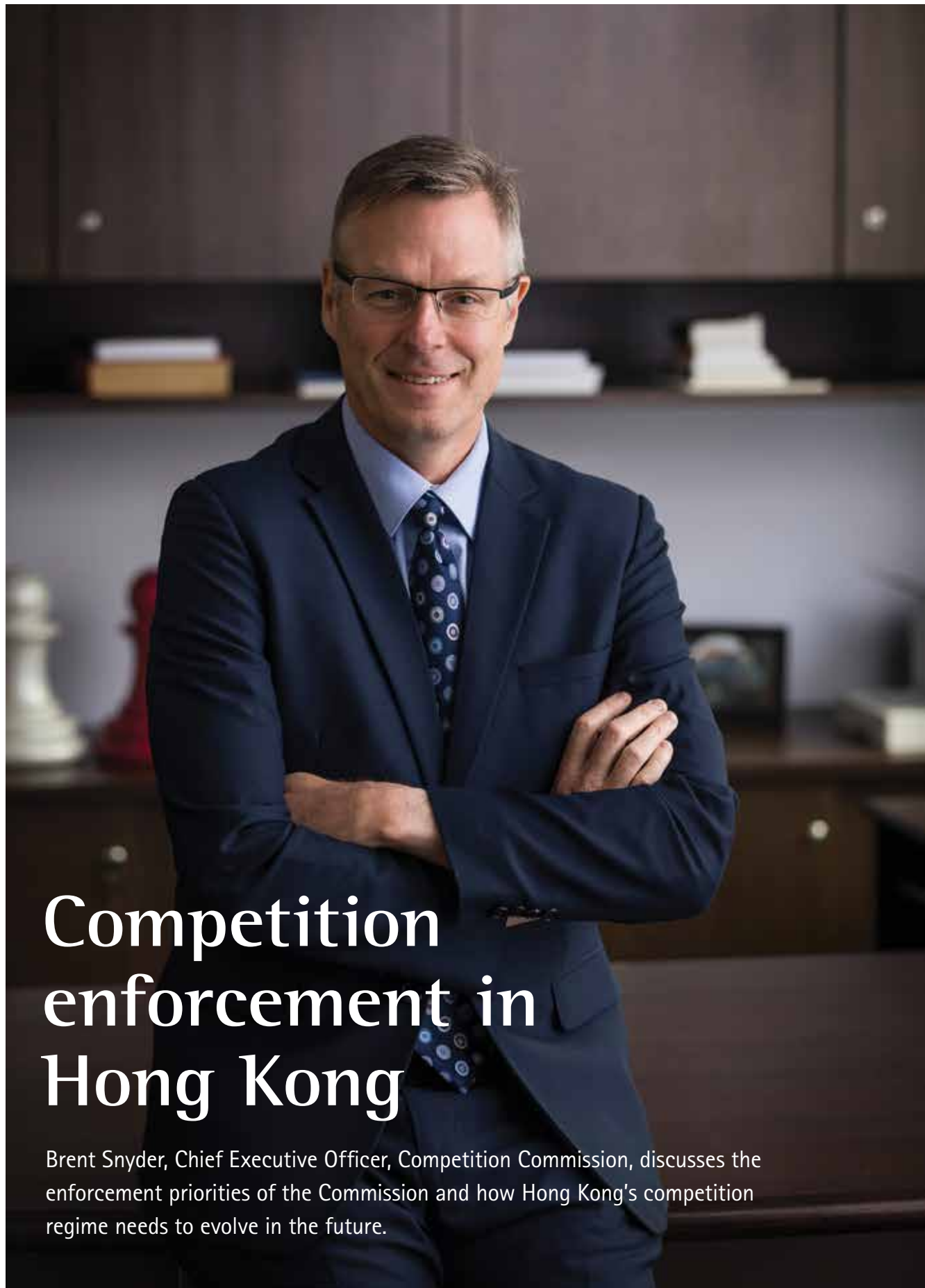
I often get questions from small businesses that show owners aren't paying enough attention to working within the law. For example, an entrepreneur might get in touch with a "quick query", which turns out to be "Can I cooperate with a competitor on a new business venture?" In fact, it can be quite an involved query, and an important one, which might take some time to resolve as the answer will usually be fact-specific in areas that do not concern serious anti-competitive conduct such as price fixing. You might be surprised to find out after the legal due diligence that what you are doing right now is legally compliant, but you will be much better placed to develop your business when you know the legal implications.

The following are some steps that businesses can usefully take now to address competition law risk.

- Review existing agreements and commercial practices for compliance with the First Conduct Rule and the Second Conduct Rule (and, where, relevant the Telco Rule).

- Update and implement competition compliance programmes to take account of Hong Kong's competition regime.
- Parties who consider that they have been harmed by the anti-competitive practices of their suppliers, customers or competitors should consider making a complaint to the Competition Commission, who may investigate the matter.
- Parties who consider that their arrangements have efficiency benefits may want to apply to the Competition Commission to determine the applicability of the exclusions or exemptions set out in the Competition Ordinance to a particular agreement or type of agreement. 

*Suzanne Rab, Barrister, Serle Court Chambers, UK, advises on the development, implementation and application of new competition laws and regulatory regimes in line with international best practices. She is the editor of Hong Kong Competition Law (Hart/Bloomsbury, 2016). She delivered the Institute's ECPD seminar ('Competition Law in the EU, the UK and Hong Kong') in Hong Kong in March 2018 and will be leading the Comparative Competition Law Summer School at Brunel University London (which includes a course on the emerging competition regime in Hong Kong) starting in mid-June 2018. More information is available at: [www.brunel.ac.uk](http://www.brunel.ac.uk)*



# Competition enforcement in Hong Kong

Brent Snyder, Chief Executive Officer, Competition Commission, discusses the enforcement priorities of the Commission and how Hong Kong's competition regime needs to evolve in the future.

*You previously worked in anti-trust enforcement for the US Department of Justice, what's your impression of the Hong Kong anti-trust landscape?*

'Hong Kong has the well-deserved reputation of being one of the most competitive cities in the world, but even the most competitive economies can benefit from anti-trust enforcement to ensure that competition remains vigorous and that strong market players don't abuse their market power. For instance, both the US and Canada were the first two countries to adopt anti-trust laws. They already had a heritage of economic freedom and very competitive economies, but, more than 125 years ago, they came to the realisation that the competitive environment in their respective countries could still be nurtured and protected by the introduction of competition laws.

Here by comparison, competition is still in the formative stage. Only a little over two years ago, conduct that would be illegal in many other countries around the world, such as price-fixing and bid-rigging, was perfectly legal here unless it also included elements that contravened other laws in Hong Kong. As a result of that, it is not surprising that a business culture had evolved in Hong Kong around those types of anti-competitive business conduct.

In December 2015 the law changed overnight, but one cannot really expect that the business culture will be so quick to change. For that reason we have continued to be vigilant in our advocacy and public education efforts, which began well in advance of the effective date of the ordinance. In the two plus years since the ordinance became effective, we have also started bringing enforcement actions. At this point we have two litigation matters in progress, and we need to continue to build on those because enforcement both educates the public about what the Competition Commission and the Competition Tribunal see as illegal conduct, and creates the deterrence that is necessary to change business culture.

Some of the good news is that we are seeing positive signs that business culture is changing here. On the day after the ordinance became effective, there were price wars and price reductions in some market sectors that had not seen them before. Our investigative work also found that there were some cartels operating almost to the date that the ordinance came into effect, and then were abandoned and replaced with lawful and competitive conduct. Of course, there is still work to be done. As we do that work and as business culture continues to change, Hong Kong consumers and businesses are going to benefit from it.

In fact, the most direct beneficiaries of competition enforcement are very often other businesses. In the US, for instance, businesses that are victimised by different types of anti-competitive conduct are often very quick to bring it to the attention of the competition enforcers, and they will support any case that is brought, such as by acting as witnesses at trials. Those businesses see the ultimate bottom-line dollar value to themselves because if they are procuring goods and services they know that they are going to be competitively set as a result of competition enforcement. Also, if the businesses are trying to enter a market sector, they see the value of any protections that they receive against abuse by more dominant players. This reaction by businesses in jurisdictions with more mature competition regimes reflects a degree of acceptance and embrace of competition law that perhaps has not fully happened here outside of the multinational firms that are operating in multiple jurisdictions where competition laws are in effect. I do think that is changing, however, as we are starting to see more complaints from businesses about the conduct of other businesses.'

*Coming from the US, have you been surprised by the high level of market concentration in some sectors of the Hong Kong economy?*

'What was eye opening for me was the level of public suspicion that certain market sectors are completely dominated by collusive conduct. I have never had the sense in the US that people have similar concerns about so many critical market sectors. There are market sectors in Hong Kong where there is a very high degree of market concentration. That alone does not mean that there has been abuse of market power or that there has been collusion, but from an anti-trust perspective that is at least a red flag.'

## Highlights

- enforcement against hard-core cartels will be a top priority for the Competition Commission
- enforcement both educates the public about what the Competition Commission and the Competition Tribunal see as illegal conduct and creates the deterrence that's necessary to change business culture
- companies without an anti-trust compliance programme in place are at great risk in the complicated international landscape for competition enforcement

### *Can we discuss the challenges faced by the Commission in creating a culture of competition in Hong Kong?*

'I was not here at the time of the debate surrounding the passage of the ordinance, but my understanding is that some of the leading opponents of the ordinance were small and medium-sized enterprises (SMEs). SMEs comprise about 98% of Hong Kong businesses.

I think there were three general misconceptions about the competition law on the part of the SMEs. The first was that it was going to stifle enterprising companies. The second was that it was going to be difficult for them to understand the requirements of the Competition Ordinance, causing them to unwittingly contravene it. The third was that big corporations were going to use the competition law as a weapon against the SMEs.

The fact is that none of those misconceptions is accurate, especially for SMEs. When it comes to the issue of competition legislation stifling innovation, the great body of evidence developed over more than 125 years in the US and other jurisdictions shows that that is not the case. For instance, some of the most innovative companies in the world have developed in an environment of competition enforcement in the US. Many of those companies may never have had the opportunity to succeed had competition law not been in force, because they often were displacing entrenched incumbents who were stuck in an old and less innovative way of doing business. So, far from shackling enterprising companies, competition enforcement can really unleash those companies.

Secondly, the ways in which SMEs can violate the competition law in Hong Kong are quite few. The most likely contraventions really boil down to reaching price-fixing, bid-rigging, market-sharing or output-restriction agreements with their competitors. The line between legal and illegal in that area is pretty clear. It is true that there are more complicated aspects of competition law, such as abuse of substantial market power. SMEs are generally not going to possess the degree of market power that will raise those issues, however. So, if SMEs are not engaged in fixing prices, rigging bids, sharing markets or restricting output, they are going to be just fine, and, frankly, the prohibition against those types of conduct is only going to benefit them.

That really is the main point. Big companies are more likely to be the ones to contravene the competition law in a way that victimises SMEs. The direct victims of many of the cartels I have investigated in my career were often SMEs doing business with

bigger companies. Competition enforcement helps level the playing field and creates opportunities for small businesses to enter into markets and to obtain cheaper, better and more innovative products that they need for their business, which will in turn allow them to be more competitive. Hopefully over time we will develop an enforcement track record of going after companies that are victimising other companies and SMEs will see that benefit.'

### *What are the Commission's enforcement priorities?*

'Our enforcement priorities are always going to be based on bringing cases that have the greatest positive impact on Hong Kong consumers. Usually, that will mean prioritising enforcement against hard-core cartels. Cartel enforcement has the twin virtues of pursuing the most harmful competitive abuses (the US Supreme Court has called cartels "the supreme evil of anti-trust" because they seek the complete elimination of competition) and being on the easier end of the spectrum to successfully prosecute. By contrast, abuse of substantial market power investigations usually take longer and involve more complicated issues related to whether a company has significant market power, whether it is abusing that power and whether there are efficiencies that should be taken into consideration.

Having said that, we are going to enforce the entire Hong Kong Competition Ordinance. If we develop evidence that warrants bringing abuse of substantial market power cases, we are going to bring those cases. In fact, we have active abuse of substantial market power investigations underway right now. While cartels may be a priority, there are no contraventions of the law that we are going to ignore if we feel we have adequate evidence to obtain an enforcement outcome.'

### *What's your view of how Hong Kong's competition regime needs to evolve in the future?*

'At this point, the Competition Ordinance is entirely uninterpreted by the Competition Tribunal. We have our first two cases in litigation, but the issues decided by the Tribunal to date have been more procedural in nature than substantive. It is going to take rulings by the Tribunal on substantive issues to start to flesh out more clearly what the provisions of the ordinance mean.

The primary competition law in the US was passed in 1890 and really amounted to two substantive provisions; one was about cartels and the other one was about monopolisation. They were not well drafted provisions, but they now have 125 years of judicial interpretation behind them. Here in Hong Kong, the Competition



Ordinance has about 170 provisions but zero judicial interpretation behind it to date. Where is the Tribunal going to draw lines? How is the Tribunal going to interpret the substantive provisions of the ordinance? The answers to these questions are ultimately going to provide the best guidance for the Commission's work and for the conduct of the business community. That's going to happen over time. Obviously that process will be aided by more active enforcement on the Commission's part to give the opportunity for the Tribunal to make substantive rulings.'

*What's your view of how to tackle the three main gaps in Hong Kong's competition regime: the statutory body exemption, the prohibition against private actions and the absence of cross-sector merger control?*

'The government's review of the Competition Ordinance, which is expected to start three years after its full commencement, may look at all three of the issues you mention. Knowing that the government may be taking a look at these things, we have started an internal review of the ordinance ourselves. Because I have been here only a few months, I have not yet reached any hard and fast decisions about whether any changes should be made to the ordinance, so please take everything I say with that caveat.

With respect to the statutory bodies exemption, I have heard from quite a number of people in the business community that the exemption should be eliminated because it creates an uneven playing field between private businesses and government bodies engaged in competing commercial conduct. That view certainly has support in competition neutrality principles that say that state-owned enterprises are not supposed to be favoured with different competitive conditions compared to private business. But it should also be noted that the Competition Ordinance does provide a mechanism for the ordinance to be made applicable to specific statutory bodies under certain circumstances, which may be a sufficient remedy as long as the government is diligent about applying it in a meaningful way. We are still in the process of developing our internal position on this.

The issue of creating a private enforcement remedy also has potential arguments in favour and against. There is currently a right in Hong Kong to bring a follow-on action. This means that victims of a contravention of the ordinance can bring an action for damages against a company first found by the Competition Tribunal to have contravened the ordinance. The requisite contravention finding will be the result of enforcement action by the Commission. Allowing a private enforcement right will eliminate the need for victims of

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Invest in anti-trust compliance. The risks to companies, as well as to their officers, directors and employees, are too great not to.  
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anti-competitive conduct to wait for a contravention finding by the Tribunal before seeking to recover damages. Our Chairperson, Anna Wu GBS, JP, has said publicly that there are a number of benefits to private enforcement. The benefits include not making the recovery rights of victims of anti-competitive conduct dependent on the Commission's enforcement actions. Currently, a company that has been the victim of a cartel that has not resulted in an enforcement action by the Commission (and in a finding of a contravention by the Tribunal) would not have the ability to seek recovery from the cartellists. Adding a private right of action to the ordinance would change this.

Private enforcement would also be what I call a "force multiplier" for government enforcement. It allows enforcement in cases where the government has inadequate resources or has not detected the conduct. In the US, anti-trust suits between private actors serve these purposes and have resulted in judicial precedents on important aspects of the US anti-trust law, including aspects that have shaped how the government has enforced going forward. So that could be an important benefit of allowing private enforcement here, especially at a time when everybody will benefit by more jurisprudence and interpretation of the law here.

If private enforcement is added, however, thought will have to be given to what procedures are needed to ensure that it is available to everyone. Big companies often can afford to hire lawyers and file lawsuits in cases where they are victimised by anti-competitive conduct, but there may not be similar financial incentives in cases involving "high-volume" victims and "low-volume" harm. If, for example, lots of people buy a particular product that is price-fixed by a small amount, the amount of harm to any one of those victims might not be sufficient to warrant them bringing an enforcement action, but, added together, the cumulative harm suffered by all victims might be very substantial. If we do not have some system in place that provides a remedy in these cases, which are very typical of certain types of cartels, there is going to be a subset

of potentially very harmful cartels that are not subject to any realistic private enforcement remedy and are under-deterred. This same issue applies not only to a private enforcement remedy but also the existing follow-on remedy.

Turning to the issue of implementing some form of cross-sector merger control in Hong Kong, this is an issue that in some ways is the most complicated of the three. Most competition enforcement regimes have three mutually supporting legs of competition enforcement – pursuit of cartels, enforcement against abuse of substantial market power, and some form of merger control (which makes it more difficult for companies to achieve substantial market power and prevents concentration that facilitates cartels). If one were to analogise competition enforcement to a three-legged stool, one sees that removing any one of these legs leaves a wobbly stool at the very least.

Some companies achieve substantial market power through efficiency and innovation. That is not a bad thing as long as they do not abuse that power in a way that keeps competitors from entering the market. If companies are allowed to merge with no oversight, however, they can achieve substantial market power through means that have nothing to do with efficiency or innovation, and then be in a position to prevent entry by those who may actually be more efficient and innovative.

As a result, most jurisdictions have some form of cross-sector merger control. The thing that is different about Hong Kong and may warrant more nuanced thinking is that Hong Kong is a very compact economy and may already be benefitting from the merger control actions of other jurisdictions internationally, which review some of the mergers that arguably would have a competitive impact here. One question is whether and the degree to which the remedies obtained by other jurisdictions would adequately address the competitive impact in Hong Kong. But, nobody is specifically looking out for Hong Kong's interests in connection with such international mergers or in connection with mergers that are purely domestic. These are the types of issues that should be considered when reviewing whether to transition to cross-sector merger control!


***What would be your top message for directors, company secretaries and governance professionals regarding compliance with the Competition Ordinance?***

'Invest in anti-trust compliance. The risks to companies, as well as to their officers, directors and employees, are too great not to.

Enforcement action and pecuniary penalties are not the only risks to consider – there is also the risk of follow-on liability in Hong Kong. As I mentioned, that follow-on right exists right now, even without private enforcement.

Additionally, one of the most significant developments in competition enforcement over the last 20 years, particularly on the cartel side, has been the rise of multi-jurisdictional investigations and enforcement. As businesses become increasingly global, conduct that takes place in one jurisdiction very often has a competitive effect in another jurisdiction. This opens up the possibility of enforcement actions in multiple jurisdictions.

I can cite numerous investigations that I personally have worked on where companies paid fines in four or five or even more jurisdictions and had individuals subject to enforcement action in some of those same jurisdictions. Even more importantly, some of those companies became subject to different types of private enforcement actions in different places; class actions in the US and Canada and other types of private enforcement in places like Australia and Europe. It is a very complicated international landscape and if you engage in business that has any international scope to it, you are at great risk if you do not have some sort of anti-trust compliance programme in place.

As a corporate secretary or as a director, you should not just be trying to protect the company, you also want to protect your individual officers, directors and employees. In some jurisdictions, your company's officers, directors and employees can be sent to prison for cartel violations. I've seen the top executives taken off companies and sent to prison in the US. And, while we do not have criminal sanctions in Hong Kong, the ordinance allows individual fines for those involved in a cartel violation, as well as a disqualification provision for directors. The Commission plans to use those sanctions. Our first two cases did not seek individual sanctions, but I'm a firm believer in them. Companies can only act through their employees, so my view is that if you want to deter companies from acting illegally you have to deter the officers, directors and employees. That means seeking sanctions against them. Holding individuals accountable will be a part of our cases going forward! 

*Brent Snyder was interviewed by Mohan Datwani FCIS FCS(PE), Institute Senior Director and Head of Technical & Research, and Kieran Colvert, Editor, CSj.*

## Practical Company Secretarial Workshops

The roles of company secretaries have evolved from performing only compliance and administrative functions to having a much more strategic and deliberative role as an organisation's governance advisor. The level of responsibility calls for a thorough knowledge of the business of the organisation and of the laws, rules and regulations that govern its activities. It also requires astute judgment and considerable confidence.

HKICS is pleased to have primarily Mrs April Chan, Past President and Chairman of Technical Consultation Panel of the Institute and Inaugural President of Corporate Secretaries International Association Limited (CSIA), to present a series of practical workshops to facilitate company secretarial and governance professionals at their various stages of careers to appreciate the dynamic and evolving roles of company secretaries. The workshops comprise four parts with 14 modules (details attached) and each module will be conducted in small interactive groups. Applicants are free to choose those modules which are of interest to them to attend.

<p><b>Part 1 – How to Manage Board Meetings Effectively?</b> Module 1 – Effective Board Meetings Module 2 – Board Dynamics at Meetings</p>	<p><b>Part 2 – Getting to Know Your Board?</b> Module 3 – Board Composition and Succession Planning Module 4 – Board Directors Module 5 – Board Evaluation</p>
<p><b>Part 3 – How to Communicate Effectively with Your Management, Shareholders and Other Stakeholders?</b> Module 6 – The Company Secretary: The Board's Communicator Module 7 – Annual General Meetings</p>	<p><b>Part 4 – What You Can Do More?</b> Module 8 – Strategy: Development and Analysis Module 9 – Risk and Business Continuity Planning Module 10 – Building Ethical Cultures Module 11 – Good Corporate Citizenship Module 12 – Integrated Reporting Module 13 – Corporate Finance Module 14 – Financial Oversight &amp; Analysis</p>

Presenter:

Language: Cantonese  
Accreditations: HKICS 3.5 ECPD points per module  
Fee: HK\$900 per module per HKICS member

Seats are limited and enrolment is on first come first served basis, please visit CPD section of HKICS website: [www.hkics.org.hk](http://www.hkics.org.hk).



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Past President and  
Chairman of Technical  
Consultation Panel  
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# Shareholder stewardship: the role of institutional investors

As we approach the 10-year anniversary of the UK's Stewardship Code, Dr Dionysia Katelouzou, Lecturer in Law at King's College London, asks whether institutional shareholders are part of the problem or part of the solution towards more sustainable companies.





Shareholder engagement is key to good corporate governance as it enhances a company's accountability and performance. The focus of shareholder engagement expectations and requirements used to be on the responsibility of companies to maintain an appropriate level of disclosure and to ensure that channels of communication were available to shareholders wishing to engage with the company. Following the global financial crisis of 2007 and 2008, there has been an increasing recognition that it takes both parties to the dialogue to ensure that there is genuine engagement and focus on long-term rather than short-term corporate performance. Along with other regulatory reforms to prevent future financial crises over the last decade, we have seen an increased push from regulators globally to ensure that shareholders, in particular institutional investors, adhere to basic principles of stewardship and responsible ownership.

This trend started with the publication of the UK's Stewardship Code in 2010. The code, which was revised in 2012, introduces seven soft law principles for UK-based institutions and asset managers aimed at improving their relationships with investee companies whilst largely adhering to shareholders' interests. The code applies to asset owners and asset managers (and by extension to service providers) on a comply-or-explain basis. Institutions can choose whether or not to sign up to the code and, if they do, they should state publicly whether they comply or else explain why they deviate from the code's principles. Even though the code does not constitute an obligation for institutional investors to micromanage corporate affairs, it emphasises for example that stewardship is more than just voting at the Annual General

Meeting (AGM), and ideally institutional shareholders should be monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance through a 'purposeful dialogue' which can be escalated where necessary.

Since 2010, the concepts of stewardship and responsible ownership have gained ground around the world. We have seen stewardship codes published in a number of different jurisdictions, including: Australia, Italy, Japan, Hong Kong, Kenya, Malaysia, the Netherlands, Switzerland, Singapore, South Africa and Taiwan. More recently, with the publication of the amended EU Shareholder Rights Directive in 2017, the trend seems to be entering a new phase where the soft law approach may be replaced by semi-mandatory requirements.

#### Should all investors have a stewardship role?

One of the key issues in shareholder stewardship is the question of to whom these new code principles are supposed to apply. While in theory all shareholders, irrespective of the size of their shareholdings, have a role in the accountability chain of command – directors hold managers accountable and shareholders hold the board accountable

for the fulfillment of its responsibilities – it is generally only institutional investors who have the scale and the resources to engage with investee companies beyond attending the AGM.

This issue was debated in Hong Kong when its stewardship code – *Principles of Responsible Ownership* – was released by the Securities and Futures Commission (SFC) for consultation in 2015. The SFC intended the code to apply to all shareholders, but submissions during the consultation process argued that most of the principles are only really relevant to institutional investors. For example, the concept of reporting to stakeholders on how they have discharged their ownership responsibilities, or the need to manage conflicts of interests when investing on behalf of clients, would not be useful to small individual or retail shareholders.

As a result of the consultation, the SFC abandoned the attempt to have the principles apply to all shareholders. Nevertheless, it has retained some elements which are targeted at non-institutional shareholders, in particular the need to take responsibility for how the shares are voted. 'Ownership of shares brings with it important responsibilities, particularly the right to speak and vote

## Highlights

- institutional shareholders should be monitoring and engaging with investee companies on matters such as strategy, performance, risk, capital structure and corporate governance
- the vulnerability of the current largely voluntary model for stewardship codes around the world is that such codes can be safely ignored
- technological developments have made it easier for all investors, including non-institutional investors, to vote at AGMs and engage with investee companies

on matters that can influence the way in which a business is conducted. Owners of company equity should not blindly delegate these responsibilities. Even when they employ agents, directly or indirectly, to act on their behalf, owners should ensure that their ownership responsibilities are appropriately discharged by those agents,' the principles state.

At the same time, it is important to note that the spread of electronic voting platforms over the last decade has made it easier for all investors, including non-institutional investors, to vote at AGMs and thereby engage with investee companies, especially when shares are held through complex chains of intermediaries at a cross-border level. More recently, the emergence of blockchain and smart contracting technology can further facilitate remote voting and restructure old-fashioned AGMs. Whether electronic or blockchain shareholder voting will be sufficiently picked up by all investors and catalyse responsible ownership remains to be seen.

### The corporate governance role of institutional shareholders

As discussed above, most stewardship codes around the world are specifically targeted at institutional investors. This is not only because they have the resources to engage with investee companies, it is also because they represent a hefty and growing slice of the market. In the UK, the proportion of equity held by institutional investors has been rising in recent decades (see Figure 1: Increasing institutionalisation of UK public equity).

This pattern is also visible in other markets globally – institutional investors have become significant global equity owners (see Figure 2: Financial assets of institutional investors 1995–2014 as a percentage of GDP). The big question, however, remains: are institutional shareholders part of the problem or part of the solution towards more sustainable companies?

In some ways, institutional shareholders would seem to be part of the solution.

Two major challenges for capital markets around the world are the effects of short-termism and shareholder passivity. Institutional investors would appear to mitigate both of these risks. Pension funds, for example, tend to hold equity for the long term, and institutional investors generally, including activist hedge funds and similarly active asset managers, have been at the forefront of engagement activities globally.

On the other hand, institutional investors may have interests that differ materially from those of other shareholders and stakeholders. For instance, it is still highly debatable whether activist hedge funds can act like real owners and hold directors and managers to account, or whether they serve a self-interested, short-term agenda at the expense of other long-term shareholders and stakeholders.

While the existing evidence in relation to the role that institutional shareholders can play in the corporate governance of publicly listed firms remains largely

Figure 1: Increasing institutionalisation of UK public equity

	Cadbury Code	Hampel Report; Combined Code	Higgs Review, post-Enron	Financial crisis onset	UK Stewardship Code introduced	UK Stewardship Code revised	Most recent data
	1992	1998	2003	2008	2010	2012	2014
Rest of the world	13.1	30.7	36.1	41.5	43.4	53.6	53.8
Insurance companies	19.5	21.6	17.3	13.4	8.8	6.6	5.9
Pension funds	32.4	21.7	16	12.8	5.6	4.7	3
Individuals	20.4	16.7	14.9	10.2	10.2	10.1	11.9
Unit trusts	6.2	2	1.5	1.8	8.8	9.5	9
Investment trusts	2.1	1.3	1.7	1.9	2.1	1.7	1.8
Other financial institutions	0.4	2.7	8.3	10	12.3	6.6	7.1
Others	5.9	3.5	4.2	8.4	8.7	7.3	7.5
Total	100	100	100	100	100	100	100

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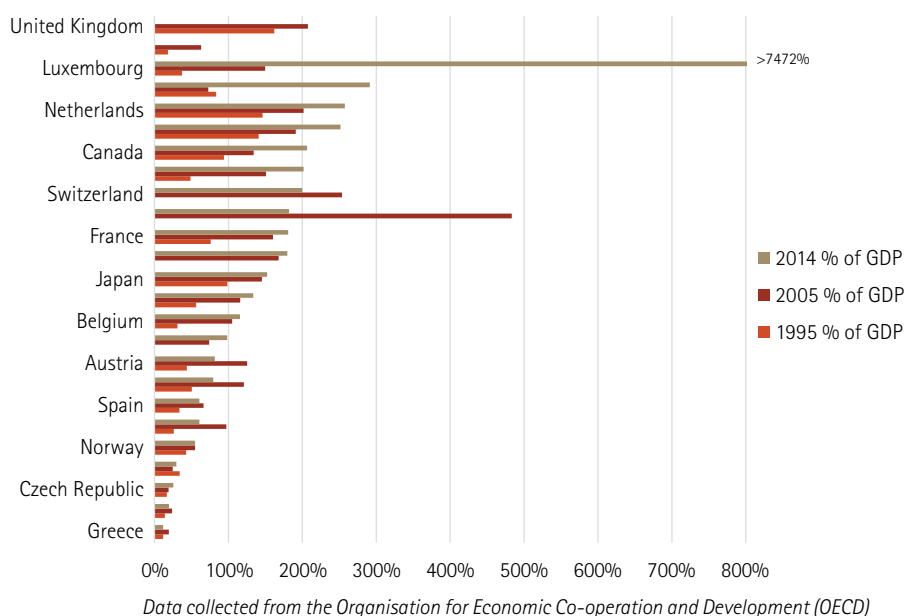
inconclusive, it is clear that the public trust in institutional investors and public companies more generally cannot be restored in the 21st century unless the dysfunctionality of institutional shareholders' accountability is addressed. Ultimately, this is what shareholder stewardship aims for.

#### Are stewardship codes effective?

While the intention of stewardship codes around the world – namely to promote a purposeful dialogue between investees and with investee companies – is certainly laudable, do they actually make much difference?

Hong Kong's *Principles of Responsible Ownership*, like most stewardship codes, is voluntary and non-binding. The code sets out basic principles for responsible ownership in Hong Kong – for example, investors should monitor and engage with their investee companies, they should have clear policies on voting and they should report to their stakeholders

Figure 2: Financial assets of institutional investors 1995–2014 as a percentage of GDP



on how they have discharged their ownership responsibilities.

The vulnerability with this voluntary model is that the code can be safely ignored. Even where comply-or-explain elements are added to a stewardship code, there arises the question of who is going to monitor compliance? The local regulator is unlikely to have jurisdiction over the majority of institutional investors since they are usually multinational institutions. In the UK, for example, more than 50% of the institutional equity stake is held by overseas institutions.

Is there any evidence that the slew of stewardship codes around the world is having an effect? As we approach the 10-year anniversary of the UK's Stewardship Code, is there any evidence that these codes have actually changed the behaviour of institutional investors? Is there any evidence of higher voting levels or higher transparency among institutional investors? Are institutional investors more willing to disclose their voting activity, their

management of conflicts of interest, or how they have escalated their activities? Are they more ready to act collectively with other investors where appropriate?

Given the limitation of voluntary stewardship codes, will we see a trend towards a hardening of the soft law of stewardship? The EU's new stewardship regime – the Amended Shareholder Rights Directive (SRD) 2017 – has taken a step in that direction. Arguably, the SRD reflects a broader public interest in making institutional shareholders accountable to a wider range of corporate constituents in the exercise of their engagement powers, and is not far short of imposing a duty on institutional investors and asset managers to demonstrate engagement. The SRD can therefore be viewed as the beginning of the hardening of shareholder responsibilities and obligations, and in time, duties.

**Dr Dionysia Katelouzou**

*Lecturer in Law  
King's College London*

# Reporting on the UN Sustainable Development Goals



## Tony Wong, Founder, and Regina Tai, Consultant, Alaya Consulting, discuss the why and the how of aligning your sustainability strategy with the UN Sustainable Development Goals.

Developed by the United Nations (UN) in 2015, the Sustainable Development Goals (SDGs) represent a global consensus on what level of progress is expected towards a global strategic plan. Succeeding the Millennium Development Goals, the SDGs have 17 goals and 169 targets covering a wide range of topics across the economic, social and environmental dimensions of sustainable development. These goals aim to create change and resolve some of the biggest problems facing the world, including poverty, climate change and the need for peace and justice.

### Institutional investors are pivotal

Similar to other sustainability reporting initiatives, the success of the SDGs hinges on their reception by institutional investors. At the Responsible Investment Conference in Tokyo, held in April this year, the SDGs were one of the key focuses for institutional investors. While there is still some debate about the investment case for the SDGs, there is no doubt that asset owners with a longer-term investment timeframe, such as pension funds, have been increasingly requesting asset managers to invest in organisations that have aligned their sustainability performance with the SDGs.

Investors are therefore in the driving seat when it comes to demanding changes in how organisations operate, asking them to act responsibly, for example preventing discrimination, promoting diversity, managing their environmental footprints and providing sustainable solutions to relevant issues such as clean energy, water sanitisation and affordable housing.

In addition to the incentive provided by investor concerns, directors and managers also need to take the SDGs into account as part of their fiduciary duty. Their duty to act in the best interests of their organisations requires them to take action on issues such as damage to the environment since such 'external' costs will very soon be appearing in their accounts. The SDGs and their underlying targets are therefore not only a way of propelling the development of a more sustainable world, but they also provide organisations with the opportunity to strengthen investor trust, improve environmental, social and governance (ESG) performance and reduce external costs.

### Adapting national goals to your organisation

Governments are expected to translate the SDGs into national action plans and initiatives but the SDGs are not only national targets, they rely heavily on the private sector getting involved. The SDGs can act as a framework to help organisations connect their business strategies with global priorities and

improve the way they communicate their sustainability strategies, targets and initiatives. However, organisations should bear in mind that aligning their strategic goals with the SDGs is only the beginning of the journey; to really be part of the solution, organisations need to set performance targets to measure their progress towards the goals. Not all of the 17 SDGs, however, will be equally relevant to individual organisations. The extent to which an organisation can contribute, and the risks and opportunities it faces, will depend on its specific situation.

### Complementing the HKEX ESG Reporting Guide

The Hong Kong Exchanges and Clearing Ltd (HKEX) *ESG Reporting Guide*, with its 12 environmental and 20 social key performance indicators (KPIs), is designed to be a simple tool to help organisations in Hong Kong meet minimum standards in ESG performance and reporting. The Guide is now largely subject to a comply-or-explain enforcement mechanism. As mentioned above, investors are looking for organisations that go beyond the minimum

## Highlights

- reporting on the Sustainable Development Goals is a way to go beyond the Hong Kong Stock Exchange *ESG Reporting Guide* and raise your game in sustainability governance
- a successful report does not only tell how well an organisation has done, but is also transparent on deficiencies and the necessary steps towards improvement
- asset owners with a longer-term investment timeframe, such as pension funds, have been increasingly requesting asset managers to invest in organisations that have aligned their sustainability performance with the SDGs



“ the SDGs provide organisations with an excellent opportunity to be part of the solution in terms of the environmental, social and governance issues facing the global community ”

compliance requirements in ESG. Reporting on the SDGs is a way to go beyond the *ESG Reporting Guide* and raise your game in sustainability governance.

Although the 17 SDGs have a very broad scope, the specific targets are well-articulated and easy to comprehend. The corresponding KPIs will be mostly based on national standards and there is some flexibility for organisations to set their own KPIs according to their ESG strategy and business nature. Below are some examples of the SDGs that Hong Kong companies may consider implementing and setting targets or KPIs for, covering environmental, social and governance aspects.

**Reporting on the SDGs – a five-step process**

**1. Identify impact areas**

The first step for organisations wishing to report on the SDGs is to understand the environmental and social impacts of their operations. That includes the nature and the scale of the impact, as well as the stakeholder groups affected. With the organisation's vision and mission

**Examples of broadly relevant SDGs**

SDG targets by 2030		Potential initiatives for Hong Kong companies
<ul style="list-style-type: none"> <li>Increase share of renewable energy in global energy mix</li> <li>Double the global rate of energy efficiency</li> </ul>		<ul style="list-style-type: none"> <li>Report energy intensity</li> <li>Increase share of renewable energy in operations</li> <li>Support research &amp; development on renewable and energy-saving technology</li> </ul> <p><i>HKEX KPI A2.1</i></p>
<ul style="list-style-type: none"> <li>Safe workplace for all</li> <li>Equal pay for work of equal value</li> <li>Eradicate child and forced labour</li> <li>Reduce unemployment rate for young people</li> </ul>		<ul style="list-style-type: none"> <li>Strengthen occupational health and safety practices and keep track of injury rate</li> <li>Facilitate diverse and inclusive corporate culture</li> <li>Ethical employment practices</li> <li>Provide graduate training</li> </ul> <p><i>HKEX Aspects B1-4</i></p>
<ul style="list-style-type: none"> <li>Reduce waste generation through 3Rs (reduce, recycle and reuse)</li> <li>Sustainable use of natural resources</li> <li>Integrate sustainability information into their reporting cycle</li> </ul>		<ul style="list-style-type: none"> <li>Green office measures</li> <li>Waste management in all aspects of operation</li> <li>Sustainable procurement</li> <li>Promote environmental friendly production at supply chains</li> <li>Disclose relevant environmental data on ESG report</li> </ul> <p><i>HKEX KPIs A1.3, 1.4, 1.6</i></p>
<ul style="list-style-type: none"> <li>Substantially reduce corruption and bribery in all forms</li> </ul>		<ul style="list-style-type: none"> <li>Strengthen corporate governance and internal control</li> <li>Comprehensive business ethics training for employees</li> </ul> <p><i>HKEX KPIs B7.1, 7.2</i></p>
<ul style="list-style-type: none"> <li>Enhance North-South, South-South and regional cooperation on:                             <ul style="list-style-type: none"> <li>access to environmental technologies</li> <li>investing on SDG implementation</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Consider ESG elements when making investment decisions</li> <li>Participate in industrial, regional or international cooperation initiatives that promote social and environmental well-being</li> </ul>

Source: Alaya Consulting

Reporting on the SDGs – a five-step process



Source: Alaya Consulting

in mind, management needs to assess whether operations are consistent with, or deviating from, the initial purpose of the business.

Engaging with stakeholders can take place in various forms and is an important way to open the organisation up to dialogue with those impacted by its activities. This step is often neglected by organisations due to a perceived lower level of urgency or in the absence of established channels of communication with stakeholder groups. By looking through a wider lens, however, organisations can broaden their understanding of the business and the people who are affected by it, and aspects that are material to the organisation may be uncovered.

**2. Prioritise focus areas**

Before prioritising and picking which SDGs will be the focus areas for your organisation, it is important to consider the integration of sustainability and your value chain. Mapping SDGs along the value chain allows organisations to

better assess their roles and the extent to which they contribute to positive and negative environmental and social impacts, as well as the competencies in enhancing and mitigating them. Such impacts may also create potential business opportunities upstream or downstream along the value chain.

Companies should also ask themselves the following three questions regarding the prioritisation of particular SDGs.

1. Will focusing on this SDG mitigate significant ESG risks?
2. Will it effectively respond to stakeholder concerns?
3. Will the company benefit in the long term?

Long-term commitment is crucial because multiple challenges are expected to emerge while changes are being made, such as the need to change behaviour. Given the benefits and opportunities brought by reporting the SDGs as mentioned above,

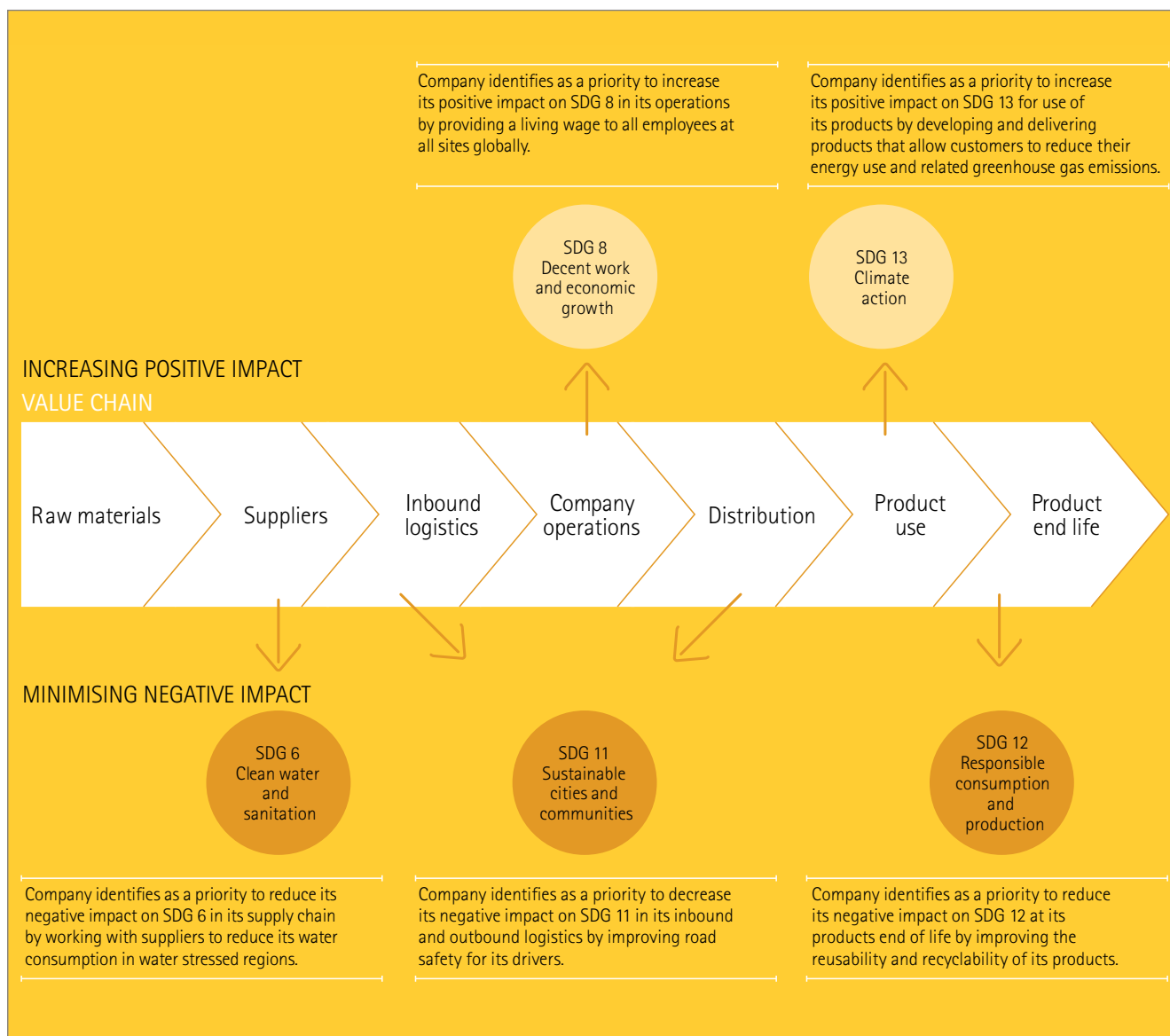
a long-term vision and persistence would be the drivers to overcome the practical challenges of reporting.

**3. Goals and target-setting**

After deciding the relevant SDGs to report on, formulating and announcing quantifiable targets not only shows commitment to stakeholders, but also sets the basis for action plans. Setting measurable and achievable goals and targets requires data collection on existing environmental and social performance. Targets should be SMART (specific, measurable, attainable, relevant and timely).

Apart from the KPIs required by HKEX, companies may set their own KPIs, taking reference from their peers and various industry-specific target-setting tools, which provide a framework for benchmarking and guidelines on monitoring progress. Additionally, engaging in industrial standards such as certifications, audits and associations are also tools to push for adopting concrete actions and practices.

Figure 3: Mapping the value chain



Source: *SDG Compass: The guide for business action on the SDGs*, prepared by Global Reporting Initiative, UN Global Compact and World Business Council For Sustainable Development

**4. Planning and implementation**

Putting your vision and strategy into practice is often the biggest challenge in the reporting process. On the one hand, this involves initiating transformation of mindsets and behaviour internally in order to build a smooth mechanism in, for example, data collection and

cross-department coordination on implementing sustainable measures.

Building awareness of the SDGs will be key to strengthening the bottom-up motivation among employees, rather than relying on top-down orders from management. Communicating with

external stakeholders on the new changes is also important to ensure their support and collaboration. It is necessary for organisations to get their stakeholders involved throughout the process, approaching different groups according to their interests and needs.

### 5. Reporting on progress

Once your data has been collected and the relevant initiatives have been successfully put in place, you are ready to begin writing your report. During the writing process, it is important to bear in mind that your results must be presented in a way that is linked to the organisation's business strategy and financial performance.

One major concern of organisations regarding reporting on targets and progress is the negative consequences of failing to achieve the targets. However, a successful report does not only tell how well an organisation has done, but is also transparent on deficiencies and the

necessary steps towards improvement.

This will provide stakeholders, especially investors, with a long-term perspective on the company's sustainable development. The SDGs are designed to resolve global sustainability issues; they would lose their purpose if organisations fail to accurately disclose their progress.

#### Going forward

The SDGs provide organisations with an excellent opportunity to be part of the solution in terms of the environmental, social and governance issues facing the global community. There will be challenges in their adoption, however. The SDGs have been facing issues similar

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the SDGs can act as a framework to help organisations connect their business strategies with global priorities and improve the way they communicate their sustainability strategies, targets and initiatives  
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## Case study: IKEA

IKEA, the well-known Swedish furniture company, has incorporated the SDGs into its sustainability report for two consecutive years since 2016. This is part of IKEA's mission to ensure that it has a positive impact on people and the planet. Its target-setting began long before the SDGs were launched, with new targets added annually. The nature of the furniture business prompted IKEA to recognise the 'use of materials' as a material topic, with the largest proportion of the targets set in relation to resource independence.

Responding to SDG 12 (Responsible consumption and production), initiatives have been implemented to participate in the circular economy, including collaboration with suppliers and students to identify the causes of high energy and materials consumption and to develop solutions through technological innovation. IKEA has adopted a partnership approach with suppliers, assisting and guiding them to improve their environmental performance, eventually obtaining higher scores in IKEA's supplier sustainability index.

IKEA has gone beyond the relevant reporting guidelines in its sustainability reporting. More importantly, it has also reported on its progress towards meeting its targets. For example, IKEA aims to source 100% of wood, paper and cardboard products from sustainable sources by 2020. The progress is on track, as 77% of these materials were from sustainable sources in 2017. However, progress has been slow in ensuring that recycled plastic is used in its products; currently only 30% is made from recycled plastics.

to those that confronted ESG reporting in the early years, such as lacking tools and metrics to measure and manage progress. In addition, they will face the challenge of the need to change mindsets, particularly among middle management. The 'millennial' generation is generally eager for change and C-suite executives often understand that the long-term survival of organisations at least partly hinges on how they respond to the SDGs. Middle managers may be resistant to change, however, and may be one of the main barriers to adopting the SDGs. Engaging employees with the right mindset and linking performance appraisals to sustainability issues will therefore be critical to make this work.

**Tony Wong, Founder and Regina Tai, Consultant**

*Alaya Consulting*

*Alaya Consulting is a Hong Kong-based firm that advises companies on non-financial reporting and sustainability process improvement.*

# China's massive government restructure explained





Nanda Lau, Karen Ip and Patrick Han, Herbert Smith Freehills LLP, summarise the key institutional changes proposed in China's government restructure plan, and provide observations on how these changes are likely to impact foreign investors and multinationals doing business in China.

China's recently announced government restructure is the largest of its kind since China's open door policy began in the late 1970s. The restructuring will result in the reduction of eight central-level ministries and seven vice-ministerial agencies. The plan is part of a broader redesign of the Communist Party of China to deepen the reform of the party and state institutions.

The restructure will remove duplications of responsibilities between existing ministries and agencies and remove institutional obstacles hindering intra-government collaboration. The reforms are also designed to strengthen market supervision, social management, public service and environmental protection.

#### Market supervision and anti-monopoly

A new State Administration for Market Supervision (SAMS) will be established, combining the existing responsibilities of the State Administration for Industry and Commerce (SAIC), General Administration of Quality Supervision, Inspection and Quarantine and China Food and Drug Administration (CFDA).

SAMS will be the key regulator in supervising market order, covering a wide number of business areas including business registration, market regulation, product safety, food safety, quality inspection, certification and accreditation.

Notably, the new administration will also regulate all anti-monopoly matters. Currently, the Anti-monopoly Bureau of the Ministry of Commerce is responsible

for merger control filings, while the National Development and Reform Commission (NDRC) and SAIC are responsible for price-related monopolistic behaviour and non-price related monopolistic behaviour respectively.

While the Anti-monopoly Bureau is likely to remain independent after merging with SAMS, the antitrust departments of NDRC and SAIC will be consolidated to eliminate any overlap of investigatory power. A new State Intellectual Property Office (SIPO) will be established under SAMS to formulate China's intellectual property protection system and the registration of trademarks, patents and geographic indicators. With SIPO being an affiliate of SAMS, it is hoped that the office will have greater resources to handle administrative cases relating to intellectual property and enforcing intellectual property rights.

The creation of SAMS is China's latest effort to reform market regulators at the central government level. Historically, the regulation of market activities has involved different government bodies

with scattered regulatory functions. This has proved inefficient and resulted in complicated compliance requirements for companies. We expect that integrating the various market supervision agencies will consolidate law enforcement resources and facilitate intra-government communication and collaboration. This will hopefully lead to simplified administrative procedures, consistent enforcement standards and lower compliance costs.

#### Pharmaceuticals and healthcare

There will be three new regulatory authorities in the pharmaceutical and healthcare sector – the State Drug Administration, the State Administration for Medical Security Insurance (SAMSI) and the National Health Commission.

The State Drug Administration will be established under SAMS to replace the pharmaceutical-related regulatory power of CFDA. At the local level, there will also be provincial drug administrations but no separate agency will be created further down the bureaucratic pyramid.

### Highlights

- historically, the regulation of market activities has involved different government bodies with scattered regulatory functions
- the reforms represent a major effort to modernise China's governance structure and create one that is better structured, more efficient and service-orientated
- the reforms will hopefully lead to simplified administrative procedures, consistent enforcement standards and lower compliance costs, though this will depend on how the reforms are implemented in practice

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**the restructure will remove duplications of responsibilities between existing ministries and agencies and remove institutional obstacles hindering intra-government collaboration**  
 ”



This means that, at the city/county level, the relevant regulatory functions will sit directly within the local branches of SAMS. It remains to be seen how SAMS will regulate drugs and health products requiring higher professional or specialist capabilities.

Regulation of various types of medical insurance for urban and rural residences will be consolidated under SAMI. More importantly, SAMI will be responsible for supervising the bidding process for drug and medical supply procurement and regulating drug and medical services pricing.

Establishing a single and integrated administration under SAMI demonstrates China's commitment to reorganising, at the central government level, its weak and fragmented healthcare governance structure. The current structure has hindered the reform of drug procurement, medical insurance and medical service providers.

The National Health and Family Planning Commission will be transformed into the National Health Commission. According to the reform plan, the new commission will

be responsible for, among other things, the supervision of hospitals and other medical services and policy formulation for drugs, medical treatment and elderly care. The new commission will also take over the regulation of occupational safety and health from the State Administration of Work Safety.

#### Financial regulation

The China Banking Regulatory Commission and the China Insurance Regulatory Commission will be combined under a new commission, while the China Securities Regulatory Commission will remain unchanged.

The People's Bank of China (PBOC), China's central bank, will be responsible for drafting key regulations and prudential oversight in the financial industries. These reforms, together with the establishment of the Financial Stability and Development Committee (FSDC) in November 2017, will change the financial regulatory framework from 'one bank plus three commissions' to 'one committee, one bank and two commissions', moving closer to the 'Twin Peaks' regulatory model (see 'What is the Twin Peaks model?') adopted by many developed economies.

In the future, FSDC and PBOC are likely to focus more on prudential regulation, while the two commissions focus on specific conduct and financial products. When the streamlined regulatory framework is in place, it is expected that coordination and information sharing between different regulators will improve. We anticipate that the reforms will also speed up progress on wealth product regulations and measures to combat shadow financing and other risks that could threaten the stability of China's financial system.

#### Tax

State and local taxation bureaus will be integrated under the State Administration of Taxation, making it the chief regulator with support from local governments.

Under China's 24-year-old tax system, tax revenues are shared between state (central) and local governments. On an operational level, all types of taxes are classified into 'state tax' and 'local tax' and two bureaucratic systems collect tax separately.

The dual systems have created significant administrative burdens on companies who must comply with the dual tax filing, collection and inspection requirements.

In 2015, China started to improve collaboration between state and local tax administrations with the adoption of a new electronic system to standardise tax compliance procedures and eliminate duplicate filing. Integration of the state and local taxation bureaus is a further step to break institutional barriers within the tax administration system. Under the reform plan, companies are expected to spend less time and energy on tax-related matters in their day-to-day operations.

#### Entertainment and media

A new State Film Bureau will be established to take over the responsibilities of the film arm of the State Administration of Press, Publication, Radio, Film and Television. The State Film Bureau, together with the General Administration of Press and Publication, will be administered directly by the Publicity Department of the Party, indicating the Party's desire to exert tighter control over news, film and media content. Last year, China published a host of new regulations in an attempt to strengthen the supervision and censorship of internet content.

#### Reforms in other areas

Under the reform plan, various other ministries are to be consolidated or streamlined to remove overlapping responsibilities and enhance law enforcement. The Ministry of

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**companies doing business in China need to be prepared for possible prolonged approval or filing processes in certain sectors due to uncertainties brought about by these reforms during the transitional period**  
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Environmental Protection, for example, will be 'upgraded' to a new Ministry of Ecological Environment with expanded jurisdiction covering environmental protection-related responsibilities previously held by six other ministries or agencies. Likewise, the new Ministry of Natural Resources will combine the functions of eight existing regulators to coordinate the use and improve the protection of natural resources.

#### Conclusion

This huge effort to modernise China's governance structure and create one that is better structured, more efficient and service-orientated is welcome. Whether it will succeed, however, depends on how it is implemented in practice.

The roll-out of the overall reform plan is just a starting point, with more to be

announced and implemented in the coming years. The new ministries and agencies need to detail their functions, personnel and internal structures at an operational level. Existing laws and regulations need to be amended to ensure consistency with the new governance structure.


These are challenging tasks given the scope and depth of the changes and the reform will require careful planning, effective communication and extensive coordination among the different agencies. Consequently, while one of the long-term targets of the reform is to improve efficiency of the government, companies doing business in China need to be prepared for possible prolonged approval or filing processes in certain sectors due to uncertainties brought about by these reforms during the transitional period.

We advise that companies follow these developments closely to understand possible changes to the regulatory requirements and factor this in to their strategic planning and daily operations.

**Nanda Lau, Karen Ip and Patrick Han**  
*Herbert Smith Freehills LLP*

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## What is the Twin Peaks model?

The Twin Peaks model of financial regulation, pioneered by Australia and adopted in many developed jurisdictions, reorganises regulatory infrastructure along functional rather than sectoral lines. Two, hence the name, overarching regulatory bodies are created to take care of the two basic functions of regulation – helping to ensure the stability of the financial system (prudential regulation) and supervising behaviour at financial institutions (conduct regulation). 

# The significant controllers register: your questions answered

From 1 March 2018, The Companies (Amendment) Ordinance has introduced a new requirement for Hong Kong private companies to create and retain a verified significant controllers register (SCR). This article presents the Companies Registry's responses to a number of questions raised by members of the Institute regarding the SCR.

*If the company secretary of a group is employed as the designated representative for the group, is it necessary for there to be individual appointments by each member of the group companies? The employment is for the whole of the group and under contract (third party) rights the employed company secretary and each group member have rights against each other. We urge the Companies Registry to allow for the employed company secretary over the group function to perform the requisite role without further appointments by members of the group.*

'If the company secretary of a group of companies is employed as the designated representative for the whole group, whether the company secretary will then be employed by each company of the whole group and whether it is necessary for individual appointments by each company essentially depend on the terms of the employment contract and who are the contracting parties, which are all questions of fact. Please note that in order to comply with Section 653ZC(2)(a) (on the employee point), the company secretary must be an employee of a company if he/

she is to be appointed as the designated representative of that company. Alternatively, the designated representative can be an accounting professional, legal professional or a trust or company service provider (TCSP) licensee.'

*If the designated representative is not in the office, who can help a law enforcement officer? Is the company liable if it waits for the designated representative to become available? Further, how would the Companies Registry deal with the situation where it does not know who is the designated representative, as there is no obligation to file a return to disclose the identity of the designated representative where the SCR is kept at the registered office? The company secretary should know the Companies Registry's working procedures in this regard to facilitate the relationship between the designated representative and the Companies Registry and law enforcement officers.*

'Please note that under Section 653X, it is the company's obligation at any reasonable time to make its SCR available for inspection by a law enforcement

officer on demand at the place where the register is kept. If no Form NR2 in respect of the location of the SCR is filed, the law enforcement officer will go to the registered office address of a company for the purpose of the inspection.'

*Hong Kong, unlike certain other jurisdictions, provides no exemption to stop due diligence with listed companies. In practice, it is difficult to trace the registrable person from a listed company. We are of the view that the specified entity should be amended in due course to include listed companies. In the interim, there is a question as to why the CEO of a listed company cannot be the registrable person as he or she should have the requisite control over the listed company. This is the position adopted in certain other countries. We urge the Companies Registry to agree to allow this to be permitted.*

'Under Section 653C, a company is not required to investigate further beyond a registrable legal entity provided it is listed in Hong Kong. Specified entities are a distinct type of organisation for which the law makes special provisions



and treats them as registrable persons. Listed companies and specified entities are different types of entities, and it is inappropriate to include listed companies as specified entities. Some roles or relationships would not on their own result in a person being considered to be exercising significant influence or control over a company. Whether a CEO of a listed company can be a registrable person of an applicable company depends on whether he/she has the right to exercise, or actually exercises, significant influence or control over the company.

*In terms of sending notices to persons who the company knows, or has reason to believe that they will know, who the significant controller(s) is/are, does the Companies Registry expect the company to send notices to all the members of a parent company (for example, disclosed under an organisation chart) or is a notice served on the parent company sufficient? As it would be impractical to serve notices to the members of the parent company, we believe that service of a notice to the parent should be sufficient. Also, if the top-level company, after it has been*

*served with a notice, says that it has no significant controller, would the company have discharged its obligation by entering this information into the SCR? Is any further investigation, which appears impractical, of the members required? What are the Companies Registry's views on these matters?*

'Section 653P(3) requires a company to give a notice to a person who knows the identity of the significant controllers. The question as to whom the notice should be given should be left to the company

as long as Section 653P(3) is complied with. Section 653P(1) requires a company to take reasonable steps to ascertain and identify whether there is any significant controller of the company. Whether the company has discharged its obligation depends on the facts of each case.'

*The company is supposedly required to record a registrable change. The law only requires this where the company has the appropriate level of knowledge. Is it correct to assume that, in the absence of any event bringing about this knowledge,*

## Highlights

- it is the company's obligation at any reasonable time to make its SCR available for inspection by a law enforcement officer on demand at the place where the register is kept
- a company is not required to investigate further beyond a registrable legal entity provided it is listed in Hong Kong
- whether a CEO of a listed company can be a registrable person of an applicable company depends on whether he/she has the right to exercise, or actually exercises, significant influence or control over the company



*there is no obligation upon the company to continuously monitor changes? This would be impracticable.*

'Please note that Section 653T requires a company to give a notice to its significant controller in accordance with Section 653U only when the company knows or has reasonable cause to believe that there is a registrable change in respect of the significant controller.'

*Is the specified entity of an State-owned enterprise, State-owned Assets Supervision and Administration Commission or the China State, or is there no specified entity?*


'What entity is a specified entity is stated in Section 653A. If the ultimate beneficial owner of a company is the government of the People's Republic of China, it is the specified entity.'

*A Hong Kong private company limited by shares is wholly-owned by a nominee in trust for a provident and retirement plan, which was set up for the purpose of managing the mandatory provident fund of the group employees. The trustees can administer the trust under the trust deed. Under this situation, aside from the particulars of the trustees, who is required to be stated in the significant controllers register as a registrable person for a provident fund? We are aware of Paragraph 10.6 of the applicable guidelines, but what is the situation for a provident fund?*

'Condition (e) contains no specific provision for a trust for a provident fund. The company needs to find out whether there is any person (other than the trustees) who has the right to exercise, or actually exercises, significant

influence or control over the activities of the trust.'

*In considering whether a person holds shares indirectly in a chain of ownership ending up with the registrable legal entity holding more than 25% of the shares in the Hong Kong entity, the law requires the company to consider Conditions (a) to (d). If there is no person holding more than 50% (being a majority stake) in the ultimate owner (which can be a listed company, a private company, a trust or partnership), it will be logical to explore criteria (d) in relation to the stake. The difficulty is to identify someone with dominant control or influence. It is not clear to us why there is the concept of dominant influence in Criteria (d) relating to stakes in shares but significant influence in Conditions (d) and (e). What is the reason behind the need to make a distinction? If dominant influence is the criteria to apply, then if the decision is made by the board collectively, it is quite clear that no one can have a dominant influence if each director has equal voting rights. Does the company have to register all the directors?*

'Section 7(2) of Schedule 5A sets out the criteria, including the right to exercise, or actually exercise, dominant influence or control, for a person to have a majority stake in a legal entity (Section 7(2)(d)). It can be seen that the threshold for determining whether a person has a majority stake in a legal entity is higher than that required for determining whether a person has significant influence or control over a company, and dominant influence or control should be construed accordingly. If no person meets any of the criteria under Section 7(2) of Schedule 5A in relation to a legal entity, then there is no person having a majority stake in that legal entity.' 

## A word of thanks

Members of the Institute have been in the forefront of the compliance efforts in relation to the requirement for Hong Kong private companies to create and retain a verified significant controllers register. The Institute's Companies Registry Customers Liaison Group formally presented members' questions to the Companies Registry, and the Institute is grateful for the Companies Registry's responses given in this article.

In addition to the questions relating to this issue, the Institute has also communicated members' questions relating to the new licensing regime for trust and company service providers (TCSPs) as contained in the Anti-Money Laundering (Financial Institutions) (Amendment) Ordinance. We will keep members posted about the Companies Registry's responses. Meanwhile, the Institute is grateful to the Companies Registry for the issue of a recent Frequently Asked Questions relating to the TCSP licensing requirements in group situations following representation by the Institute on the vexed issue.

The Institute also expresses gratitude to Neil McNamara FCIS FCS, Edith Shih FCIS FCS(PE), David Fu FCIS FCS(PE), Natalia Seng FCIS FCS(PE), Samantha Suen FCIS FCS(PE) and Mohan Datwani FCIS FCS(PE) from the Institute; as well as Ada Chung JP, Registrar of Companies, and Margaret Chan, Senior Solicitor, Companies Registry.

# 中國公司法 單元課程 PRC Corporate Law

(Subject to Approval)

1590-1702NW

## 課程大綱

- 公司法概述
- 公司的董事、監事、高級管理人員
- 公司的財務與會計制度
- 公司的變更、合併與分立
- 外國公司的分支機構
- 外商投資企業的治理結構的規範
- 外商投資企業設立、撤銷分公司及有關辦事處的規定

## 課程時間表

課程為期四週 授課時間：4堂，每堂6小時，共24小時

上課時間：周六 14:00-17:00 及 18:00-21:00

授課日期：2018年6月2日、6月9日、6月16日及6月23日

(校方保留更改及調動課堂時間之權利)

授課地點：港島區其中一所教學中心

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  - 深圳市羅湖區政府法律顧問

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## 學費

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## 課程查詢

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 [prcprogramme@hkuspace.hku.hk](mailto:prcprogramme@hkuspace.hku.hk)

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電話：28816177；電郵：[ecpd@hkics.org.hk](mailto:ecpd@hkics.org.hk)

## Professional Development

### Seminars: March 2018

7 March

Understanding the updated COSO enterprise risk management framework



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

*Speakers: Roy Lo, Managing Partner, Shinewing (HK) CPA Ltd; and Gloria So, Principal, Shinewing Risk Services Ltd*

8 March

How to avoid and handle employment disputes



*Chair: Lydia Kan FCIS FCS(PE), Institute Professional Development Director*

*Speaker: Cynthia Chung, Partner, Deacons*

12 March

Pre-IPO trust planning & employee stock option plans



*Chair: Edmond Chiu FCIS FCS(PE), Institute Membership Committee member and Professional Services Panel member, and Executive Director, Corporate Services, Corporate & Private Clients, Vistra Hong Kong*

*Speaker: Karen Cheung, Director – Business Development, Corporate & Private Clients, Vistra Hong Kong*

13 March

Significant controller register & new licensing regime of TCSP (re-run)



*Chair: Dr Eva Chan FCIS FCS(PE), Institute Treasurer and Education Committee Chairman, and Head of Investor Relations, C C Land Holdings Ltd*

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

14 March

The statutory derivative action under the UK Companies Act 2016: has it made any difference 10 years on?



*Chair: Richard Leung FCIS FCS, Barrister, MA, LLB, FCPA, Institute Past President, and Barrister-at-Law, Des Voeux Chambers*

*Speaker: Professor Arad Reisberg, Head of the Brunel Law School and Professor of Corporate Law and Finance, Brunel University London, UK*

14 March

Competition law in the EU, the UK and Hong Kong



*Chair: Richard Law FCIS FCS, Institute Education Committee member*

*Speaker: Suzanne Rab, Barrister, Serle Court Chambers, UK*



19 March

Company secretarial practical training series: bank accounts and fund flows in China



*Chair: Jerry Tong FCIS FCS, Institute Education Committee member, and Financial Controller and Company Secretary, Sing Lee Software (Group) Ltd*

*Speaker: Desmond Lau ACIS ACS, Director – China Corporate Services, Tricor Services Ltd*

23 March

Company secretarial practical training series: continuing obligations of listed companies



*Chair: Daniel Chow FCIS FCS, Institute Exemption Sub-Committee member, and Senior Managing Director, Corporate Finance and Restructuring, FTI Consulting (Hong Kong) Ltd*

*Speaker: Ricky Lai FCIS FCS, Company Secretary, HKC (Holdings) Ltd*

20 March

Understanding equity-based incentive plans and related Hong Kong salaries tax implications



*Chair: Richard Law FCIS FCS, Institute Education Committee member*

*Speakers: Bruce Lee, Director, International Assignment Services, Alan Tang, Senior Manager and Tiffany Tse, Senior Manager, Global Mobility Services, PwC Hong Kong*

### Online CPD (e-CPD) seminars

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

### ECPD forthcoming seminars

Date	Time	Topic	ECPD points
18 May 2018	6.45pm–8.15pm	ESG reporting – the road ahead	1.5
13 June 2018	6.45pm–8.15pm	Company secretarial practical training series: the role and challenges of INEDs (re-run)	1.5
15 June 2018	6.45pm–9.30pm	Company secretarial practical training series: share capital and debentures, share buyback and share option scheme	2.5
20 June 2018	6.45pm–8.15pm	Company secretarial practical training series: bank accounts and fund flow in China (re-run)	1.5
28 June 2018	4.00pm–5.30pm	How to avoid and handle employment disputes (re-run)	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).

## Membership

### HKICS fee structure for 2018/2019

The Council, having taken into consideration the current financial resources of the Institute, has resolved to maintain the annual subscription fee for members and graduates at the same level as in 2013/2014, and the registration and renewal fees for students the same as in 2014/2015.

The membership renewal notice, together with the debit note, for the financial year 2018/2019 will be posted to members and

graduates in July 2018. Members and graduates should settle the payment as soon as possible, but no later than Sunday 30 September 2018. Failure to pay by the deadline will constitute grounds for membership or graduateship removal.

Annual subscription and other related fees for members, graduates and students for the financial year 2018/2019, which will apply from 1 July 2018 to 30 June 2019, are set out below.

### Members/graduates

Items	Amount (HK\$)
<b>Annual subscription</b>	
Fellow	2,510
Associate	2,150
Graduate (holding the status for less than 10 years, that is, on or after 1 August 2008)	1,850
Graduate (holding the status for more than 10 years, that is, before 1 August 2008)	2,510
<b>Concessionary subscription</b>	
Retired rate (note 1)	500
Reduced rate (note 1)	500
Hardship rate (note 1)	1
Senior rate (note 2)	100
<b>Election fees</b>	
Fellow (note 3)	1,000
Associate	1,950
Graduate advancement fee	1,900
<b>Re-election fees</b>	
Fellow	3,200
Associate	2,650
Graduate	2,100
<b>Other fees</b>	
Membership card replacement	200
Certificate replacement	200
Membership confirmation	250
Transcript application	200 per copy
Replacement for pin	
• Member	100
• Graduate	100
• Affiliated Person	100



### Mainland Affiliated Persons Programme

Items	Amount (HK\$)
<b>Annual subscription</b>	
Annual subscription	2,200
Registration fee (for new Affiliated Persons who registered between 1 July and 31 December)	2,200
Registration fee (for new Affiliated Persons who registered between 1 January and 30 June)	1,100

### Students

Items	Amount (HK\$)
Registration fee	1,250
Re-registration fee	1,450
Renewal fee	780
Late studentship registration administration charge (note 4)	650
Examination fee	1,100 per subject
Examination postponement fee	850 per subject
Examination appeal fee	2,200 per subject
Exemption fee	1,100 per subject
Exemption re-application administration charge (note 5)	700 per application
Transcript application	200 per copy
Examination technique workshop	500 per subject
ICSA study text	800 per copy
Study pack	470 per copy
CCA late registration charge	450 per month
Studentship card replacement	200
Replacement for pin – student	100

### Notes:

- Members are eligible to apply for concessionary rates (retired, reduced or hardship) if they have fulfilled the respective requirements and subject to the Membership Committee's approval. Application forms can be downloaded from the Membership section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk). The application deadline for any concessionary rates for the financial year 2018/2019 is Thursday 31 May 2018.
- The senior rate is automatically granted to eligible members by the Institute. No application is required.
- The special rate for the fellowship election fee at HK\$1,000 will continue to be applicable during the financial year 2018/2019.
- An administration charge is applied to late studentship registrations for taking the corresponding examinations in June and December.

Late studentship registration period	Examination diet
1–15 August 2018	December 2018
1–15 February 2019	June 2019

- An administration charge for each exemption re-application will be applied to students who do not settle the exemption fee within the designated period of time following the approved exemption.

*For enquiries, please contact the Institute's Membership or Studentship section at 2881 6177, or email: [member@hkics.org.hk](mailto:member@hkics.org.hk), or [student@hkics.org.hk](mailto:student@hkics.org.hk), respectively.*

## Membership (continued)

### New graduate

Congratulations to our new graduate below.

**Wu How Ying**

### New fellows

The Institute would like to congratulate the following fellows elected in March 2018.

#### Zhang Xiaoli FCIS FCS

Mr Zhang is the Secretary of the Commission for Discipline Inspection, Responsible Compliance Officer and Responsible Auditing Officer of PICC Property and Casualty Company Ltd (Stock code: 2328) and has 18 years of management experience in the Mainland China insurance industry.

Prior to joining PICC group, Mr Zhang was a troop leader of the Chinese People's Liberation Army. He joined PICC group in 2000 and has held various positions including General Manager of the Office of the Board of Directors and the President Office of PICC Life Insurance Company Ltd, and an Executive Vice-President, Secretary of the Board of Directors and General Manager of the Secretariat of the Board of Directors and Office of the Supervisory Committee of the Company.

Mr Zhang graduated from the China Europe International Business School with a master's degree in business administration. He is also the Director of the Specialised Committee on Corporate Governance of the Insurance Association of China.

#### Chan Suit Fei, Esther FCIS FCS

Company Secretarial Manager, William Po & Co

#### Ma Tsz Mei FCIS FCS

Assistant Company Secretary, Standard Chartered Bank (Hong Kong) Ltd

#### Ng Shuk Ling, Clara FCIS FCS

Director and Head of Company Secretarial, Hongkong Land Ltd

#### Wong Cheung Ki, Johnny FCIS FCS

Sole Proprietor, Jovial Wings CPA Company

### Members' activities highlights: March and April 2018

24 March

Fun & Interest  
Group – latte art  
workshop



18 April

Members'  
Networking –  
grooming for  
professionals



### Forthcoming membership activities

Date	Time	Event
5 and 12 May 2018	10.45am– 12.45pm	Fun & Interest Group – yoga training (class A)
10 May 2018	6.45pm– 8.30pm	Mentorship Programme – social gathering (by invitation only)
18 May 2018	6.45pm– 8.30pm	Welcome drinks for graduates and associates (by invitation only)
19 and 26 May	10.45am– 12.45pm	Fun & Interest Group – yoga training (class B)

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).

### Whistleblowing policy on alleged false representation as an ICSA/HKICS member

The membership qualification of The Institute of Chartered Secretaries and Administrators (ICSA) and/or the Institute is widely and globally recognised by various governments, regulators, professional bodies and the public. As a professional body, the Institute must protect and safeguard the status, recognition, reputation and interests of its members, graduates and students. The Council approved the 'Whistleblowing Policy on alleged false representation as an ICSA/HKICS member' on 26 March 2018 for this purpose.

Pursuant to the ICSA's Charter and Byelaws and the Institute's Articles of Association, students and graduates are not members of ICSA/HKICS and must not represent themselves as a member of ICSA/HKICS, and/or as a Chartered Secretary, and/or use the designatory letters of 'FCIS', 'FCS', 'ACIS', and/or 'ACS' in a manner likely to lead to an assumed representation that he/she is a member of ICSA/HKICS, and/or a Chartered Secretary, and/or a similar position.

*For enquiries, please contact the Institute's Membership section at 2881 6177 or email: [member@hkics.org.hk](mailto:member@hkics.org.hk).*

## Advocacy

### HKICS Regional Board Secretaries Panel meetings

The Institute organised four Regional Board Secretaries Panel meetings in Beijing, Shanghai, Shenzhen and Chengdu on 25 January, 26 January, 8 February and 9 March 2018, respectively, with the participation of over 70 board secretaries and senior management. At the meetings, the participants shared their views on board secretaries' practice under tightened regulations on directors and senior management. The meetings were followed by dinner gatherings.

*The Institute thanks China Shenhua Energy Company Ltd, COSCO Shipping Holdings Co Ltd, Overseas Chinese Town (Asia) Holdings Ltd and Winshare Publishing & Media Co Ltd for their support.*



*In Beijing*



*In Shanghai*



*In Shenzhen*



*In Chengdu*

## Advocacy (continued)

### Senior Director and Head of Technical & Research speaks at HKGCC's AML/CFT seminar

On 23 March 2018, Institute Senior Director and Head of Technical & Research Mohan Datwani FCIS FCS(PE) was invited to be one of the panellists at the seminar titled 'How to implement the AML/CFT regime for designated non-financial businesses and professions and the key impacts', jointly organised by The Hong Kong General Chamber of Commerce (HKGCC) and Sia Partners. At the panel discussion, Mr Datwani shared the latest developments as to trust and company service provider licensing, including the new licensing procedures. The audience appreciated the opportunity to benefit from the wide experience of Institute members regarding anti-money laundering and counter-financing of terrorism (AML/CFT) compliance.



*Mohan Datwani at the seminar*

### Joint CSR training by Shanghai Municipal Commission of Commerce

On 29 and 30 March 2018, a seminar on corporate social responsibility (CSR) was hosted in Shanghai by Shanghai Municipal Commission of Commerce and jointly organised by the Institute and Goldenbee CSR Consulting, which is a professional firm promoting social responsibility and sustainable development in Mainland China. At the training, over 30 board secretaries and senior management discussed CSR information disclosure, as well as CSR management for enterprises with overseas businesses. Chief Representative of the Institute's Beijing Representative Office Kenneth Jiang FCIS FCS(PE) delivered a welcoming speech and presented attendance certificates to the participants.



*At the training*

### Fellows' networking breakfast with Christina Parry OBE FCIS

On 4 April 2018, about 20 Institute fellows, together with Institute Past President and ICSA Senior Vice-President Edith Shih FCIS FCS(PE), Vice-President Gillian Meller FCIS FCS, Treasurer Dr Eva Chan FCIS FCS(PE), Chief Executive Samantha Suen FCIS FCS(PE) and Secretariat staff, attended a networking breakfast to meet with Christina Parry OBE FCIS, Senior Warden of The Worshipful Company of Chartered Secretaries and Administrators (WCCSA). WCCSA is one of the modern London Livery Companies that promotes and supports high professional standards in all aspects of corporate governance, as well as encourages professional and social communications within the profession. At the occasion, Mrs Parry introduced WCCSA and the London Livery Company to the participants. Fellows took this opportunity to forge connections with each other.



*At the networking breakfast*



### Chief Executive speaks at the HSMC's 4th SACG inauguration ceremony

Institute Chief Executive Samantha Suen FCIS FCS(PE) was invited to be the honourable guest speaker of the inauguration ceremony of the 4th Students' Association of Corporate Governance (SACG) of the Hang Seng Management College (HSMC) Students' Union on 4 April 2018. SACG's objectives are to serve and offer members of the HSMC School of Business a variety of activities and high-quality services throughout their scholastic year. At the inauguration ceremony, Ms Suen shared her past work experiences in the Chartered Secretarial and corporate governance professions with the participants.



*At the inauguration ceremony*

### HKICS attends the BRGCC inauguration ceremony

Institute Council member Bernard Wu FCIS FCS attended the inauguration ceremony of the Belt and Road General Chamber of Commerce (BRGCC) on 17 April 2018. BRGCC is a non-profit organisation which aims at connecting business professionals across Hong Kong, Macau and Taiwan, as well as providing assistance to their developments along the regions of the One Belt One Road zone.

### CSIA Executive and Council meetings in Hong Kong

The Institute hosted and participated in the Executive Committee and Council meetings of Corporate Secretaries International Association Ltd (CSIA HK) on 18 and 19 April 2018. CSIA HK, of which the Institute is a full member, was registered in Geneva, Switzerland in 2010 and relocated to Hong Kong in February 2017. Institute Chief Executive Samantha Suen FCIS FCS(PE) is a representative of the Institute serving as an Executive Committee member and a Councillor of CSIA HK, as well as the Chairman of its World Trade Organisation (WTO) Working Group. A number of initiatives were discussed, in particular the proposed submission to WTO for a particular Trade in Services Sectoral classification listing. The Institute also held a dinner to welcome and network with the Executive Committee members of CSIA who were from different parts of the world. The dinner was attended by Institute President David Fu FCIS FCS(PE), Council and Committee members and the Secretariat team.



*At the CSIA Executive and Council meetings*



*At the dinner*



## Advocacy (continued)

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### HSMC Business Journalism Awards 2017 presentation ceremony

Institute Chief Executive Samantha Suen FCIS FCS(PE) was invited by the School of Communication of the Hang Seng Management College (HSMC) to be the judge of its Business Journalism Awards 2017, and the award presenter of the 'Best Business Series Reporting (Text)' at its award presentation ceremony on 18 April 2018. An appreciation lunch was arranged for the judges on 10 May 2018 as a token of appreciation of their contributions to the Business Journalism Awards 2017.

The HSMC Business Journalism Awards established by the HSMC School of Communication are the first of their kind initiated by a tertiary institution in Hong Kong to recognise professional journalists who have produced outstanding reporting in business, economic and financial issues.

### HKU SPACE College of Business and Finance Business Advisory Board luncheon

Institute Chief Executive Samantha Suen FCIS FCS(PE) was invited by the College of Business and Finance Business of HKU SPACE to be one of its Advisory Board members and to attend its first luncheon on 24 April 2018. The Advisory Board aims at providing HKU SPACE a platform to proactively engage with the public and private sectors, as well as the community of Hong Kong at large, with a view to developing and promoting subject areas in the area of business education to serve the needs of the community.



*At the gathering luncheon*

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### CSj goes green

The Council, in support of preserving the environment, has offered Institute members, graduates and students the option to receive CSj electronically and from the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk) from August 2015 onwards. The Institute is pleased to report that 1,529 members, graduates and students have opted for the electronic version (eCSj) as of 30 June 2017.

If members and graduates would like to switch their means of receipt of CSj to print copy or eCSj, please complete and return the reply form (which can be downloaded from the News section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk)) to the Secretariat on or before Thursday 31 May 2018. The change will take effect from Monday 2 July 2018. If the Institute does not hear alternative instructions from those who opted for eCSj in the financial year 2017/2018, we will continue to forward the eCSj to you in the financial year 2018/2019.

*Members and graduates may change their means of receiving CSj once a year from 1 May to 31 May. For enquiries, please contact Rose Yeung of the Institute's Membership Section at: 2830 6051, or email: [member@hkics.org.hk](mailto:member@hkics.org.hk).*

## International Qualifying Scheme (IQS) examinations

### June 2018 IQS examination and IQS study pack updates

The 2018 updated online version of the IQS study packs for Corporate Governance, Corporate Administration and Hong Kong Corporate Law have been made available on the HKICS PrimeLaw online platform from 13 March 2018. Summaries of the updates for each of these three study packs are available under the News section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk). Students who have activated their online account will have access to the updates and the summaries on that platform too. Students who have not yet activated their accounts are encouraged to do so as soon as possible.

*For questions regarding the online study packs and the June 2018 examinations, please contact Ally Cheung at: 2830 6031, or Ruby Ng at: 2830 6006, or email: [student@hkics.org.hk](mailto:student@hkics.org.hk).*

### Recommended reading list update – Hong Kong Taxation

The recommended reading list for Hong Kong Taxation has been updated with Hong Kong Taxation and Tax Planning as the main reading material. For details of the updated recommended reading list for Hong Kong Taxation, please visit the Studentship section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

## Studentship

### Student Ambassadors Programme

11 April  
Visit to Vistra



13 April  
Visit to HKEX



### Postgraduate Programme in Corporate Governance in Shanghai – information session

The Institute is organising an information session on the Postgraduate Programme in Corporate Governance (PGPCG) offered by The Open University of Hong Kong with intensive weekend classes to be held at the East China University of Science and Technology (ECUST/上海华东理工大学) in Shanghai. The PGPCG is recruiting for the third intake, which will commence in September 2018. Members, graduates and students are encouraged to invite friends and contacts who may be interested in studying with this programme in Shanghai to attend the information session. The details are set out opposite.

**Date:** Thursday 14 June 2018

**Time:** 2.00pm–4.00pm

**Venue:** Function room 3, Grand Kempinski Hotel, Shanghai

*For enrolment and enquiries relating to the information session, please contact Iona Li of the Beijing Representative Office of the Institute at: (8610) 6641 9368 (ext 228); or email: [bro@hkics.org.hk](mailto:bro@hkics.org.hk). For programme enquiries, please contact OUHK at: (852) 2768 6940; or email: [ba@ouhk.edu.hk](mailto:ba@ouhk.edu.hk); or Iona Li of the Beijing Representative Office of the Institute at: (8610) 6641 9368 (ext 228); or email: [bro@hkics.org.hk](mailto:bro@hkics.org.hk).*

## Studentship

### 'Passing the Torch' 2018 – award presentation ceremony and closing ceremony

The Institute partnered with the Hong Kong University of Science and Technology (HKUST) and the Centre for Holistic Teaching and Learning of the Hong Kong Baptist University (HKBU) to run the 'Passing the Torch' project for 2018. This project, sponsored by The Hong Kong Institute of Chartered Secretaries Foundation Ltd (the Foundation) and supported by the Companies Registry, aims to promote better knowledge of business ethics and corporate governance among undergraduates, and to pass on knowledge to secondary school students.

#### 1. Award Presentation Ceremony at HKBU

On 28 March 2018, the 'Passing the Torch' 2018 Award Presentation Ceremony was held at the HKBU campus to conclude the project. Institute Council and Committee members, Secretariat staff and senior members, as well as Professor Ricky Wong, Associate Vice-President (Teaching and Learning) cum Academic Registrar, Dr Eva Wong, Director of the Centre for Holistic Teaching and Learning, and Dr Vincent Leung, Lecturer of the Department of Marketing of HKBU attended the ceremony. Four HKBU student groups participating in the project gave presentations about their work in the secondary school in



At HKBU

February and March 2018. Institute Treasurer and Education Committee Chairman Dr Eva Chan FCIS FCS(PE) presented the participation certificates and awarded honorariums issued by the Foundation to the four HKBU student groups.

#### 2. Closing Ceremony at HKUST

On 17 April 2018, the 'Passing the Torch' 2018 Closing Ceremony was held at the HKUST campus to conclude the project. Institute Council and Committee members, Secretariat staff and senior members, as well as Ivy Poon, Registry Manager, Registry for Trust and Company Service Providers of the Companies Registry (CR), and Dr Dennis Chan, Associate Professor of Business Education of the HKUST Business School attended the ceremony. Four HKUST student groups participating in the project gave presentations about their work in the secondary school in March 2018. Ivy Poon presented the participation certificates and Institute President David Fu FCIS FCS(PE) awarded honorariums issued by the Foundation to the four HKUST student groups.

*The Institute thanks CR for its generous sponsorship and support to, as well as the secondary schools and educational institutions for their participation in, the project.*



At HKUST

### Policy – payment reminder

#### Studentship renewal

Students whose studentship expired in March 2018 are reminded to settle the renewal payment by Wednesday 23 May 2018.

#### Exemption fees

Students whose exemption was approved via confirmation letter in February 2018 are reminded to settle the exemption fee by Wednesday 23 May 2018.





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# HKICS



## Online CPD seminars

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CPD section of HKICS website: [www.hkics.org.hk](http://www.hkics.org.hk)

Enquiries: 2830 6011 / 2881 6177 / [ecpd@hkics.org.hk](mailto:ecpd@hkics.org.hk)

## Proposed enhancements to the Investor Compensation Regime

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The Securities and Futures Commission (SFC) has launched a two-month consultation on proposed enhancements to the Investor Compensation Regime, which has been in place since 1 April 2003 when the Securities and Futures Ordinance came into effect. Key proposals include increasing the compensation limit from HK\$150,000 to HK\$500,000 per investor per default and covering northbound trading under Mainland-Hong Kong Stock Connect.

In addition, the SFC proposes to raise the trigger levels for suspending and reinstating the Investor Compensation Fund levies from HK\$1.4 billion to HK\$3 billion and from HK\$1 billion to HK\$2 billion respectively. The Investor Compensation Fund may be funded by transaction levies which are payable by buyers and sellers of securities and futures contracts traded on the Stock Exchange of Hong Kong or the Hong Kong Futures Exchange. The levies can be suspended and subsequently reinstated when the net asset value of the Investor Compensation Fund reaches certain levels. Under this mechanism, the levies have been suspended since 19 December 2005 and the proposed change will not affect the levy suspension currently in place.

Another proposal would empower the SFC to make interim compensation payments in exceptional circumstances where delays may raise or increase systemic concerns.

*The consultation ends on Wednesday 27 June 2018. More information is available on the SFC website: [www.sfc.hk](http://www.sfc.hk).*

## New BRI Advisory Committee

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In an effort to support parties embarking on projects related to China's Belt and Road Initiative (BRI), Hong Kong International Arbitration Centre (HKIAC) has formed an industry-focused Belt and Road Advisory Committee and launched an online resource platform dedicated to the BRI. The HKIAC Belt and Road Advisory Committee brings together legal and commercial expertise across a range of Belt and Road industry sectors including finance, infrastructure, construction and maritime. Among the newly appointed Advisory Committee members is Gillian Meller FCIS FCS, Institute Vice-President and Legal and European Business Director at the MTR Corporation.

*More information is available at: [www.hkiac.org](http://www.hkiac.org).*

## Revised guidance on online platforms

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The SFC has issued consultation conclusions on its *Guidelines on Online Distribution and Advisory Platforms*. The guidelines, which were subject to a consultation in 2017, provide tailored guidance to the industry on the design and operation of online platforms, including specific guidance on the provision of automated or robo-advice.

The guidelines clarify that the posting of factual, fair and balanced materials on online platforms should not in itself trigger the suitability requirement. This refers to the requirement, as set out in Paragraph 5.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC, that licensed or registered persons should, when making a recommendation or solicitation, ensure the suitability of the recommendation or solicitation for the client is reasonable in all the circumstances, having regard to information about the client of which the licensed or registered person is or should be aware through the exercise of due diligence.

The SFC will implement the requirement for platform operators to ensure the suitability of complex products sold, recognising that retail investors should be in a position to take responsibility for their decisions to invest in simple products which they can reasonably be expected to understand. Complex products refer to products whose terms, features and risks are not reasonably likely to be understood by retail investors because of their complex structures. Under the guidelines, online platforms are required to ensure that any transaction in a complex product (other than derivative products traded on an exchange in Hong Kong or in a specified jurisdiction) is suitable for the client in all circumstances, regardless of whether there has been any solicitation or recommendation.

'The guidelines represent a balanced regulatory approach. They allow more flexibility for investors to manage their investments online, whilst providing them with additional protection in relation to complex products whose features and risks retail investors may have difficulty in fully understanding,' said Ashley Alder JP, the SFC's Chief Executive Officer.

*The SFC will publish frequently asked questions to provide further guidance to the industry. More information is available on the SFC website: [www.sfc.hk](http://www.sfc.hk).*





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Time: 8.55am – 6.20pm

Venue: Hall 5G, Hong Kong Convention and Exhibition Centre, Wan Chai, Hong Kong

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For details, please visit [www.hkicsacru.com](http://www.hkicsacru.com).

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<sup>1</sup> The Guardian University Guide 2017



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- ▶ Graduates are eligible to apply for the **Certified Digital Marketer (CDM)** of Hong Kong Association of Interactive Marketing (HKAIM)

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It is a matter of discretion for individual employers to recognize any qualifications to which these courses may lead.

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