

CSj

November 2018

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The journal of The Hong Kong
Institute of Chartered Secretaries

香港特許秘書公會會刊



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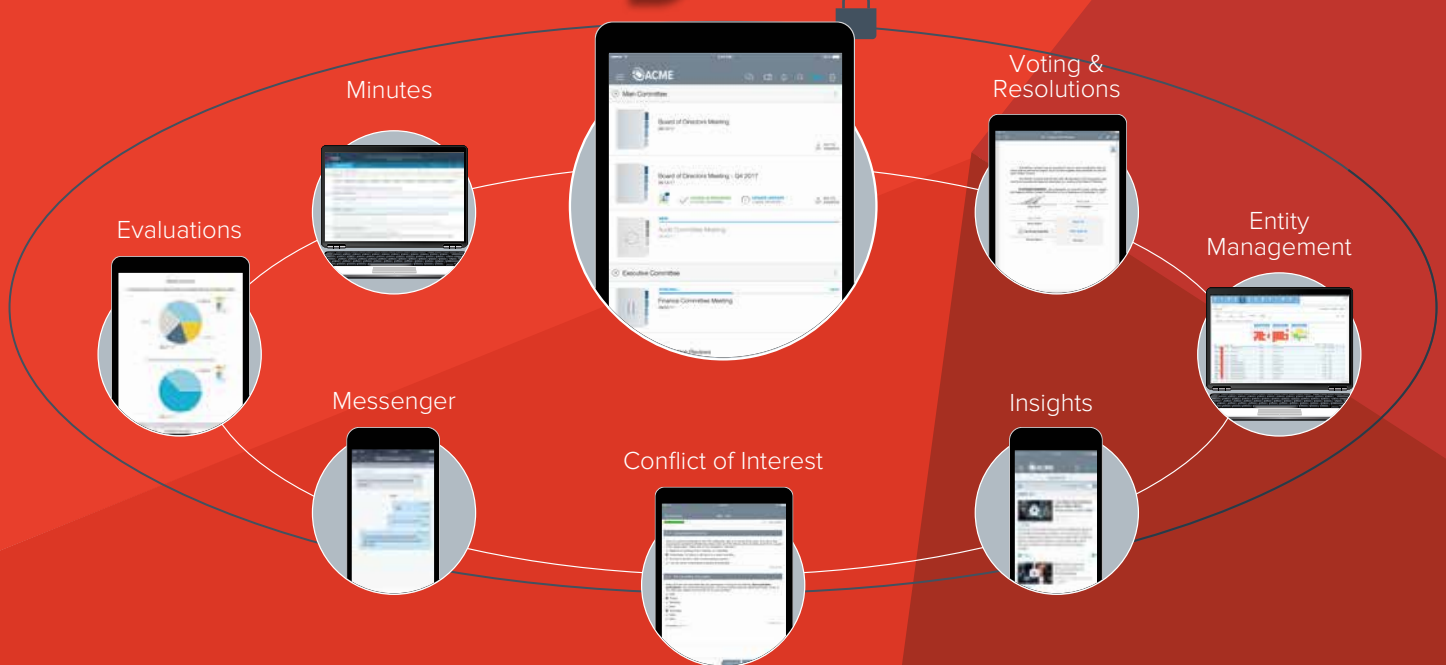
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Good governance comes with membership

About The Hong Kong Institute of Chartered Secretaries

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, 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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Membership statistics update

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Associates: 5,331
Fellows: 676

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November 2018

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A two-way dialogue

This year marks the 25th anniversary of the listing of H-share companies in Hong Kong. The listing of Mainland-based enterprises in Hong Kong was a key development for both Hong Kong and Mainland China.

Since the listing of Tsingtao Brewery as Hong Kong's first H-share company back in 1993, the influx of H-shares, red chips and private Chinese enterprises has massively expanded the total value of our stock market. Currently around 60% of companies listed in Hong Kong originate from the Mainland, and the top 10 list of companies on the Hong Kong bourse is dominated by Mainland companies.

For Mainland China, the benefits that have come from the opening of the Hong Kong market to Mainland enterprises have also been appreciable. One of the major drivers for improved governance in the Mainland has come from the need to strengthen the governance practices of these enterprises to prepare them for listing in Hong Kong and overseas. The knowledge and experience gained in the process has also been influencing the corporate governance reforms of domestically listed companies in the Mainland.

Our journal this month updates you on our Institute's role in this governance dialogue. Since the establishment of our Beijing

Representative Office in 1996, we have been a key partner with Mainland institutions – in particular the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the China Association for Public Companies and the Insurance Association of China – in the provision of Continuing Professional Development (CPD) training and promoting better awareness of governance best practices. As Kenneth Jiang FCIS FCS(PE), the Chief Representative of our Beijing Representative Office, points out in our first cover story this month, we have seen a steady increase in the numbers of students, affiliated persons and practitioners joining our Enhanced Continuing Professional Development seminars both on the Mainland and here in Hong Kong, as well as increased interest in our qualification examinations and our postgraduate programme in corporate governance, conducted in Shanghai in collaboration with The Open University of Hong Kong.

These trends look set to continue and accelerate, particularly when you consider the growing number of new economy enterprises emerging in Mainland China and seeking listings in Hong Kong and overseas. The rising demand for high-quality governance professionals in A- and H-share companies is increasing the value of our qualification and our professional development network in Mainland China. Moreover, Chartered Secretaries and Chartered Governance Professionals will have a key role to play in navigating the many governance challenges and risk management issues associated with the integration of the Pearl River Delta Greater Bay Area.

The corporate and regulatory environment in Mainland China has marked differences from those of Hong Kong and many overseas jurisdictions – perhaps the biggest difference

is the role played by the state in both the ownership and control of companies. In 2017, we set up the Mainland Technical Consultation Panel to address practical compliance issues encountered by board secretaries of Mainland companies listed in Hong Kong and to provide relevant research support in this space. Three research reports are currently in progress looking at key compliance issues for A- and H-share companies – including regulatory requirements for inside information disclosure and connected transactions for participants in the Shanghai and Shenzhen Stock Connect schemes.

Another major initiative in this space is our plan to hold, in conjunction with ICSA International, a corporate governance conference in Beijing in March 2019. The conference will be a good opportunity to further develop the two-way dialogue, launched back in 1993 but still very much in progress, on how to match international good practices with the situation on the ground in Mainland China. The conference is still at the planning stage, but please look out for further information on our website in the coming months.

Before I close, I would like to update members on the awarding of the Chartered Governance Professional qualification to existing Institute members. As of 30 September 2018, the Institute has awarded this new qualification to 4,666 members (Fellows and Associates). We look forward to more Chartered Governance Professionals joining the Institute going forward.

David Fu FCIS FCS(PE)

双向对话

今年是H股公司在香港上市25周年。内地企业来港上市，对香港和中国内地来说，都是重要的发展。

1993年，青岛啤酒上市，成为香港首家H股公司。自此以后，H股公司、红筹公司及其他中国企业蜂拥而至，大大提升了香港股票市场的总市值。目前香港的上市公司之中，约六成来自中国内地，而10家市值最大的公司，也全是内地企业。

香港市场对内地企业开放，对中国内地的助益也十分明显。内地企业的管治得以提升，其中一个主要推动力，就是为准备到香港和海外上市而有需要加强管治。在这个过程中所得的知识和经验，也影响了中国内地上市公司的企业管治改革。

本刊今期向大家说明公会在这个管治对话中的角色。自从公会的北京代表办事处在1996年成立以来，在提供持续专业发展培训和提升对良好管治实务的认知方面，我们一直是内地相关机构的主要伙伴，尤其是上海证券交易所、深圳证券交易所、中国上市公司协会和中国保险业协会。正如北京代表办事处首席代表姜国梁FCIS FCS(PE)在第一个封面故事中所指，在内地和香港参加公会的强化持续专业

发展讲座的学员、联席成员和专业从业员的人数持续增加，而公会举办的国际专业知识评审考试，以及联同香港公开大学在上海开设的研修班课程也日益受欢迎。

到香港和海外上市的中国内地新经济企业越来越多，上文提及的现象势将持续并且加速发展。A股及H股公司对高素质企业管治人才的需求日增，使公会会员资格及公会在内地的专业发展网络日益受重视。此外，在处理与珠三角大湾区融合相关的管治及风险管理事宜方面，特许秘书及企业管治师将担当重要的角色。

中国内地的企业及规管环境，与香港和许多海外地区不同；最大的不同之处，大概是国家在公司的拥有权和控制权方面的角色。2017年，我们设立了中国内地技术谘询小组，处理香港上市内地公司的董事会秘书遇到的合规实务问题，并在这方面提供研究支援服务。目前正在进行三项调研，课题关乎A+H股公司的主要合规事务，包括内幕信息披露及关联交易等监管要求。

公会在这方面的另一项重要工作，是计划联同特许秘书及行政人员公会(ICSA)，于2019年3月在北京举办企业管治研讨会。自1993年起，我们已

与内地展开双向对话，探讨如何让中国内地的情况与国际良好实务接轨；这研讨会是进一步拓展双向对话的良机。研讨会仍在筹备阶段，请留意公会网站未来数月有关研讨会的进一步资料。

最后报告一下向公会现有会员颁授企业管治师资格的最新情况。截至2018年9月30日，公会已向4,666位会员（资深会士及会士）颁授这个新资格。期待日后有更多企业管治师加入公会。

傅溢鸿

傅溢鸿 FCIS FCS(PE)

Taking governance to the next level



Against a backdrop of rising demand on the Mainland for high-quality governance professionals, Kenneth Jiang FCIS FCS(PE), Chief Representative, The Hong Kong Institute of Chartered Secretaries (the Institute) Beijing Representative Office, reviews the work of the Institute to develop the profession and promote good governance on the Mainland.

The year 2018 marks the 25th anniversary of the listing of H-share companies in Hong Kong. For 25 years, the Institute has been assisting the development of the capital and securities markets of the Mainland in pursuit of the mission to promote good corporate governance and facilitate the professionalisation of the board secretary. Amidst great changes in the past year in the corporate governance landscape internationally, in the Mainland and in Hong Kong, the Institute has forged ahead with its work. Professional development in the Mainland has embarked on a new journey and further progress has been attained on various fronts.

Growth in numbers of affiliated persons, students and members

Thanks to the efforts of the Institute in the Mainland over the years and the large number of new economy enterprises listing in Hong Kong following the reforms to Hong Kong's listing regime, the professional qualification awarded by the Institute is increasingly recognised by listed companies and regulators in Hong Kong and the Mainland. The numbers of students and members of the Institute have been growing steadily. As at 31 July 2018, the Institute had 255 students and 50 members in the Mainland, representing a year-on-year growth of 54% and 38% respectively. The number of affiliated persons was 168, a growth of 2% over that in 2017.

To facilitate sharing among affiliated persons, students and members, regular

meetings of the Regional Board Secretary Panels in Beijing, Shanghai, Shenzhen, Guangzhou and the Southwest (Chongqing and Chengdu) are held every year to discuss topical issues. These promote professional exchange and experience sharing among practitioners, including board secretaries, in the region. This year, five meetings of the Regional Board Secretary Panels were held in Hong Kong, Beijing, Shanghai, Shenzhen and Chengdu, bringing together local practitioners, including board secretaries, to discuss the board secretary practices under the tightened regulations on directors and senior management. Over 125 participants joined the meetings.

In view of the great demand in the Mainland for high-quality governance professionals, and to allow more candidates interested in the profession to get the qualification, the Institute, in addition to administering International Qualifying Scheme (IQS) examinations in the Mainland, launched the Postgraduate

Programme in Corporate Governance in collaboration with the Open University of Hong Kong. This distance learning programme aims to train more Mainland-based corporate governance professionals with an international outlook. 17 students from the first intake have already graduated. The 32 students of the second intake have completed the first year of the programme. Close to 40 students have registered for the third intake. With new economy enterprises coming to list in Hong Kong and the importance they attach to corporate governance, more and more people in the industry are beginning to realise the importance of the Chartered Secretary qualification and start the quest for this international professional qualification. It is believed that in the near future, there will be more corporate governance professionals with the Chartered Secretary qualification serving listed companies in the Mainland, working towards enhancing the governance of listed companies.

Highlights

- the ECPD seminars and research reports of the Institute are highly valued in the Mainland market
- the Institute plays a thought leadership role in issues relating to the governance of companies dual listed in the Mainland and Hong Kong
- new connections with technology hubs in the Mainland will enable the Institute to help new economy enterprises, especially those intending to list in Hong Kong, to improve their corporate governance systems

“
the professional
qualification awarded
by the Institute is
increasingly recognised
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and regulators in Hong
Kong and the Mainland
”

Supporting board secretaries

As an integral component of the affiliated person(AP) programme, the Institute hosts regular Enhanced Continuing Professional Development (ECPD) seminars every year in Hong Kong and the Mainland for affiliated persons. As at 31 July 2018, a total of 46 sessions have been held with a total attendance of over 5,500. In the 2017/2018 financial year, four sessions were organised, with an attendance of 555. The proportion of non-affiliated persons (mostly directors, senior management and related personnel) participating in the seminars has grown, accounting for more than 77% (about 74% in 2016/2017) of attendees. This shows the increasing recognition of the professional standard of the Institute and the growing importance attached to corporate governance and continuous practical training by affiliated persons and their companies.

The Institute continues to provide research support for affiliated persons and board secretaries at large, providing assistance in resolving practical issues encountered by board secretaries. In 2012, the Institute collected the views of affiliated persons and members, and drew up the *Guidelines on Practices of*

Inside Information Disclosure of A+H Companies. What is unique about these guidelines is that the implementation and application of rules was for the first time incorporated into the internal control system of companies and translated into management workflows and KPIs. The guidelines have attracted considerable attention in the industry. This is the result of collaboration among board secretaries and company secretaries in the Mainland and Hong Kong respectively, and is a summary of the governance experience of board secretaries in the Mainland.

In 2014, the Institute and the Board Secretary Committee of the China Association of Public Companies (CAPCO) set up a joint working group on the amendment to the *Prerequisite Clauses for the Articles of Association of Companies Seeking Listings outside the PRC*, and submitted a report to the China Securities Regulatory Commission (CSRC). In response to the call of listed companies and at the request of CAPCO, the Institute collected signatures of H-share companies in support of the above amendments. These were submitted, together with an updated report by CAPCO, to the Legal Office of the National People's Congress to promote the adoption of the amendments. The CSRC has started work on the amendments of the *Prerequisite Clauses* ahead of the amendments to the Securities Law.

In 2017, the Institute set up the Mainland Technical Consultation Panel to pull together the efforts of board secretaries of companies listed in Hong Kong to solve their practical problems, give practical guidance, and provide research support for the policy decisions of regulators. Research on three topics commenced in June this year: updates to the *Guidelines on Practices of Inside Information*

Disclosure of A+H Companies, compilation of *Guidelines on Practices of Connected Transactions for A+H Companies*, and regulatory practices for Shanghai Connect and Shenzhen Connect. Research on the three topics is in progress and is expected to be completed by the end of this year or early next year.

Networking and collaboration with stakeholders

Since 2011, the Institute has signed Memoranda of Understanding (MoU) with the Shanghai Stock Exchange (SSE), the Shenzhen Stock Exchange (SZSE), CAPCO and the Insurance Association of China (IAC) to strengthen collaboration with various parties in research, training, information exchange and resources sharing in respect of corporate governance. These MoUs have allowed the Institute to promote the principles and practices of good corporate governance to wider groups, and to facilitate the professionalisation and enhance the status of the board secretary.

By now, the Institute has held eight sessions of ECPD training for A+H share companies in collaboration with the SSE, and three sessions of professional training on corporate governance for board secretaries and related senior management of insurance companies in the Mainland in collaboration with the IAC. Widely welcomed by participants, these collaborative training programmes have met the objectives of resources sharing, using complementary expertise, and enhancing the corporate governance standards of companies in the Mainland.

In 2018, the Institute has also linked up with Zhongguancun Science and Technology Park in Beijing and the management committee of Zhangjiang

“
members of the
Institute, being
corporate governance
experts with an
international outlook,
have very good
career prospects
”

Hi-Tech Park in Shanghai. Possibilities are being actively explored to help new economy enterprises, especially those

intending to list in Hong Kong, improve their corporate governance systems. In collaboration with various parties, the Institute will provide timely training on listing matters, facilitating the listing of new economy enterprises in Hong Kong.

Promoting relevant research and board secretary professionalisation

The Institute has all along striven to promote the principles and practices of good corporate governance in Hong Kong and the whole of Mainland China. Its target for the Mainland is to promote the development of the board secretary profession, and establish and develop the corporate governance profession in the Mainland.

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迎接新变革，踏上新征程

内地市场对高素质公司治理人才需求迫切，香港特许秘书公会（公会）北京代表处首席代表姜国梁FCIS FCS(PE)回顾公会在内地发展公司治理专业及倡导良好公司治理的工作。

2018年H股公司迎来了在香港上市25周年的重大历程，25年来公会跟随内地资本与证券市场的发展脉搏，始终秉承倡导良好的公司治理与董事会秘书专业化发展的理念。在过去一年，公会在国际、内地与香港公司治理环境都发生了重大变革的情况下，砥砺前行，内地专业发展踏上了新的征程，各项工作取得了新的进展。

联席成员、学员及会员数量持续增长

得益于公会多年来在内地的辛勤耕耘，以及香港进行上市改革后吸引大量新经济企业赴港上市，公会的专业资格获得越来越多上市公司及两地监管机构的认可，公会的学员与会员数量持续增加。截至2018年7月31日，公会拥有内地学员255人，内地会员50人，比2017年同期分别增长54%与38%；公会拥有联席成员168人，比2017年同期增长2%。

为加强联席成员、学员及会员之间的交流，公会每年定期召集北京、上海、深圳、广州及西南地区（重庆和成都）董事会秘书小组开展相关热点问题的研讨与交流，促进了地区内董事会秘书等执业人士之间的专业交流与经验分享。今年公会在香港、北京、上海、深圳及成都相继举办了五次地区董事会秘书小组会议，召集当地董事会秘书等执业人士就强化董事与高管责任及其监管下的董事会秘书之实际操作进行了广泛讨论，参加人数超过125人。

鉴于目前内地市场对高素质公司治理人才的迫切需求，为协助更多有志者获得公会会员资格，公会除在内地组织国际专业知识评审(International Qualifying Scheme)考试外，亦于2016年起联合香港公开大学在内地开设针对内地人士的远程企业管治研修班课程，旨在为内地培养更多具国际视野



的公司治理专才。目前第一期已经有17位学员毕业；第二期的32位学员已顺利完成第一学年的课程；而第三期已经招生近40人。随着内地新经济企业陆续申请赴港上市及其对公司治理的日益重视，越来越多业内人士开始了解到特许秘书资格的重要性并加入到获取此国际专业资格的队伍中来，相信在不久的将来，会有更多持特许秘书资格的公司治理专才服务于内地上市公司，为提升上市公司的治理发挥专业力量。

持续加强对董事会秘书的专业研究及实务支持

作为联席成员计划的重要组成部分，公会继续每年在香港及内地定期举办针对联席成员的强化持续专业发展讲座（讲座）。截至2018年7月31日，公会共举办讲座46期，参与人次逾5,500人次。在2017/2018财政年度（财年）中，公会共举办讲座四期，合计参训人员达555人次，而当中非联席成员（多为联席成员所在公司的董事、高管及相关人员）比例有所提升，占比77%以上（2016/2017财年的占比约为74%），这显示了联席成员及其所在公司对公会专业水准的认可、对公司治理以及持续实务培训的日益重视。

摘要

- 公会的持续专业发展讲座及研究报告在内地市场获得高度重视
- 在中港两地上市公司的治理事宜上，公会起着思想引领者的作用
- 与内地科技园区建立联系，让公会协助新经济企业特别是拟在香港上市企业建立良好公司治理体系



“ 公会的专业资格获得越 来越多上市公司及两地 监管机构的认可 ”

公会持续为联席成员及广大董事会秘书提供专业研究支援服务，为董事会秘书解决日常实务中的问题提供协助。2012年公会在广泛征集广大联席成员意见基础上撰写了《A+H股公司内幕信息披露实务指引》，该指引的独特之处在于首次将法规应用实施嵌入企业内控体系，转化为企业管理流程及关键绩效指标体系(KPI)，在业界引起较大反响，这也是内地和香港两地董事会秘书/公司秘书协同合作的成果，是内地董事会秘书治理经验的结晶。

应广大上市公司呼吁，继2014年公会与中国上市公司协会（中上协）董事会秘书专业委员会共同成立《到境外上市公司章程必备条款》（必备条款）修订联合课题组并撰写报告提交中国证券监督管理委员会（中国证监会）后，2017年公会受中上协的委托收集了H股公司响应以上修订倡议的签名，并交由中上协连同其修订后的报告提交人大法治办，以期推动此修订倡议的达成。目前中国证监会正在先于《证券法》修订启动落实必备条款之修订工作。

2017年，公会成立“中国内地技术咨询小组”，旨在调动及发挥广大在香港

上市的内地公司董事会秘书力量，为他们解决实务问题，提供实务指引，为监管机构的政策决定提供研究支持。公会于今年6月启动了三个调研课题：A+H股内幕信息披露实务指引更新、A+H股关连交易实务指引编写、沪港通及深港通监管问题实务调研。目前三个调研正在进行中，预计今年年终或明年初完成。

与各方保持紧密联系与合作

公会于2011年起分别与上海证券交易所（上交所）、深圳证券交易所、中上协及中国保险业协会（中保协）签署合作备忘录，旨在加强公会与各方在公司治理研究、培训、两地交流与资源共享方面的合作。这些备忘录的签署使公会得以在更广范围内推广良好公司治理理念与实践，以及董事会秘书的专业化发展与地位提升。

目前公会已经与上海交所合作举办了8期“A+H股后续培训”，与中保协会作针对内地保险公司董事会秘书等相关高管举办了3期公司治理专业培训。这些合作培训均获得了参训人员的广泛好评，充分实现了合作双方的资源共享，优势互补以及推动广大内地公司治理水平提升的目的。

2018年，公会也分别与中关村科技园区及上海张江高科技园区管理委员会建立了联系，积极探索助力众多新经济企业，特别是拟在香港上市企业，建立良好公司治理体系，并将与有关各方合作，适时举办上市辅导培训，为内地新经济企业赴港上市保驾护航。

继续推动相关研究以及董事会秘书专业化发展

公会一直致力于在香港及全国范围内推动良好公司治理理念及实践的发展，其内地发展目标是推动董事会秘书专业的发展，在内地建立及发展公司治理专业。

随着全球上市公司及监管机构对公司治理的日益重视，董事会秘书在公司治理中的重要地位获得广泛认可，而且目前上市公司数量增长迅速，市场对优秀董事会秘书有大量需求，像公会会员这种拥有具国际视野的公司治理专才职业前景广阔。

姜国梁

香港特许秘书公会北京代表处首席代表

Governance to the rescue

In April 2017, Chongqing Iron & Steel Company Ltd (CISC) was facing delisting and bankruptcy, but within a year the company had turned its fortunes around. Yu Hong, Board Secretary, CISC, looks at the lessons to be learned from this dramatic rescue of a Chinese state-owned enterprise.



The judicial reorganisation of Chongqing Iron & Steel Company Ltd (CISC) started in April 2017 and was completed in December in the same year. After many trials and tribulations, this century-old steel company finally found a new lease of life. Against the background of supply side structural reforms in the steel sector and market-orientated debt equity swaps, the CISC case has attracted a lot of attention and admiration. In March 2018, the CISC reorganisation was recognised as a model bankruptcy case at the Mainland Supreme Court. The success of the CISC reorganisation is said to have established a model for handling complicated, large-scale corporate reorganisations and it has become a model for the successful reorganisation of large, listed state-owned enterprises. When visiting CISC in May, Xiao Yaqing, Chairman of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, mentioned that the experience of CISC turning itself around through judicial reorganisation sets a good example for supply side structural reforms in the iron and steel industry throughout the nation. Below is a brief summary of the reorganisation of CISC.

Background

Established in 1997, CISC is a company dual-listed in the Mainland and Hong Kong. Before the reorganisation, there were 4,436 million shares in total, of which 2,097 million (47.27% of the total) were held by Chongqing Iron & Steel (Group) Company Ltd of the Chongqing SASAC. CISC has an annual output of 8.4 million tonnes of steel. Key products include hot rolled coils, medium gauge steel plates and wire rods.

In late 2006, CISC started a relocation and pollution control plan. In 2011, the

first phase of the relocated plant went into operation, and the relocation was fully completed in 2013. However, due to a mismatch between product structure and market demand, cost-competitiveness could not be achieved. Poor financial control in relation to the relocation resulted in high depreciation and financial costs. Production management was weak and the employee turnover rate was high. These problems were aggravated by the persistently lacklustre iron and steel market. As a consequence, CISC suffered from huge losses after its relocation. An accumulated loss of RMB14.4 billion was booked from 2011 to 2016. Taking into account nonrecurring profit and loss, including various allowances, the actual loss was RMB23.8 billion. Efforts made to find a way out were to no avail. As at April 2017, CISC was seriously insolvent, with total assets and actual liabilities being RMB36.4 billion and RMB41.7 billion, respectively. Its bank accounts and assets were frozen and its cash resources were exhausted. The Shanghai Stock Exchange (SSE) imposed a delisting risk warning on the A shares of CISC. CISC was on the verge of bankruptcy. Pursuant to the judgment of the First Intermediate People's Court of Chongqing, CISC formally started its judicial reorganisation in July 2017.

The reorganisation plan

In its announcement of 30 September 2017 on the progress of reorganisation, CISC announced that the Siyuanhe Steel Industry Equity Investment Fund (Siyuanhe Fund) and the Chongqing Strategic Emerging Industry Equity Investment Fund intended to participate in the judicial reorganisation of CISC as strategic investors. Structural oversupply, a structural mismatch in terms of product mix and the location of production, as well as low industrial concentration and high debt levels make the iron and steel industry an important candidate for supply side structural reform. As a pilot of state capital investment, the Siyuanhe Fund brought together China Baowu Steel Group Corporation, WL ROSS Company, US-China Green Fund and the China Merchants Group. With intimate knowledge of the industry, commercial modes of operation and strong post-investment management, the Siyuanhe Fund has demonstrated a new way of restructuring, transforming and upgrading the iron and steel industry of China through strategic positioning, system innovation and close involvement in management.

After confirming its involvement and thorough due diligence, the Siyuanhe Fund

Highlights

- the reorganisation of CISC was on a scale that is unparalleled among reorganisation exercises of listed companies in China
- governance improvements, such as bringing in professional managers and adopting a market-orientated pay and reward system, helped to turn the company around
- the reorganisation also resulted in CISC benefiting from mixed ownership, which has been a governance reform objective in Mainland China for some years

found that the Sichuan and Chongqing regions record a net inflow in terms of steel consumption. As the only large-scale iron and steel enterprise in Chongqing, CISC had a clear competitive advantage in the regional market. If the debt crisis could be effectively resolved and the market mismatch rectified, it would be possible to regain competitiveness and resume sustained profitability. On this basis, the Siyuanhe Fund drew up a step-by-step plan for CISC's future development and came up with a reorganisation plan after several rounds of negotiations with various parties.

Key aspects of the reorganisation plan

The Siyuanhe Fund and Chongqing Strategic Emerging Industry Equity Investment Fund would provide a capital of RMB3 billion and RMB1 billion respectively to set up Chongqing Changshou Iron & Steel Company Ltd (Changshou) to participate in the reorganisation of CISC. Through an auction, Changshou invested RMB4 billion cash in exchange for the former iron production assets of CISC and 2,097 million CISC shares from Chongqing Iron & Steel (Group) Company Ltd, representing 23.5% of the total of 8,919 million shares of the reorganised company. This made Changshou the largest shareholder. Chongqing Iron & Steel (Group) Company Ltd bought the less efficient assets of CISC for RMB3 billion cash. Together with a loan of RMB3.5 billion from the State Development Bank, CISC got a total of RMB10.5 billion in cash, which was used for full repayment of preferential debts of RMB10.1 billion.

For the ordinary debts of RMB28 billion, a debt equity swap programme was introduced. Capital reserve was converted

into share capital, with 4,483 million shares at a price of RMB3.68 per share issued in lieu of debt repayment. The repayment ratio of 59% is the highest among judicial reorganisation exercises.

After the judicial reorganisation, the gearing ratio of CISC dropped from 114.6% to 33% and steel production rose from 2.35 million tonnes to 4.11 million tonnes, representing a year-on-year growth of 75%. Through the reorganisation, it realised a total profit of RMB330 million, turning the company around. This positive change removed the risk of delisting. On 29 December 2017, the First Intermediate People's Court of Chongqing confirmed the completion of the reorganisation. Trading of A shares of CISC resumed on 3 January 2018, and the delisting risk warning was cancelled on 9 March 2018.

The effect and implications of the reorganisation

Every step of the judicial reorganisation of CISC took into account the rules of the market and the requirements of the law. It worked towards the best common interest of all parties and achieved win-win for all stakeholders.

Among the RMB41.7 billion of debts of CISC, RMB10.1 of preferential debts were repaid in full in cash. RMB28 billion of ordinary debts were converted to equity. The repayment rate of 59% is far higher than that for bankruptcy and reorganisation cases in general. The interests of creditors were protected to the greatest extent, and the local financial and commercial environment was maintained intact.

For the minority shareholders of CISC, the share value of the company before

the reorganisation was seriously affected by the company's insolvency. The net asset value of each share was in the negative region and the company was in danger of being delisted. After the reorganisation, the net asset value of each share was close to RMB2 and the company became profitable again in 2017. The risk of loss in equity value was removed. The backing of the Siyuanhe Fund, with its strong resources, also brought about solid expectation of asset growth among CISC shareholders.

The reorganisation plan was overwhelmingly supported by 99.3%, 100% and 95.5% of the three groups representing employees, guaranteed creditors and ordinary creditors. The plan on adjustment of the rights and interests of capital contributors was approved by 99.3% of holders of A shares and 100% of holders of H shares, the highest rate ever attained for judicial reorganisation cases of listed companies.

Through debt reorganisation and removal of inefficient assets, CISC consolidated its total assets from RMB36.4 billion to RMB25 billion. With the removal of its debt crisis, the gearing ratio was reduced to 33%, clearing the way for financing. Clear delineation of responsibilities of its staff boosted productivity to over 1,000 tonnes per head, making it among the most productive steel enterprises in China. As the actual controller of CISC, the Siyuanhe Fund brought in the advantages of mixed ownership. Professional managers were deployed, streamlined and highly efficient modes of operation were established, and a fully market-orientated pay and reward system was adopted. The management team is working on future development plans, optimising the product structure, promoting the

“
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”



development of green manufacturing and smart manufacturing, with a view to creating a new CISC with strong market competitiveness. This is indeed a rebirth for CISC.

For the Chongqing Municipal Government, the success of the reorganisation has avoided the potentially significant adverse impact of CISC's bankruptcy. It resolved at one go the issue of the guarantee extended to CISC by Chongqing Iron & Steel (Group) Company Ltd and the Chongqing Yufu Group, and maintained the financial and social stability of the city of Chongqing. The reorganisation facilitates CISC's sustainable and healthy growth, and helps improve local employment, tax income and environmental protection. It also sets a good example for supply side reforms in Chongqing.

Lessons learned

1. The role of the party and local government

The firm guidance provided by the Municipal Party Committee and the Municipal Government was a key to success. The judicial reorganisation of CISC involved RMB36.4 billion of assets, RMB41.7 billion of liabilities, over 1,400

creditors and 170,000 shareholders. This puts it on a scale that is unparalleled among reorganisation exercises of listed companies in the Mainland. The successful completion of this large-scale and exceptionally complex reorganisation within an extremely small window of time is attributable to the firm guidance, full control and sound decisions of the Municipal Party Committee and the Municipal Government of Chongqing. They provided strong guarantees for the success of the whole exercise.

2. The role of state institutions

The strong support and good guidance of relevant ministries, committees and relevant units of the state were also essential to the success of the reorganisation. The efficient processing of the Supreme People's Court made it possible for the reorganisation to be completed within one year. The China Securities Regulatory Commission gave detailed guidance on the massive asset restructuring exercise to match the judicial reorganisation, providing tremendous support regarding the reference formula for calculating the ex-rights price after the conversion of capital reserve into share capital, and the vetting of strategic investors. The system of the

creditors committee launched by the China Banking Regulatory Commission was crucial to resolving CISC's debt crisis. SASAC was active in securing the support of state corporate creditors for the reorganisation plan. The SSE, the China Securities Depository and Clearing Corporation and the Stock Exchange of Hong Kong rendered full support in the suspension and resumption of share trading, exemption from convening class meetings of shareholders and the disclosure of information. All these worked together towards the efficient, smooth and orderly completion of the judicial reorganisation.

3. Governance reforms

Conducting management reforms according to market principles to enhance efficiency and governance standards is the essence of mergers and reorganisations.

The judicial reorganisation of CISC drew in the Siyuanhe Fund, which has a strong industry background. This not only resolved the debt crisis effectively but also, more importantly, rectified the mismatch between supply and demand, paving the way for high-quality development. By reforming through mixed ownership, introducing professional managers and a market-oriented incentive system, the vision of development was set, the governance structure refined, operational management improved and sustainability realised. This shows that it is only by adhering to market principles and promoting fundamental reforms in the three areas of 'quality, efficiency and motivation' that an enterprise can develop healthily.

Yu Hong, Board Secretary

Chongqing Iron & Steel Company Ltd



凤凰涅槃 浴火重生

2017年4月，重庆钢铁股份有限公司面临退市及破产，但在短短一年间扭转局面。重庆钢铁董事会秘书虞红分享这个国企成功重整的体会和心得。

重庆钢铁股份有限公司（重庆钢铁或重钢）司法重整于2017年4月启动，同年12月顺利完成。这家百年钢厂历经磨难终于凤凰涅槃，绝处逢生。在供给侧结构性改革和市场化债转股的大背景下，重钢项目得到了各方高度关注和评价，2018年3月重钢重整入选最高法院破产审判典型案例，认为重钢重整成功为处理大型、复杂的企业重整案件提供了借鉴，树立了一个大型上市国企成功重整的样本。5月，国务院国有资产监督管理委员会（国资委）主任肖亚庆在视察重庆钢铁时表示，重钢通过司法重整实现扭亏为盈，为全国钢铁行业深化供给侧结构性改革提供了有益借鉴。现将重钢重整的情况简要介绍如下。

项目背景

重庆钢铁成立于1997年，为A+H股公司，重整前总股本44.36亿股，重庆国资委下属重钢集团持20.97亿股，占总股本的47.27%。公司具备年产840万吨钢生产能力，主要产品包括热轧薄板、中厚板和棒型线材。

2006年底重庆钢铁启动环保搬迁，2011年一期投产，2013年全面完成。由于

产品结构与市场需求错配，丧失成本竞争力；搬迁投资失控，折旧和财务费用高企；基础管理薄弱，人才流失严重；钢铁市场持续低迷更是雪上加霜。自搬迁投产以来连年巨亏，2011年-2016年累计发生账面亏损144亿元，扣除各类补贴等非经常性损益后，实际亏损238亿元。虽多方尝试脱困突围，但最终走投无路，发展陷入绝境。截至2017年4月，重庆钢铁总资产364亿元，实际负债总额417亿元，严重资不抵债。银行账户和资产被查封冻结，现金流枯竭，上海证券交易所对重庆钢铁A股予以退市风险警示。重庆钢铁只剩下华山一条路，2017年7月经重庆第一中级人民法院（重庆一中院）裁定正式进入司法重整程序。

重整方案介绍

2017年9月30日，重庆钢铁发布重整进展公告，宣布四源合钢铁产业股权投资基金（四源合基金）拟作为投资人参与重钢司法重整。钢铁行业结构性过剩，存在区域、产品等结构性错配问题，产业集中度低，债务高企，成为供给侧结构性改革的重中之重。中国宝武集团作为国有资本投资试点企

业，发挥产业龙头优势，联合WL罗斯公司、中美绿色基金、招商局集团重量级合作伙伴共同组建市场化产业并购基金-四源合基金。四源合具有强产业背景，市场化运作模式，强势投后管理，通过产业战略定位，体制机制创新，管理深度介入为中国钢铁业的结构调整和转型升级开创一条新路。

在确定介入和密集尽调后，四源合基金认为川渝地区为钢材消耗净流入地区，重庆钢铁作为重庆唯一的大型钢铁企业，具备明显区域市场比较优势。如能有效化解债务危机，纠正市场错配，有可能重塑竞争力，恢复持续盈利能力。在此基础上四源合制定了重钢未来发展分步规划，并在和各方多轮谈判后达成重整方案。

重整方案要点

由四源合基金、重庆战略性新兴产业股权投资基金分别出资30亿元、10亿元，共同设立重庆长寿钢铁有限公司（长寿钢铁）作为重组方参与重庆钢铁重整。长寿钢铁投入40亿元现金拍卖获得重庆钢铁前资产，并受让重钢集团持有的20.97亿股重庆钢铁股票，占重整后总股数89.19亿股的23.5%，成为第一大股东；重钢集团以30亿元元现金购买重庆钢铁相关低效无效资产；加上国开行提供的35亿元贷款，重庆钢铁共计获得105亿元现金，用于全额清偿101亿元优先债权。

对280亿元普通债权实施债转股，资本公积转增44.83亿股抵偿公司债务。抵

摘要

- 重钢司法重整的规模为国内上市公司重整案件之最
- 改善治理架构，例如引进职业经理人，建立市场化的薪酬激励机制，让公司扭亏为盈
- 司法重整充分发挥混合所有制的活力，这是近年内地治理改革的目标

“ 重庆钢铁司法重整 项目树立了一个大 型上市国企成功重 整的样本 ”

债股价为3.68元/股，59%的清偿率创下司法重整清偿率之最。

司法重整后，重庆钢铁资产负债率由114.6%降至33%，产钢量由235万吨恢复到411万吨，同比增加75%；通过重整收益实现利润总额3.3亿元，扭亏为盈，消除了退市风险。12月29日，重庆一中院确认重整计划执行完毕。重庆钢铁A股于2018年1月3日复牌，3月9日撤销退市风险警示。

重整效果和影响

重庆钢铁司法重整每一个步骤和环节都遵循市场化、法制化原则，求取了各方利益最大公约数，绘出了最大同心圆，实现了各利益相关方多方共赢。

重庆钢铁417亿元债务中，101亿元优先债权全额现金清偿，280亿元普通债权实施债转股，59%的清偿率远高于一般破产重组案例的清偿率，最大程度地保护了债权人利益，维护了当地金融及商业环境。

对重庆钢铁的中小股东而言，重整前重庆钢铁已严重资不抵债，每股对应净资产为负，面临退市风险。重整完成后每股对应净资产接近2元，通过重整收益实现2017年扭亏为盈，消除了股权价值灭失的风险。四源合基金及其强大的股东资源，也给股东带来了资产增值的切实希望。

重整方案获职工债权组99.3%、财产担保债权人组100%、普通债权组会议

95.5%的高票通过，《出资人权益调整方案》获99.3%A股股东、100%H股股东同意。通过率创上市公司司法重整案例之最。

重庆钢铁通过债务重组和低效无效资产剥离，总资产大大夯实，由364亿元降至250亿元；债务危机解除，资产负债率降为33%，重启融资通道；人员明确切分，人均劳动生产率超1000吨，跃居国内钢企前列。四源合作为重庆钢铁的实控人，充分发挥混合所有制的活力，引进职业经理人，建立精简高效的运营方式和完全市场化的薪酬激励机制。管理团队正在制定未来发展规划，调整产品结构、推行绿色制造和智慧制造的发展路径，打造具有强大市场竞争力的新重钢，重庆钢铁可谓脱胎换骨，凤凰涅槃，迎来新生。

对重庆市政府而言，重整成功避免了破产清算可能带来的巨大冲击，一揽子解决重钢集团、重庆渝富集团对重庆钢铁担保事宜，维护了重庆市的金融和社会稳定，有利于重庆钢铁可持续健康发展，对当地的就业、税收、环保等方面带来积极影响，也为重庆市落实供给侧改革树立了典范。

体会和心得

1.市委和市政府的角色

重庆市委员会（市委）、市政府坚强组织领导是重整成功的根本保证。重钢司法重整涉及364亿资产、417亿负债、1400余家债权人和17万户股东，均为国内上

市公司重整案件之最，可谓体量惊人，难度巨大。之所以能在一个非常窄的时间窗口内成功完成，离不开重庆市委、市政府的坚强领导、大局把控、科学决策和统筹推进，为重整成功提供了坚强组织保证。

2.国家部委及相关单位的角色

国家有关部委及相关单位鼎力支持指导，是重整成功的必要条件。最高人民法院高效审理为重整年内执行完毕争取了时间；中国证券监督管理委员会（中国证监会）悉心指导重大资产重组平稳衔接司法重整，对司法重整后调整资本公积转增股本除权参考计算公式、战略投资者审查等事项给予了大力支持；中国银行监督管理委员会推出的债权人委员会制度在化解重庆钢铁债务危机中发挥了至关重要的作用；国资委积极协调中央企业债权人支持重整计划；上交所、中国证券登记结算公司、香港联合交易所所在停复牌、豁免召开类别股东大会、信息披露等方面，均给予了鼎力支持，共同推动司法重整高效、平稳、有序完成。

3.市场化原则和治理架构改革的重要性

依据市场化原则推动管理变革，提升供给侧质量，提高公司治理水平，是并购重整的核心要义。

重庆钢铁司法重整引入了具有强大产业背景的四源合基金，不仅有效化解了债务危机，更重要的是按照高质量发展要求，纠正了供给侧与市场需求侧的错配，通过混合所有制改造，引入职业管理人和市场化的激励机制，确立发展愿景，重塑治理架构，改善经营管理，实现可持续发展。这充分证明，只有依据市场化原则从根本上推动“质量、效率、动力”三大变革，企业才能实现脱胎换骨式发展。

虞红

重庆钢铁股份有限公司董事会秘书

Governance with Chinese characteristics

CSj talks to two senior Chartered Secretaries working for Mainland-based enterprises about the rewards and challenges of their roles, and the benefits of membership of the Institute.



Ma Jinru FCIS FCS, Deputy General Manager and Board Secretary, Xinjiang Goldwind Science & Technology Co Ltd, and Huang Wensheng FCIS FCS, Vice President and Secretary to the Board of Directors, China Petroleum & Chemical Corporation, became Fellows of The Hong Kong Institute of Chartered Secretaries (the Institute) earlier this year. They bring with them a wealth of knowledge about the nature of the board secretarial role in Mainland China and, in particular, the nature of the board secretarial role in state-owned enterprises.



“
board secretaries are
valued for strong
interpersonal and
communication skills
”

Ma Jinru, Deputy General Manager and Board Secretary, Xinjiang Goldwind Science & Technology Co Ltd

In the context of the convergence between the markets in Hong Kong and Mainland China, this knowledge is of increasing interest to the wider membership in Hong Kong. In a recent interview with CSj, the two new Fellows shared insights on the board secretarial role, the corporate governance regulations and culture in the Mainland, as well as the advantages of membership of the Institute.

Ma Jinru FCIS FCS

Ms Ma points out that there are significant differences in the way the Hong Kong and Mainland exchanges and regulators communicate with listed issuers and their board/company secretaries. In the Mainland, in part due to more frequent regulatory and compliance changes, the Shanghai and Shenzhen Stock Exchanges prefer to get in touch with listed issuers directly through multiple channels – this includes hosting seminars and conferences.

In Hong Kong, by contrast, there is a more distant relationship with regulators. This adds to the importance of belonging to a professional body such as the Institute, Ms Ma points out, not only for the benefit of the continuing professional development

(CPD) training the Institute provides but also as a communication channel with regulators. A greater involvement in the Institute's affairs and activities is therefore beneficial to board secretaries, especially those working for dual-listed companies.

Ms Ma adds that, in this context, the role of the board secretary as a communication hub within enterprises is all the more important. 'Board secretaries are valued for strong interpersonal and communication skills. Streamlining the communication between stakeholders, closing the information gap, managing the expectations of shareholders, and keeping the board abreast of regulatory

and compliance changes require tact and diplomacy in addition to professional knowledge,' she says.

As the relationship between companies and their shareholders has never been more important, the board secretary plays a key role in building long-term relationships with investors through regular, efficient and engaging communications. Increasingly, on top of financial results, international institutional investors are more concerned about the corporate governance practices of the companies they invest in. The board/company secretary should therefore formulate

Highlights

- communications, both inside and outside of the companies they work for, is a key part of the board secretary role
- Mainland stock exchanges and regulators have much more direct communication channels with listed issuers than their counterparts in Hong Kong
- membership of the Institute offers a useful communication channel with regulators in Hong Kong for board secretaries working for Mainland-based firms

and maintain an effective programme of engagement with shareholders, potential investors and analysts, locally and overseas, to keep them confident about the company's strategies and prospects, Ms Ma says.

Ms Ma also spoke about the very topical issue of board diversity. In the Mainland, just as in Hong Kong, company boards are dominated by men. Increasing board diversity has therefore become part of corporate governance best practice to improve the competitiveness and the

strength of business infrastructure, hence ensuring sustainability in the long run. For Ms Ma, however, gender is not the most relevant factor for the composition of a diversified board.

'Of course, more representation of women's views and more gender diversity would certainly help the board look at things from different perspectives and make less risky decisions. But board diversity should also factor in other aspects of diversity, such as experience, profession, background and tenure on the

board, rather than gender diversity alone,' she says.

Huang Wensheng FCIS FCS

As a conglomerate listed on multiple bourses across two time zones (the company is listed in Hong Kong, Shanghai, New York and London), Sinopec has a global compliance team working around the clock. According to Mr Huang, Sinopec has established a standardised structure of corporate governance. Major decisions are made in accordance with the Articles of Association and company policy.

On being 'Chartered' in the PRC

Both Ms Ma and Mr Huang agree that membership of the Institute brings significant benefits to board secretaries working for Mainland companies.

'The training I have received during the course of my membership has been very useful to my work', says Ms Ma. 'For board secretaries of Mainland-based companies listed on the Hong Kong and Mainland bourses, understanding the differences in regulatory and compliance requirements between the two jurisdictions is very important. The Institute's regular training on Hong Kong's regulatory and compliance rules has helped me make decisions faster, on a daily basis and especially on special occasions, as we have to fulfil the requirements of two exchanges almost simultaneously.'

Mr Huang agrees. He commends the Institute's Beijing Representative Office for doing a great job in arranging expert talks in a timely manner whenever there are new changes to the listing and compliance rules of Hong Kong. 'Key announcements are made by the Mainland exchanges themselves directly and training is usually delivered by the China Association for Public Companies (CAPCO). But, in Hong Kong, this responsibility falls to professional bodies such as the Institute,' he says. 'It's worth spending time

to attend the training and sharing sessions organised by the Institute. This is an efficient and useful way to get familiarised with the latest changes to the regulatory environment.'

Both Ms Ma and Mr Huang also mention the benefits that reaching the status of fellow of the Institute brings. 'Attaining the status of fellow is absolutely an honour. It is an accomplishment for me personally and in my career,' Mr Huang says. 'The designation of fellow helps me demonstrate the commitment to quality and excellence that I seek in the course of my career,' says Ms Ma.

Mr Huang adds that having this designation not only represents a special stamp on one's name card and CV, but also gives the holder a greater influence over the Institute's affairs and future direction. The inclusion of senior members of the profession working for Mainland enterprises as fellows of the Institute helps maintain the close relationship the Institute has with the Mainland market and profession. There are direct benefits for the wider membership, for example, in terms of knowledge exchange. Mr Huang has been a guest speaker at Institute CPD events, speaking on topics such as corporate governance; public disclosure; board diversity; the new rules boosting the role of the Communist Party within corporate structures; and the implications of state-owned enterprises reforms and restructuring.

“
One the keys to success in corporate governance is the implementation of a clear, well- defined and transparent set of procedures to maintain effective board and investor communications
 ”

Huang Wensheng, Vice President and Secretary to the Board of Directors, China Petroleum & Chemical Corporation



'One of the keys to success in corporate governance is the implementation of a clear, well-defined and transparent set of procedures to maintain effective board and investor communications. A structured approach gives shareholders more confidence and also meets their requirements,' Mr Huang says.

The global team led by Mr Huang has a clear division of labour to ensure the various roles complement each other. A team is specialised in public disclosure, while another team is focused on public affairs and investor relations. The company also has investor relations (IR) representatives in Hong Kong and New York. Their role is to channel shareholders' and potential investors' feedback on the company to the board, and maintain an ongoing dialogue between them.

One of the key issues associated with shareholder engagement is the alignment of shareholders' interest with those of the board and management. For this reason, shareholder engagement often concentrates on explaining to investors the company's strategy to

improve profitability and return on equity over time.

With such a big team, Mr Huang emphasises the importance of on-the-job training as part of the overall responsibilities of team members. They are encouraged to attend training activities on corporate governance practices organised by the Institute as well as CAPCO regularly every year. Depending on their work focus, team heads are further required to update themselves constantly on legal, compliance, code of conduct, corporate governance, disclosure and IR matters, by taking part in activities arranged by the Institute, the Shanghai Stock Exchange, CAPCO and other professional organisations, local and overseas.

As a sizeable resource and energy firm, Sinopec attaches great importance to sustainability and social responsibility as it seeks to be a good citizen on a global scale. The company has therefore set up a social responsibility management committee under the board to oversee corporate social responsibility practices and sustainability issues. Mr Huang is an advisory member of the committee, and is responsible for

the firm's environmental, social and governance disclosure and reporting.

As Mainland China continues to open up its capital markets, there has been speculation as to whether the capital markets of Hong Kong, Shanghai and Shenzhen may eventually converge to become one unified listing and trading platform. While this is a long-term strategic goal, both Ms Ma and Mr Huang believe Chinese policymakers will continue to exercise foreign exchange controls in the foreseeable future. Furthermore, due to their different legal and regulatory regimes, they believe that Hong Kong will remain as a capital market open to international investors, and partially open to Mainland investors via the Shanghai and Shenzhen stock connect schemes, for some time.

'Having said that, I do believe there is room for discussing the consolidation of the Shanghai and Shenzhen exchanges, both of which share a lot of similarity in terms of capital-raising. Consolidating these bourses into one group will boost the competitiveness of China's capital markets, I believe,' Mr Huang says. 

中国特色公司治理

今期，本刊访问了两位内地知名企业的董事会秘书(董秘)，了解他们出任公司董秘的收获和挑战以及成为公会会员的优势。

新疆金风科技股份有限公司副总裁兼董事会秘书及公司秘书马金儒女士，以及中国石油化工股份有限公司(中国石化)副总裁兼董事会秘书黄文生先生，是公会资深会士，他们的丰富经验，有助于公会其他会员了解内地企业董秘的职责，特别是董秘在国有企业董事会所扮演的角色。

随着香港与内地资本市场进一步融合，愈来愈多的内地企业来港挂牌上市。作为这些在内地和香港两地上市企业的董秘，必须了解和掌握两地不同的监管要求和文化，方能胜任。在接受本刊访问时，两位公会的资深会士分享了他们对公司治理的实践和内地监管文化的见解，以及成为公会会员的优势。

马金儒

马女士表示，香港的交易所及监管机构跟香港上市企业的沟通方式与内地交易所及监管机构跟内地上市企业的沟通方式存在重大差异。在内地，上海和深圳交易所更愿意以不同渠道，直接与上市企业董秘联系。例如，它们会组织研



会和会议等，主动讲解最新法规，而这相信与内地市场监管及管理办法变更较为频密有关。

相比之下，香港交易所和监管机构与上市公司的沟通就没那么直接。在法规变化方面的沟通工作，主要由公会等专业团体来负责。由此可见，公会的持续专业发展课程(CPD)，不仅是会员自我增值的保证，也成了董秘获取香港上市公司法规信息的重要来源。因此，更积极参与公会的事务和活动，有利于董秘特别是A+H股公司董秘的日常工作与专业发展。

马女士补充道，董秘作为企业内部与监管机构和投资者的桥梁，其沟通角色变得更为重要。具备充分专业知识、善于沟通的董秘，除能促进利益相关者之间的沟通、缩小信息差距外，还能有效管理股东的期望，以及让董事会了解监管和合规变化。可以说，人际关系和沟通技巧良好的董秘，往往能事半功倍。

随着上市企业与股东之间的关系变得更加密切，董秘有需要定期与投资者联系

“
善于沟通、人际关系良好的
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”

新疆金风科技股份有限公司副总裁兼董事会秘书及公司秘书马金儒女士

沟通，从而与他们建立长远的信任和关系。除了必需的财务信息外，国际机构投资者愈来愈关注持股公司的公司治理水平。因此，董秘应制定完善的投资者关系方案，时刻与本地和海外的股东、有兴趣的投资者和分析师保持紧密联系，让他们了解公司的发展战略和前景，加强信心。

马女士还提及董事会多元化这个热门话题。跟香港的情况相若，内地上市企业董事会多由男性主导，因此，加强董事会的多元化，已成为推动最佳企业治理的重要一环，从而提升公司的竞争力和业务基础实力，确保长期的可持续性发展。然而，对于马女士而言，性别并不是董事会构成多元化的最主要因素。

「当然，如果董事会上有更多女性发言，在做决定时更能考虑女性的观点，肯定能帮助董事会从不同的角度看问题，做出风险较低的决策。但是，董事会多元化，也应该考虑到多元化的其他方面，例如，董事的整体经验、本身专业、背景和任期等，而不能仅取决于董事会成员的性别。」她说。

摘要

- 董秘是企业董事会对外的重要沟通桥梁
- 内地交易所和监管机构与上市发行人的沟通方式比香港更为直接
- 公会成为了内地企业董秘获取香港监管机构重要法规信息的主要渠道



黄文生

中石化作为一个跨越两个时区、在多地交易所上市的跨国集团（该公司在香港、上海、纽约、伦敦交易所挂牌），拥有一支全天候的全球合规团队。黄先生透露，公司建立了标准化的公司治理架构，重大决策根据《公司章程》和内部规章进行。

“明确、透明的管理程序，维持有效的董事会和投资者沟通，是企业治理的成功关键之一。系统化的企业治理制度，能满足股东的要求，让他们对公司更有信心。”黄先生说。

由黄先生领导的全球合规团队，有明确的分工，各司其职，各行其道，相互补充。其中一支团队专注于信息披露，另一支团队专注于公共事务和投资者关系，公司还于香港和纽约设有代表。他们的职责是将股东和潜在投资者对公司的意见反馈给董事会，并持续与他们保持对话。

与股东进行有效沟通作为企业治理重要一环，目的是要将股东、董事会和管理层的利益是一致的这个信息清楚带出，而很明显，股东和投资者最希望了解的是公司有何良策来提升盈利能力和股本回报率。

黄先生强调，在这支全球团队中，董秘的在职培训至关重要，鼓励他们每年定期参加由公会及中国上市公司协会（中

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明确、透明的管理程序，维持有效的董事会和投资者沟通，是企业治理的成功关键之一。

”

中国石油化工股份有限公司副总裁兼董事会秘书黄文生

上协)组织的公司治理实践培训活动。然后，再按职责需要，各团队的管理人员还必须参与由公会、上交所、中上协及海外其他专业组织安排的培训及交流活动，更新他们在法律法规、行为准则、企业治理、信息披露和投资者关系等范畴的知识。

中石化作为一家庞大的资源和能源公司，致力成为全球认可的良好公民，一直重视可持续发展和社会责任。因此，公司在董事会下设立了一个社会责任管理委员会，负责监督企业社会责任实践和可持续发展。黄先生现为该委员会的谘询委员，负责公司的环境，社会及管治披露和报告。

随着中国继续开放资本市场，不少人都猜测，香港、上海和深圳的资本市场，会否有一天成为统一的交易平台？虽则这显然是一个长期的战略目标，但马女士和黄先生均认为，当局在可见将来仍会继续实施外汇管制，再加上内地与香港的法律和监管制度不同，香港至少在短期内，仍然为面向国际投资者的资本市场，并将继续通过沪港通和深港通等跨境资金渠道，让国际和内地资金在有限度的条件下互联互通。

「尽管如此，我倒认为大家可探讨一下上海和深圳交易所整合，而事实上这两个交易所在融资方面都有很多相似之处。若两个交易所二合一，相信能提升中国资本市场的竞争力。」黄先生说。CSj

“特许秘书”的加持

马女士和黄先生皆同意，公会会员专业资格为内地企业董秘带来莫大裨益。

马女士说：“成为公会会员后，我参与了不同的培训活动，内容充实，对我的日常工作非常有用。特别是作为两地上市公司的董秘，能掌握两个司法管辖区在上市公司监管和合规要求的差异。公会定期就香港的监管和合规规则安排培训活动，能让我更快做出决定，特别是在特殊情况下，我们几乎须同时满足两个交易所的要求。”

黄先生同意马女士的观点。他还赞扬公会北京代表处，往往能在香港上市规则变更时，适时安排专家讲解。

“比较两地，就一些重大的公告，内地监管机构会选择直接通知上市公司，再由中国上市公司协会安排研讨会。但观香港，这重要责任则落于公会等专业机构。A+H股公司的董秘，十分值得花时间参与公会组织的培训和分享会，这是了解香港上市条例和监管环境变化的最有效直接方式。”

马女士和黄先生还同时提及资深会士资格的好处。黄先生说：“获得资深会士资格，对我个人和事业都是一份荣誉、一份成就。”马女士说：“资深会士资格是对我在事业上追求卓越的认可。”

黄先生补充说，“资深会士资格不仅是名片上或履历上的名衔，资格持有者更可以对公会的事务和未来方向发挥更大的影响力。随着更多内地上市企业董秘出任资深会士，将有助于加强公会与内地资本市场和董秘专业的关系。”

在知识交流方面，公会所有的会员能从更多的资深董秘身上，了解内地企业的治理和文化。黄先生曾多次获邀出任CPD演讲嘉宾，就不同企业治理的实践发表演讲，例如：信息披露；董事会多元化；共产党在上市国有企业公司章程中的地位与角色；以及国有企业改革和重组的影响等。

ESG reporting – preparation pays

Environmental, social and governance (ESG) reporting is a long-term undertaking that brings significant benefits to companies. Dr Glenn Frommer and Theodora Thunder, Principals, The Sustainability Partnership, outline the groundwork necessary to put in place an efficient and effective ESG reporting process.



Those of us who prepare ESG, sustainability, corporate social responsibility (CSR) and, increasingly, annual financial reports recognise the substantial role material non-financial (social and environmental) issues now play. We use significant resources in preparation and large areas of real estate in our reports to adapt our text to the standards and guidelines of reporting authorities and to channel the ESG corporate message in regards to these issues. However, rarely does the management discussion analysis (MDA) section disclose the guiding role and influence exercised by senior management in framing the materiality and the linking of social and environmental risks' influence on strategy, policy and performance.

The role of the board and senior management

The Hong Kong Exchanges and Clearing Ltd (the Exchange) recently completed a review of listed issuers' compliance with its *Environmental, Social and Governance Reporting Guide*, which forms Appendix 27 of the listing rules. The resulting report, *Analysis of Environment, Social and Governance Practice Disclosure in 2016/2017* (Analysis Report), emphasises the importance of board and senior management commitment to ESG. Reports should disclose the approach to ESG issues of the board and management, and should explain how these ESG issues relate to the business. The Analysis Report states that disclosure should include 'the board's evaluation and determination of ESG risks and how it ensures that appropriate and effective ESG risk management and internal control systems are in place'. From a governance perspective, this solicits disclosure of board-level directives on strategy, policy

and systems in relation to the company's approach and management of non-financial material risks.

Working backwards from these disclosures, when structuring a report, the lines of responsibility start with the board and top leadership who allocate resources to the reporting tasks and, by approving the final document, are held both publicly and internally accountable for the content. The board and senior management are thus the final arbiters of what is material to the organisation in terms of ESG issues. Their decisions and directives provide the framework and agenda for issue management reporting and public disclosure. It is therefore, fundamental to use senior management's strategy 'playbook' as the starting point of the reporting process.

Provide a strategic view of ESG

While the 'playbook' is not always in full harmony with the principles, standards and guidelines used to report, it is the responsibility of the reporting committee to align and ensure that disclosure is in compliance with relevant laws and regulations. In addition, disclosure must be substantive in terms of articulating the drivers (strategy, policy) and actions (governance systems programmes, metrics) that address the material issues that affect corporate viability.

Analysts, for example, expect discussions of current and future plans in regards to the positioning of the company and its products or services to maintain market competitiveness. This necessarily flags the internal understanding of material risks and opportunities and how they are being addressed with some degree of confidence and justification for the plans being implemented. Examples would be the diversification of suppliers due to geopolitical factors, or raw materials availability due to climate change impacts on the supply chain. Such decisions often take multiple years to show results for risk mitigation and would need a clear rationale behind them.

Considering that reporting influences reader perceptions, the elements of corporate trust and reputation are at stake with disclosures. Crafting a series of quality disclosures that inspire trust and confidence is challenging but achievable with some basic reporting cycle preparation guidelines.

Reporting cycle preparation guidelines Establish data collection, monitoring and feedback systems

First and foremost, reporting is a team effort that requires input from across the organisation and business functions. A reporting committee that has the competencies and, ideally,

Highlights

- without board involvement, ESG reporting is likely to be just another PR blitz
- improving ESG performance and disclosure comes at a cost in the short term, but the resources put into ESG improves the trust of stakeholders and investors
- better ESG management also facilitates internal changes towards better risk management and governance

“ the board and senior management are thus the final arbiters of what is material to the organisation in terms of ESG issues ”

the experience to work with ESG issues is a prerequisite. Members are responsible for the collection, monitoring and feedback of various systems, programmes and data that are reported on. This is where the clear understanding of the reporting principles of consistency, materiality, balance and quantitative measurements enters and guides the committee's work.

Identify the message

At the early stages of the cycle, seek direction from the CEO and the head(s) of corporate communications/investor relations as to the messages they want readers to take from the report. Review with them the previous year(s)' report(s) and feedback for continuity and material issues. This process should identify the 'no-go' areas, as well as current performance progress, and extract a suitable ESG message from these dialogues.

Keep in mind that a two- to three-year rolling programme is most likely for messaging on strategy/policy development and the performance metrics, especially for environmental and social issues that are often measured for their impact over the medium to long term. An ongoing

dialogue is therefore needed to ensure that departments consistently act on the messaging and metrics beyond just the current reporting cycle. This also makes for a more organised reporting process in future.

Determine the report structure

Structure a story that is concise, on message and linked. Report readers tend to read the chairman/CEO statements and the performance metrics first, followed by the MDA. Combined, these sections are essentially the report. Their interlinking reflects governance at work, that is:

- how the chairman and CEO set out the board's plans to achieve the corporate goals (strategy)
- how these plans are put into action (policies, material issues, risk and reputation management discussed in the MDA)
- what worked or didn't work (performance metrics), and
- what material actions are on the books to realign the strategy trajectory (targets).

The material actions should also be included in the CEO's statement for their strategic rationale and in the MDA for details on the strategy fit.

Consider your audience

Be aware that ESG reporting serves more than just shareholders, regulators and the board. It informs internal management on the thinking, direction and progress of ESG risk management to guide their own departmental alignment and planning. It provides

a critical benchmark positioning for industry peers and, importantly, it is a communication tool that enhances corporate reputation both within and outside the organisation. The choice of writing style (non-legal) and the storytelling should enhance the board's message rather than confuse or distract the reader. Competency in applying the principles of consistency, materiality, balance and quantitative measurements plays a significant role in building and presenting the ESG story.

Groundwork pays off

Mastering the ability to logically link the drivers and actions to reflect the business's progress gives reporters the ability to parse the committee's gathered information and metrics for reporting against most of the standards or guidelines the company elects to use, including the Exchange's *Environmental, Social and Governance Reporting Guide*.

It may take some time and effort to develop the skills and competencies to plan and execute reporting in this vein. However, the result will be informative, strategically valuable and, above all, influential.

Dr Glenn Frommer and Theodora Thunder, Principals

The Sustainability Partnership

The report 'Analysis of Environment, Social and Governance Practice Disclosure in 2016/2017', is available on the Hong Kong Exchanges and Clearing Ltd website: www.hkex.com.hk.

For further information contact: Thunder@streeter.com.hk.



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HK\$1,380 per non-member
HK\$14,400 per table of 12 seats

Attire: Lounge suit

For enquiries, please contact
Vicky Lui at 2830 6088 or
Jaslene Ma at 2830 6018 or
member@hkics.org.hk



Hong Kong's new transfer pricing regime – your guide

Stefano Mariani, Counsel, Deacons, highlights the compliance implications of Hong Kong's new transfer pricing regime for enterprises operating in, or through, Hong Kong.



The Inland Revenue (Amendment) (No 6) Ordinance 2018 came into force in July 2018. This is perhaps the most radical reform to Hong Kong's tax code since 1986, and provides for, among other things, compliance with the government's commitment to meeting the guidelines and policy set forth by the Organisation for Economic Cooperation and Development (OECD) to combat base erosion and profit shifting and to eliminate harmful tax competition among jurisdictions. The bulk of the new transfer pricing regime is written into Part 8AA of the Inland Revenue Ordinance (IRO).

Put briefly, the transfer pricing regime introduces a comprehensive legislative framework to govern how the pricing for the supply of goods and services between associated enterprises should be determined and implemented. It will apply both to companies in the same group and between the head office and a permanent establishment (PE) of the same company. It will further have the effect of rendering operative the 'Associated Enterprises' article (generally, Article 9) of the various double taxation agreements to which

Hong Kong is a party, thereby bringing the rules of international taxation in Hong Kong in line with the global standard.

In keeping with the adoption of OECD principles, the focus of transfer pricing is not taxpayers understood as legal persons (that is, companies, individuals etc), but as enterprises. In this context, an 'enterprise' should be understood as a trade or business, however organised or structured. It could be a company, a partnership, a sole trader and/or a combination of all three. Transfer pricing legislation is primarily concerned with the economic reality of an arrangement or transaction, and not with its legal form. Enterprises operating in or through Hong Kong should accordingly reassess their approach to intra-group supplies of goods and services and understand the additional compliance, documentation, and advisory costs that will necessarily follow from this regime.

Transfer pricing

The key to understanding transfer pricing is the so-called arm's length principle (ALP). When a transaction is conducted at an arm's length, it

is conducted on terms, relevantly including the considerations for a given supply of goods or services, which one may expect to find as between two independent persons. Broadly speaking, transfer pricing rules impose arm's length bargaining on all transactions and arrangements between associated persons – including between a head office and its PE, which, despite not being a separate person in law, is treated as a separate economic unit for transfer pricing purposes – giving rise to a potential tax advantage in Hong Kong.

In this regard, a potential tax advantage includes a decrease in profits or income assessable to Hong Kong tax, or an increase in utilisable expenditure or losses that can be set off against assessable profits. Where such a transaction or arrangement is implemented, the operative transfer pricing provisions would apply to deem the transaction or arrangement to take place on an arm's length basis for tax purposes.

In the context of transfer pricing legislation, the level of association



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pricing principles
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between parties to a transaction or arrangement sufficient to trigger its application is defined in terms of the 'participation condition'. The participation condition is drafted very broadly and will be met where one party participates in the management and control or capital of the other party, whether directly or through one or more interposed companies, and whether formally or informally (that is, by virtue of one of the parties being the shadow director of the other).

For example, assume that A Limited is a company incorporated in Hong Kong and chargeable to Hong Kong profits tax. In the course of generating profits assessable to Hong Kong tax, A Limited incurs expenditure by contracting for the services of B Limited, a company incorporated and resident in the British Virgin Islands, which does not carry on a trade or business in Hong Kong and is, on that footing, not chargeable to profits tax. B Limited indirectly owns 100% of the issued share capital of A Limited through three interposed companies incorporated and resident outside Hong Kong; the participation condition is therefore met

and the two companies are treated as associated. As a tax mitigation strategy, A Limited pays B Limited twice the commercial rate for the provision of its services: that expenditure is both prima facie deductible under section 16 of the IRO, and not taxable in the hands of B Limited because profits derived from the provision of its services are booked in the British Virgin Islands and B Limited does not carry on a trade or business in Hong Kong. In this case, there is a tax benefit because the non-arm's length outgoings of A Limited are contrived to depress its profits assessable to tax in Hong Kong, and so reduce its aggregate

tax liability, thereby generating a Hong Kong tax advantage. Section 50AAF of the IRO provides that the Hong Kong Inland Revenue Department (IRD) is required to substitute the service fee between A Limited and B Limited with an arm's length fee, thereby nullifying any tax advantage arising to A Limited.

An important exception to the transfer pricing regime is that certain domestic transactions are exempt. Broadly speaking, section 50AAJ(2) of the IRO provides that provisions between associated parties that do not have a tax avoidance purpose, and which either

Highlights

- Hong Kong's new transfer pricing regime introduces a comprehensive legislative framework to govern how the pricing for the supply of goods and services between associated enterprises should be determined and implemented
- the new regime brings the rules of international taxation in Hong Kong in line with the global standard
- enterprises operating in or through Hong Kong should reassess their approach to intra-group supplies of goods and services

do not give rise to any Hong Kong tax difference or otherwise relate to the non-business loans, do not fall within the new transfer pricing rules. The domestic element of this exemption is that in order to be exempt, the relevant connected party provision must be made in connection with each affected person's trade, profession or business in Hong Kong, or, if it is made in connection with the trade, profession or business carried on in Hong Kong of one affected person and the other affected person is tax resident in Hong Kong and the transaction or arrangement is not made or imposed in connection with that person's trade, profession or business. The purpose behind this carve-out is to exempt certain essentially domestic operations that do not give rise to a tax advantage of the kind contemplated by the purposive intent of the transfer pricing regime.

What constitutes an arm's length price is further considered in the OECD Transfer Pricing Guidelines (OECD Guidelines), which section 50AAE of the IRO now provides as a canon of statutory interpretation. That means that the statutory provisions governing the transfer pricing regime must be interpreted in the manner that secures the greatest possible compliance with the OECD Guidelines. Thus, in the event of doubt on the application of the ALP under the IRO, practitioners, the courts of Hong Kong and the IRD itself would be required to refer to the OECD Guidelines, in effect integrating these into the schema of Hong Kong's tax legislation.

The ALP necessarily requires reference to matters of fact. The commercial and financial relations between associated enterprises need to be identified and defined, and the terms of the transaction or arrangement likewise established. The

objective of the ALP is to compare the controlled arrangement or transaction with an analogous arrangement or transaction between independent enterprises. The threshold of economic comparability is established in the OECD Guidelines such that economically relevant characteristics of the situations being compared must be 'sufficiently comparable' (albeit not identical). To be comparable means that none of the differences (if any) between the situations being compared could materially affect the condition being examined in the methodology (for example, price or margin), or that reasonably accurate adjustments can be made to eliminate the effect of any such differences.

The IRD has the right of initiative when it comes to reviewing provisions made between associated enterprises. Where a transfer pricing dispute emerges, it is incumbent on the taxpayer to show to the satisfaction of the IRD that a given arrangement or transaction is consistent with the ALP. Accordingly, it is vital that multinational enterprises with activities in Hong Kong begin to assess and evaluate compliance with standard OECD transfer pricing principles and, where relevant, prepare detailed transfer pricing documentation to support any arrangement or transaction that may potentially be at risk of an IRD challenge.

Among the pillars of transfer pricing is the notion of tax symmetry. Section 50AAM of the IRO provides that where a pricing arrangement is reviewed by virtue of the application of the transfer pricing regime, and a new price consistent with the ALP is deemed to have been paid as between the associated persons, that is the price which for all relevant fiscal purposes should be regarded as the price actually paid. Thus, if

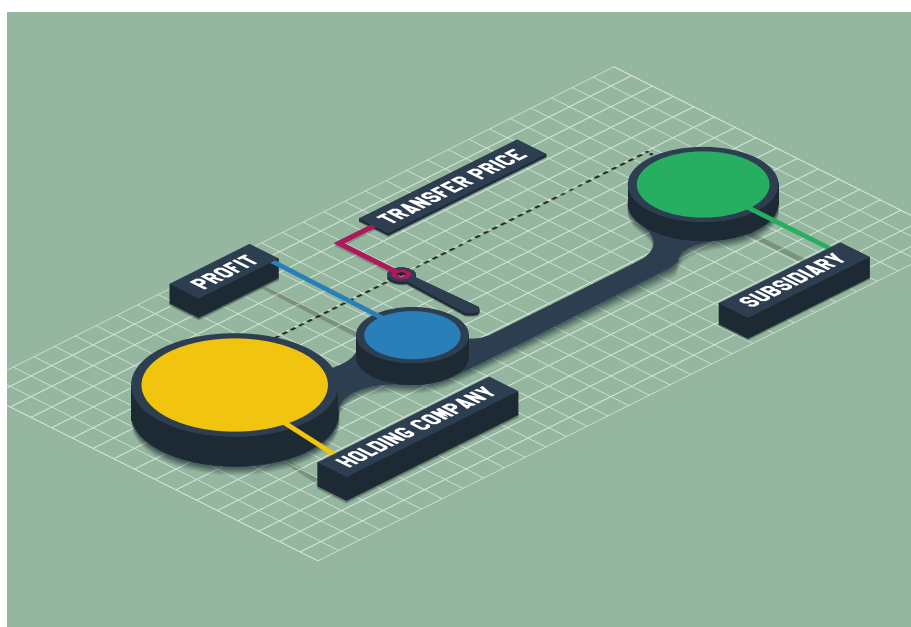
a price is revised downwards, on the one hand the expenditure or outgoing incurred by the company bearing the consideration will be decreased – where relevant with a corresponding decrease in deductible expenditure for the purposes of computing its tax liability – on the other, the profit – where relevant, the taxable profit – of the enterprise receiving the consideration will likewise be revised downwards.

PE law codified

Section 50AAC(5) and Schedule 17G of the IRO together provide for a statutory definition of a PE, which is consistent with the OECD definition of a 'fixed place of business through which the business of an enterprise is wholly or partly carried on', but excludes a presence which is of a preparatory or auxiliary character (for example, a storage facility or the maintenance of a stock of goods). A PE is generally not a subsidiary, but a branch or office of an enterprise resident in a jurisdiction outside Hong Kong. Although a Hong Kong PE will in the ordinary course not be a person legally separate from the non-resident enterprise, it will be fiscally treated as though it were a separate entity, which includes bookkeeping and transfer pricing provisions.

Section 50AAK further provides that profits attributed to and/or expenses incurred by a Hong Kong PE are required to be commensurate with the economic activity that in substance takes place in Hong Kong by or through the PE. This is a relative measure; profit attribution is to be established by reference to, among other things, the functions performed, the assets used and the risk assumed by the enterprise through the PE relative to the rest of the legal person (that is, the head office and any other PEs of the head office).

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Advance pricing arrangements

To facilitate the application of the transfer pricing regime and promote legal certainty, sections 50AAP–50AAW contain a comprehensive advance pricing arrangements (APA) regime. An APA in summary enables a taxpayer to submit for the consideration of the IRD a proposed transfer pricing arrangement and request confirmation that the arrangement is compliant with the ALP and will therefore not be impugned under the transfer pricing regime. The administrative procedures underlying an APA application are in general similar to those currently governing advance ruling applications under section 88A of the IRO, save that there is no fixed fee for an application. Instead, the cost of the APA application will be computed on the basis of hourly rates for the IRD public servants involved, capped at a maximum of HK\$500,000.

Other changes to the IRO

Among other notable amendments to the IRO is the codification in section 15BA of the principle in the UK House of

Lords case of *Sharkey v Wernher* [1956] AC 58 that where a person trades in a certain subject matter and subsequently appropriates part or all of that trading stock for non-trade purposes, such trading stock is deemed to have been disposed of by that person in the course of its trade, and the profits arising from that deemed disposal will need to be brought into account for the purposes of computing its liability to profits tax. The introduction of this provision will in practice make the management of inventory and the decision as to how property is held and administered by a company of crucial importance, since once an item of trading stock is no longer held for business purposes it would, thereby, potentially give rise to an unexpected, and in some cases, material liability to profits tax.

Of crucial importance to enterprises operating in the fields of research and development and intellectual property is the new section 15F of the IRO, which charges to tax sums derived from the exploitation of intellectual property by

non-Hong Kong resident associates of a person who made value creation contributions to the development, enhancement or maintenance of that intellectual property in Hong Kong. This is in effect an anti-avoidance and anti-abuse provision; its purpose is to align value creation with the taxation of intellectual property rights.

Key dates

In general, the provisions relating to transfer pricing (except for sections 15F and 50AAK) will apply in relation to tax payable for the year of assessment 2018/2019 onwards. Sections 15F and 50AAK will apply in relation to the year of assessment 2019/2020 onwards so as to give taxpayers a longer lead time to make preparation.

Stefano Mariani, Counsel

Deacons

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Data governance in cross-border investigations

New technological tools, including machine learning, can increase the efficiency of cross-border investigations into malpractice, but Colum Bancroft, Managing Director, and Edward Boyle, Senior Vice-President, AlixPartners, highlight the need for appropriate data governance controls to be in place to ensure regulatory compliance.



An internal investigation can be viewed as an exercise in data management. Those charged with managing the investigation need to determine the data in scope, where it resides and what the contents of the data can reveal about past conduct. Following the increase in local and international extraterritorial data privacy legislation, additional attention is being given to conducting investigations with the right safeguards in place. On the other hand, as with any data-intensive exercise, there are significant benefits and efficiencies that can be gained from the use of technology. However, these tools are most effective when different types and sources of data is aggregated, which can only be considered once the data risks have been thoroughly assessed. Throughout the whole investigation process, from the planning of the investigation through to execution and reporting, the first priority should be to ensure that appropriate measures are taken to ensure the data is being handled in accordance with the law.

Cross-border data challenges

Data collected from different jurisdictions during the course of an investigation is often required to be strictly segregated based on local data laws, and, in the case of the PRC, the Law of the PRC on Guarding State Secrets. Similarly, in Japan, following amendments to the Act of Personal Information Protection, the Personal Information Protection Commission (PIPC) was established. According to PIPC regulations, entities must obtain the consent of the data subject prior to disclosure to overseas third parties. This serves to highlight the minefield of data privacy regulations, which those charged with managing investigations must keep front of mind throughout the course of an investigation.

Where data can be aggregated from multiple locations, the efficiency of the investigation is increased. For practical reasons, it is helpful for investigating professionals to be able to review and share data between locations. Also, when conducting data analytics-based exercises, either as a tool for red flag detection or in the course of an investigation, the analysis is more valuable when the data sits in one database and can be reviewed in the context of all the relevant data. For example, an analytical exercise reviewing expense reports by individual employees would ideally be able to identify benchmarks and outliers between employees across the entire business operations.

Strict data requirements necessitate a great deal of planning and preparation on the part of those managing investigations. While it is often necessary for all data collected during the eDiscovery process to be hosted in-country, this does not solve the issue of dealing with working papers and other documents obtained by forensic accountants and other investigating professionals. In most professional firms, in the ordinary course of business the preference is to store working files on cloud-based systems.

This is rarely appropriate for a cross-border investigation as it limits the control that can be placed on accessing and transmitting data. Another consideration is the location of email servers and backup policy of the investigating firm. Data may be effectively leaving the jurisdiction unbeknown to the individual user by virtue of server locations and routine backups. These considerations must be balanced with the risks associated with data loss if backups are disabled. When hiring consultants to assist with internal investigations, it is essential to consider the location and type of data sources that are in scope and how the flow of data will be controlled throughout the course of the investigation and stored or deleted on completion.

Where regulators and other stakeholders are concerned, there is an expectation that they will be kept apprised of developments as the investigation progresses and, of course, receive a final report. The impact of the report, particularly when it involves personal data and international regulators, may be lessened when findings can only be reported as part of aggregated data or in an anonymised format. For a corruption investigation, the findings will be at

Highlights

- as with any data-intensive exercise, there are significant benefits and efficiencies that can be gained from the use of technology
- investigating teams need to be aware of, and able to make best use of, the technological tools available to manage and gain insight from very large and disparate sets of data
- the evolving regulatory landscape in respect of data privacy requires investigations to be managed in a way that is compliant with all relevant data privacy laws

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investigators must
equip themselves with
the best available tools
to uncover the issues in
an efficient and cost-
effective manner
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the level of individual transactions, payments to whom, and on what date and authorised by whom.

This is typically less of an issue for financial statement fraud cases where the focus of the investigation is usually to try to get to the real underlying financial position of the entity under investigation. However, the conduct of individuals will still be a focus of regulators in all cases. In many jurisdictions this information cannot be reported outside the relevant jurisdiction, so careful determinations must be made about how findings are reported based on appropriate legal advice, as necessary. The use of technology tools can greatly assist the progress and efficiency in an investigation, but the first consideration when deploying these tools is ensuring that they are set up and operated in a controlled environment that is compliant with local data privacy laws. The investigation leaders should be prepared to explain to the relevant authorities what measures have been put in place to comply with local laws. In these situations, as with all compliance matters, planning and documentation of the controls in place is key.

Technology assisted review

Technology assisted review (TAR) – using machine learning as part of the document

review process – has been accepted by courts in the US for some time. The take-up in Asia-Pacific countries has been less widespread, particularly for internal investigations. This is a result of a mixture of factors: some unique to Asia and others relating to the technology generally.

The latest TAR software has a number of different functions that can aid the review process. Typically, the process involves taking a set of reviewed seed documents from which the software will look for common factors and apply predictive coding to the remaining review population. This is then refined and validated through an iterative process until the software determines that the remaining documents do not need to be reviewed or, technically speaking, that the probability that the relevance of any document that hasn't been reviewed (by a human) is outside predetermined statistical parameters.

One conceptual issue that commonly occurs in investigations in Asia is multiple languages in the same review population. In these cases, the data set needs to be categorised by language and the machine learning can only be applied to each category on a siloed basis. This can create issues where a custodian may discuss the same issue in different

languages across different email threads. The software will not be able to make the link between one email in, say, Japanese and a related email in English. One way to resolve this, once the issues are well known, is to use targeted search terms as a quality assurance exercise. Any issue that is identified in one language can be searched for using corresponding search terms in any other language used by the relevant custodian.

Hybrid approach

Another concern around this technology is the perception that it is a black box. Investigators who are not familiar with the technology can be reluctant to move away from tried and trusted methodologies. The technology used for traditional linear review has been in use for some time and is widely understood. A set of search terms can be agreed at the outset based on known issues and a review population is identified. From that point the progress of the review is relatively predictable. The review plan is straightforward and easy to communicate to stakeholders, including regulators.

Because of the challenges outlined above, a hybrid approach can be an effective way to defensibly accelerate the progress of an investigation. Firstly, the TAR software can be used as part of an early case assessment. The data visualisation functions quickly help investigators get an overall understanding of the data set and identify if there are any gaps in the data. For the review phase, the search terms can then be applied to the review population as in a linear review. TAR is then used not to predictively code, but to prioritise the review based on the results of an initial review seed set of documents. The advantage of this approach is that the machine learning will help to identify

potentially relevant documents and push them up the review queue, meaning early identification of key documents. Compared with a linear review there is no downside, as the prioritisation can be managed at minimal incremental cost and is likely to lead to efficiency savings overall. This is particularly helpful when there are parallel workstreams such as witness interviews and analysis of structured data. Early identification can allow the investigation to quickly hone in on the key issues.

Combining insights from multiple sources of data

One of the most time-consuming, and therefore expensive, aspects of an investigation is identifying links and analysis between different data sets, particularly between unstructured data (such as emails and chat messages) and structured data (usually transaction data). An email might refer to the payment of an invoice, and the investigation then has to identify the payment in the structured data in a different system (or systems) by reference to the date or the invoice number. This can be particularly time-consuming, particularly in the context of investigations where the list of suspect transactions could be voluminous, such as anti-money laundering, corruption or accounting fraud investigations.

New tools are now available that can not only house structured and unstructured data in the same review platform, but also automatically make links between the two data sets. In practice, this means a reviewer can look at the contents of an email discussing a transaction and the actual associated transaction details with a few clicks. This can help to quickly validate findings, as well as root out false positives – for example filtering out emails that on first review might appear to

contain issues but are actually benign. As noted above, in many cases data sets from different jurisdictions cannot be reviewed as a whole. While this places some limits on the efficiencies that are available from using various technology tools, the benefits of using these tools outweigh the costs of implementation, even for relatively small data sets. The increasing complexity and sophistication of the issues faced by forensic investigators means investigators must equip themselves with the best available tools to uncover the issues in an efficient and cost-effective manner.

Capturing communications

The evolution of channels of communication and blurring of the lines between business and personal communications means relevant data can sit on multiple devices with multiple applications on each device. Capturing, processing and hosting email and other electronic data has been standard practice for a number of years, but is no longer sufficient. The use of messaging applications for business as well as social interaction is now commonplace. The annual WeChat report issued by Tencent's research division reported that 83% of surveyed respondents use WeChat for work, with a reported 963 million active accounts, all of which equates to a lot of business conversations happening off email. Crucially these work-related conversations occur regardless of whether the device is issued by the company or is owned by the employee. While there are means of capturing these conversations from backups to laptops, this depends on the settings applied by the user, so cannot be guaranteed.

Conversations on messaging applications can be extremely valuable evidence

“
the first priority should be to ensure that appropriate measures are taken to ensure the data is being handled in accordance with the law
”

precisely because bad actors now know very well that their corporate emails can be easily accessed and reviewed. In most cases, custodians tend to be less cautious when communicating over messaging applications. Whether the device is owned by the employee or company-issued (with appropriate data-ownership policies), such communications can be key to an investigation.

Conclusion

Managing increasingly complex sources of data and overall data volumes is creating a number of challenges for those charged with managing investigations. Investigating teams need to be aware of, and able to make best use of, the technological tools available to manage and gain insight from very large and disparate sets of data. Along with the changes in data, the evolving regulatory landscape in respect of data privacy in both Asia-Pacific regulations and extraterritorial international regulations requires investigations to be managed in a way that is compliant with relevant laws and ensures the collection, transfer, and reporting of data is carried out in a controlled environment.

Colum Bancroft, Managing Director, and Edward Boyle, Senior Vice-President
AlixPartners

Professional Development

Seminars: September and October 2018

17 September

Backdoor listing and continuing listing criteria



Chair: Carmen Lam FCIS FCS, Company Secretary, Tongda Hong Tai Holdings Ltd

Speakers: Terri Poon, Counsel; Danny Kan, Counsel; and Tiffany Yan, Managing Associate; Linklaters Hong Kong

21 September

Practical company secretarial workshops: part 3 – how to communicate effectively with your management, shareholders and other stakeholders, module 6 – the company secretary: the board's communicator



Speaker: April Chan FCIS FCS, Institute Past President and Chairman of Technical Consultation Panel, and Inaugural President, CSIA

26 September

Structuring a private investment fund and the latest development (re-run)



Chair: Julian Leung FCIS FCS, Company Secretary and Senior Manager, Finance, New Provenance Everlasting Holdings Ltd

Speakers: Penelope Shen, Partner, Kwok Yih & Chan; and Maggie Kwok, Partner, Harneys

28 September

Qualifications of listing in Hong Kong and roles played by professional parties in an initial public offering



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

Speakers: Seaman Kwok FCIS FCS, Executive Director & Head, Corporate Secretarial, Boardroom Corporate Services (HK) Ltd and Director, Boardroom Share Registrars (HK) Ltd; Edmund Li, Principal, Crowe Horwath (HK) Global Corporate Advisory Ltd; Roy Choi, Partner, Loeb & Loeb, Solicitors; and Jacky Chu, Manager, CLC International Ltd

28 September

Company secretarial practical training series: company dissolution



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

3 October

The GDPR – and update on its implementation



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

Speaker: Raina Yeung, Assistant Privacy Commissioner for Personal Data (Legal, Policy & Research), Privacy Commissioner for Personal Data, Hong Kong

3 October

Liabilities under the anti-discrimination laws in Hong Kong



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

Speaker: Cynthia Lam, Senior Training Officer, Equal Opportunities Commission

Online CPD (e-CPD) seminars

For details, please visit the CPD section of the Institute's website: www.hkics.org.hk. For enquiries, please contact the Institute's Professional Development Section at: 2830 6011, or email: ecpd@hkics.org.hk.

ECPD forthcoming seminars

Date	Time	Topic	ECPD points
28 November 2018	6.45pm–8.15pm	Improving the disclosures in annual reports of Hong Kong listed companies – key financial reporting matters for company secretaries	1.5
29 November 2018	6.45pm–8.15pm	Blockchain and compliance	1.5
3 December 2018	1.00pm–2.00pm	#Metoo in the workplace – bullying, harassment and workplace misconduct	1
4 December 2018	3.00pm–5.45pm	Regulatory updates and journey to ML/TF risk mitigation	2.5
6 December 2018	6.45pm–8.15pm	Finding the right listing venue	1.5

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

HKU SPACE PRC programme – PRC Corporate Administration

HKU SPACE PRC programme – PRC Corporate Administration is now open for enrolment.

Date and Time:	17 and 24 November, 1 and 8 December 2018 (Saturdays) 2.00pm–5.00pm & 6.00pm–9.00pm
Venue:	HKU SPACE, HKU Admiralty Learning Centre
Speaker:	刘娟博士 - 华南农业大学公共管理学院副教授, 劳动与社会保障系主任

For more information, please contact HKUSPACE at: 2867 8317, or: prcprogramme@hkuspace.hku.hk

Professional Development (continued)

Annual training programme for H-share companies

The Institute's annual training programme for H-share companies was held in Hong Kong between 23 and 26 October 2018. It was attended by over 40 board secretaries and senior executives from H-share, A+H share and red-chip companies. Speakers from Hong Kong Exchanges and Clearing Ltd (HKEX), the Independent Commission Against Corruption, the Securities and Futures Commission, as well as experienced market practitioners and professionals shared their professional knowledge and hands-on experience on a range of topics, including the latest regulatory developments, financial reporting standards, connected transactions, environmental, social and governance reporting guidelines, due diligence and anti-money laundering. Participants also visited the newly renovated exhibition hall of HKEX.



Membership

New graduates

The Institute would like to congratulate our new graduates listed below.

Au Wing Han	Churk Sin Ki	Lau Ka Yee	Sin Hey Yu
Au-Yeung, Nelly	Ding Ka Hei	Law Hau Yan	Sin Yuk Yan, Maria
Chan Koon Yan	Feng Jie	Lee Ching Yee, Jenny	Sun Yirong
Chan Lai Ying	Fong Chui Yin	Lee Choi Hei	Tam Ho Yin
Chan Sau Mei	Fung Kwai Ying, Karen	Lee Kin Ngai, Kenneth	Tsang Chi Ka
Chan Sze Kei, Maggie	Fung Pui Kuen, Alexander	Lee Suk Yi	Tsang Ho Pong
Chan Tsz Kin	Fung Sze Man	Leung Tsun Yu, Derek	Tse Chin Fung
Chan Yim Ling	He Lina	Leung Winnie	Wan Yau Mei, Maggie
Chen Cong	Heng Kai Neng, Keith	Leung Yuk Ching, Linda	Wang Zheng
Chen Ximing	Ho Po Ki	Li Hoi Chuen	Wong Fung Man
Cheng Ka Yan	Ho Suet Yi	Li Hoi On	Wong King Man, Simon
Cheng Wing Po	Hong Tao	Li Yijun	Wong Yik Huen
Cheng Wing Sum	Hu Rukun	Li Yinnu	Wu Di
Cheung Chun Yin, Alexander	Huang He	Lin Ka Man	Wu Zhengrong
Cheung Ho Yiu	Huang Tianbo	Liu Hoi Shan	Xiao Jiefei
Cheung Kam Yan	Hui Chi Wing	Lo Kim Kam, Irene	Yeung Hong Chit
Cheung Kin Yan	Kam Ka Yee	Lu Rui	Yuan Yaqin
Ching Yuet Ha, Betty	Kwan Yau Kuk, Edith	Ma Li	Yuen Hiu Sze, Pearl
Choi Fung Lam	Kwok Man Kin	Man Ching Yu	Yuen Pik Kwan
Chow Chit Ming, James	Kwong Suk Ping	Mok Miu Chi, Rebecca	Yuen Wai Kin
Chow Shing Lung	Lai Ching Ho	Mok Shu Ki	Zhao Hailin
Chow Shui Fong, Connie	Lai Tsz Yin	Mok Yue Him	Zhu Yongmin
Chow Yuk Ki	Lam Ka Yi	Ng Shuk Yee	
Chui Tsan Kit	Lam Shuk Wai, Ida	Okubo Masami	
Chung Lap Hung	Lam Tsz Wai	Shi Ying	

Membership (continued)

New Fellows

The Institute would like to congratulate the following Fellows elected in September 2018.

Chan Sau Ling FCIS FCS

Ms Chan is a Director of Corporate Services of Tricor Services Ltd, a global professional services provider specialising in integrated business, corporate and investor services. She has over 20 years of experience in the corporate services field and has been providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. She is currently the company secretary/joint company secretary of three listed companies on The Stock Exchange of Hong Kong Ltd. Ms Chan holds a bachelor's degree in accountancy from University of South Australia.

Cheung Wai Sze FCIS FCS

Ms Cheung has been the Company Secretary of TSC Group Holdings Ltd (Stock code: 206) since June 2006. She graduated from Curtin University of Technology, Australia, with a bachelor's degree in commerce and obtained her master's degree in professional accounting and information systems from City University of Hong Kong. She has over 15 years of experience in company secretarial and corporate affairs, with a strong focus on serving the board of directors to ensure they comply with corporate governance requirements and procedures. She is a fellow of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

Cheung Yuet Fan, Aries FCIS FCS

Ms Cheung is a Director of Corporate Services of Tricor Services Ltd, a global professional services provider specialising in integrated business, corporate and investor services. She is responsible for the provision of professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies; leading team members in the delivery of such services; and monitoring workflows and efficiency. She also provides advice on corporate governance issues and reviews relevant updates, particularly for listed client companies. Ms Cheung holds a bachelor's degree in accountancy from City Polytechnic of Hong Kong (now known as City University of Hong Kong).

Leung Ching Ching FCIS FCS

Ms Leung is a Senior Manager of Corporate Services of Tricor Services Ltd with over 14 years of experience in company secretarial industry. She provides services to clients ranging from private companies to public companies listed on the main board of The Stock Exchange of Hong Kong Ltd. She also acts as the named company secretary of four listed companies in Hong Kong. Miss Leung graduated from The Chinese University of Hong Kong with a bachelor's degree in social sciences. She also holds a master's degree in professional accounting and information systems from City University of Hong Kong.

Leung Po Chu, Tinnie FCIS FCS

Ms Leung is the Assistant Vice-President of Board of Directors Office – Hong Kong Office of China Construction Bank (Asia) Corporation Ltd. She is mainly responsible for providing administrative support to the Board of Directors Office in Beijing of China Construction Bank Corporation (Stock Code: 939). Ms Leung obtained a master's degree in corporate governance from The Hong Kong Polytechnic University.

So Ka Man FCIS FCS

Ms So is a Director of Corporate Services of Tricor Services Ltd, a global professional services provider specialising in integrated business, corporate and investor services. She has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. She is currently the company secretary of six companies listed on The Stock Exchange of Hong Kong Ltd. Ms So obtained a bachelor's degree in arts (accountancy) from the Hong Kong Polytechnic University.

Tse Chi Cheung FCIS FCS

Mr Tse is the Deputy Chief Financial Officer of Wanda Hotel Development Company Ltd (Stock Code: 169) and is responsible for the overall financial management of the company. Mr Tse has over 15 years of experience in financial management, corporate finance, corporate governance and auditing. He is a fellow of the Hong Kong Institute of Certified Public Accountants. Mr Tse holds a master's degree in business administration and a bachelor's degree in accountancy and management information systems from the City University of Hong Kong.

Membership (continued)

Wong Lung Hon FCIS FCS

Mr Wong is a Director of Tricor Services Ltd responsible for governance, risk and compliance services, including risk assessment, internal control review and ESG reporting for clients, as well as internal processes enhancement and knowledge management of Tricor. He has over 20 years of commercial and professional experience in the Asia Pacific and China markets gained from his previous positions as Head of Risk and Compliance Advisory Services of KPMG in Southern China and Head of Internal Audit of McDonald's in the APMEA region. Mr Wong is a fellow of both Hong Kong Instituted of Certified Public Accountants and CPA Australia. He is also a Certified Tax Advisor, Certified Internal Auditor and Certified Information Systems Auditor. He holds master's degrees in knowledge management and business from The Hong Kong Polytechnic University and Monash University respectively.

Wong Wai Yee, Ella FCIS FCS

Ms Wong is a Director of Corporate Services of Tricor Services Ltd, a global professional services provider specializing in integrated business, corporate and investor services. She has over 20 years of experience in the corporate services field and has been providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. She is currently the company secretary of five listed companies on The Stock Exchange of Hong Kong Ltd. Ms Wong holds a bachelor's degree in economics from The University of Hong Kong and a postgraduate diploma in Corporate Administration from the City University of Hong Kong.

Leung Ho Kit FCIS FCS

Senior Manager, Credit Documentation, Industrial and Commercial Bank of China (Asia) Ltd

Leung Wan Yi FCIS FCS

Senior Compliance Director, Fosun International Ltd (Stock code: 656)

Lau Kin Tat, Terry FCIS FCS

Principal, Assurance, BDO Ltd.

Sin Wing Chi, Claudia FCIS FCS

Company Secretary and Secretary of Group Executive Committee, Chinachem Group

Tung Man Yi, Amy FCIS FCS

Chief Financial Officer and Company Secretary, ATA Inc.

Wan Wai Yin FCIS FCS

Head of Academic Quality Assurance, The Hong Kong Academy for Performing Arts

Wu Kam On Keith FCIS FCS

Executive Director, Group Chief Operation Officer and Company Secretary, Tsit Wing International Holdings Ltd (Stock code: 2119)

Yu Hok Sum FCIS FCS

Yu Lai Nor, Cathy FCIS FCS

Head of Company Secretarial Department, King & Wood Mallesons

Donate as you spend with Chartered Secretaries AMEX credit card

Members, graduates and students are encouraged to apply for the Chartered Secretaries AMEX credit card to enjoy exclusive privileges. In addition, purchases made with the Chartered Secretaries AMEX credit card will make a positive contribution to The Hong Kong Institute of Chartered Secretaries Foundation Ltd, a charitable organisation established by the Institute in 2012, that aims to support education and research in company secretarial, legal, accounting and business studies, and in particular, the corporate governance area. Deadline for the special offer is Friday, 30 November 2018.

Code of Professional Ethics and Conduct

Pursuant to the approval of the Council of ICSA and the Institute, the revised Code of Professional Ethics and Conduct has been published on the Institute's website. All members, graduates and students are expected to observe the highest standards of professional conduct and ethical behaviour in all their work and activities to uphold the objectives of ICSA and the Institute. For details, please refer to the Membership Section of the Institute's website: www.hkics.org.hk.

HKICS Convocation 2018

The annual Convocation of the Institute was held on 8 October 2018, with Edith Shih FCIS FCS(PE), International President of ICSA and Past President of the Institute as the Guest of Honour. In the year of 2017/2018, 72 Fellows and 324 Associates were elected, while 66 graduates were admitted to the Institute.

New Fellows, Associates and graduates, together with the Institute's International Qualifying Scheme (IQS) subject prize winners and merit certificate awardees received their certificates and awards at the Convocation. Two HKICS Teaching Awards were also presented to Professor Jeffrey Ng and Mr Percy Wong at the ceremony. The Teaching Awards were offered in collaboration

with the School of Accounting and Finance of The Hong Kong Polytechnic University to recognise their outstanding teaching performance in subjects relevant to the IQS.

Certificates were presented by Edith Shih; Past President Dr Maurice Ngai FCIS FCS(PE); Treasurer and Education Committee Chairman Dr Eva Chan FCIS FCS(PE); Council member and Membership Committee Chairman Stella Lo FCIS FCS(PE); Council member and Education Committee Vice-Chairman Bernard Wu FCIS FCS; and Membership Committee Vice-Chairman Terry Wan FCIS FCS. The Institute also invited Ellen Li GradICSA to share her experience and professional aspirations.



Membership (continued)

Members' activities highlights: October 2018

13 October
Joint Professional
Networking Event –
Beyond the Stage
of Cantonese Opera



21 October
Community Service –
Pink Walk for Breast
Health 2018



Forthcoming membership activities

Date	Time	Event
9 November 2018	7.00pm–9.00pm	Fun & Interest Group – 香薰精油伸展工作坊
7 December 2018	6.30pm–8.30pm	Chartered Secretary Mentorship Programme – Closing Ceremony for 2018 cum Launch of 2019 Programme (by invitation only)
15 December 2018	8.45am–4.30pm	Fun & Interest Group – Organic Farm Day-tour at Sha Tau Kok

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

The Hong Kong Institute of Chartered Secretaries

2018 Annual General Meeting

Thursday, 13 December 2018 at 6.30pm

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

For details of the Institute's 2018 Annual General Meeting and other related papers, please visit the Institute's website: www.hkics.org.hk

Advocacy

Co-option of Council members

The Council of the Institute is pleased to announce that at the Council meeting held on 27 September 2018, the following three Fellows were co-opted as Council members of the Institute commencing from 1 October 2018:



Loretta Chan FCIS FCS, Chairman of the Institute's Professional Services Panel; Partner, PricewaterhouseCoopers Ltd



Natalia Seng FCIS FCS(PE), Institute Past President; Chief Executive Officer, China & Hong Kong, Tricor Services Ltd



Xie Bing FCIS FCS, Vice-Chairman of the Institute's Professional Development Committee; Company Secretary, China Southern Airlines Company Ltd

Pink Walk for Breast Health 2018

On 21 October 2018 around 20 Institute members, graduates and students joined the 'Pink Walk for Breast Health 2018' fundraising event organised by the Hong Kong Breast Cancer Foundation (HKBCF) as volunteers and participated in the walkathon. A total of HK\$10,600 was raised for HKBCF from this walkathon.



HKICS Secretariat supports Hong Kong Cancer Fund with Dress Pink Day

26 October 2018 was the Dress Pink Day of the Hong Kong Cancer Fund. In support of this event, the Institute's Secretariat team in both the Hong Kong and Beijing offices dressed in pink to raise awareness about breast cancer. The team raised more than HK\$5,000 to support the Pink Recovery Pack, which will go to the bedsides of more than 40 patients in Hong Kong who have undergone breast cancer treatment.



Advocacy (continued)

HKICS Past Presidents interviewed by TVB

Institute Past President and current Council member Natalia Seng FCIS FCS(PE) and International President of ICSA and Institute Past President Edith Shih FCIS FCS(PE) were interviewed by TVB on 12 and 27 September 2018, respectively. The interviews were used for a news story on the Chartered Secretary profession that was broadcast on its news programme 'Financial Magazine' (財經透視) on 21 October 2018 from 6.00pm to 6.30pm.

For details of the interview, please visit the News section of the Institute's website: www.hkics.org.hk.

National Day Reception of the 69th Anniversary of the Founding of the People's Republic of China

Institute President David Fu FCIS FCS(PE) attended the National Day Reception to celebrate the 69th Anniversary of the Founding of the People's Republic of China organised by Home Affairs Department of the Government of the Hong Kong SAR.

HKICS joins accounting professionals on Mainland study tour

Immediate Past President Ivan Tam FCIS FCS and Council member Bernard Wu FCIS FCS joined the study tour to Hebei and Beijing organised by the Liaison Office of the Central People's Government of the Hong Kong SAR from 12 to 16 September 2018. During the tour, the group attended meetings with representatives of the Ministry of Finance, State Administration of Taxation and Central United Front Department of the People's Republic of China in Beijing, and also visited various cities in Hebei.



HKICS receives the Good MPF Employer Award 2017/2018

For two consecutive years, the Institute has received the Good MPF Employer Award and the Support for MPF Management Award from the Mandatory Provident Fund Schemes Authority (MPFA). A certificate was presented to the Institute's representative at the presentation ceremony on 9 October 2018.

As an Institute promoting good governance policies and practice, we are delighted to receive these two awards from the MPFA.

HKICS attended FATF Mutual Evaluation Briefing Session

On 13 September 2018, Institute President David Fu FCIS FCS(PE); Past President and current Council member Natalia Seng FCIS FCS(PE); Council member Loretta Chan FCIS FCS; Professional Services Panel members Jenny Choi FCIS FCS(PE) and Alberta Sie FCIS FCS(PE); and Senior Director and Head of Technical & Research Mohan Datwani FCIS FCS(PE) attended the briefing session organised by the Financial Services and Treasury Bureau of the HKSAR Government for Financial Institutions and Designated Non-Financial Business and Professions in preparation for the Mutual Evaluation of Hong Kong, China, by the Financial Action Task Force.

International Qualifying Scheme (IQS) examinations

International Qualifying Scheme (IQS) examinations – December 2018 diet schedule

	Tuesday 4 December 2018	Wednesday 5 December 2018	Thursday 6 December 2018	Friday 7 December 2018
9.30am–12.30pm	Hong Kong Financial Accounting	Hong Kong Corporate Law	Strategic and Operations Management	Corporate Financial Management
2.00pm–5.00pm	Hong Kong Taxation	Corporate Governance	Corporate Administration	Corporate Secretaryship

Admission slips

Admission slips, together with 'instructions to candidates', will be posted to candidates during the second week of November 2018. The slip specifies the date, time and venue of the examination. Candidates are also reminded to read through the instructions to candidates before taking the examination.

For enquiries, please contact Leaf Tai at: 2830 6010, or Sylvia Chuang at: 2830 6068.

Syllabus update – Corporate Administration

The topic 'Hong Kong Competition Law' will be included in the Corporate Administration syllabus (effective from the December 2018 examination). Students can refer to 'IQS Syllabus' under the International Qualifying Scheme section of the Institute's website. Students can refer to Chapter 14 in the Corporate Administration study pack for this new topic (Hong Kong Competition Law).

IQS study packs go green

The updated version of the IQS study pack for Corporate Secretaryship was available from 24 August 2018 onwards. The updated versions of the other three study packs (Corporate Governance, Corporate Administration and Hong Kong Corporate Law) are also available online. Students can access the new version online. You can view the summary of updates for each study pack under the 'News' section of the Institute's website and the PrimeLaw platform.

For further questions regarding the online study packs, please contact Leaf Tai at: 2830 6010, or email student@hkics.org.hk. For technical questions regarding the PrimeLaw account, please contact Wolters Kluwer Hong Kong Limited (WKHK) customer service: HK-Prime@wolterskluwer.com.

Policy – payment reminder

Exemption fees

Students whose exemption was approved via confirmation letter in August 2018 are reminded to settle the exemption fee by Friday 23 November 2018.

Studentship renewal

Students whose studentship expired in September 2018 are reminded to settle the renewal payment by Friday 23 November 2018.

Studentship

Studentship activities highlights: October 2018

4 October
Professional Seminar
at The Hang Seng
Management
College



Speaker: *David Lau ACIS ACS, Associate Director, Business Development, BoardRoom Corporate Services*

4 October
Passing the Torch –
guest lecture at
the Hong Kong
University of Science
and Technology



Speaker: *Daniel Chow FCIS FCS, Senior Managing Director, FTI Consulting (Hong Kong) Ltd*

8 October
Professional
Seminar at the Open
University of Hong
Kong



Speaker: *Anna Kong ACIS ACS, Company Secretary, Shougang Fushan Resources Group Ltd; Anna Sum, Senior Lecturer, OUHK*

9 October
Governance
Professionals
Information
Session



Speaker: *Anna Kong ACIS ACS, Company Secretary, Shougang Fushan Resources Group Ltd; Samantha Suen FCIS FCS(PE), Chief Executive, HKICS*

11 October
Passing the Torch –
guest lecture at
the Hong Kong
University of Science
and Technology



Speaker: *Rachel Ng ACIS ACS, Company Secretarial Manager, CLP Holdings Ltd*

Student Ambassadors Programme 2018/2019

The Institute's Student Ambassadors Programme (SAP) for the new academic year (2018/2019) was launched with a tea reception on 6 October 2018. 12 mentors and 32 students ambassadors attended the event. Institute Council member and Education Committee Vice-Chairman Bernard Wu FCIS FCS delivered welcoming remarks to the participants and presented certificates to the mentors and mentees of the last academic year.

The Institute would like to thank the following members (in alphabetical order of their surname) for their valuable contributions as mentors or new mentors for the 2017/2018 and 2018/2019 SAP.



Mentors for the 2017/2018 Programme

Brian Chan ACIS ACS
 Elly Chan FCIS FCS
 Eric Chan FCIS FCS(PE)
 Tobey Chan ACIS ACS
 Caroline Chan ACIS ACS
 Willa Chan ACIS ACS
 Irene Cheng ACIS ACS
 Cavan Cheung FCIS FCS
 Daniel Chow FCIS FCS
 Simon Chow ACIS
 Victor Ho ACIS ACS
 Eddy Ko ACIS ACS
 Anna Kong ACIS ACS
 Iris Lai ACIS ACS
 Ricky Lai FCIS FCS
 Davis Lau ACIS ACS

Dr Irene Lau FCIS FCS
 Louisa Lau FCIS FCS(PE)
 Janice Law ACIS ACS
 Alan Lee ACIS ACS
 Allan Lee FCIS FCS
 Simon Lee ACIS ACS
 Anna Leung ACIS ACS
 Dr Bruce Li FCIS FCS(PE)
 Jerry Tong FCIS FCS
 Patrick Wong ACIS ACS
 Sandy Yan ACIS ACS
 Cathy Yu ACIS ACS
 Rebecca Yu FCIS FCS

New mentors for the 2018/2019 Programme

Donald Lai ACIS ACS
 Agnes Cheuk ACIS ACS
 Nick Cheung ACIS ACS



Studentship (continued)

Student forums for the New Qualifying Programme

On 26 and 28 September 2018, the Institute organised two student forums to introduce the New Qualifying Programme (NQP), which will replace the current International Qualifying Scheme (IQS) from 1 January 2020. Institute Chief Executive Samantha Suen FCIS FCS(PE) introduced the new initiatives of The Institute of Chartered Secretaries and Administrators (ICSA) and the Institute, which include the new 'Chartered Governance Professional' qualification and the NQP. Ms Suen indicated that the NQP will qualify candidates who have completed all necessary requirements to become both a Chartered Secretary and a Chartered Governance Professional at the same time. She also provided details of the NQP as compared to the IQS, as well as the transition arrangements. Over 200 students attended the forums where they also shared their views on the new initiatives and had the opportunity to have their questions answered.



At Forum A



At Forum B

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

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