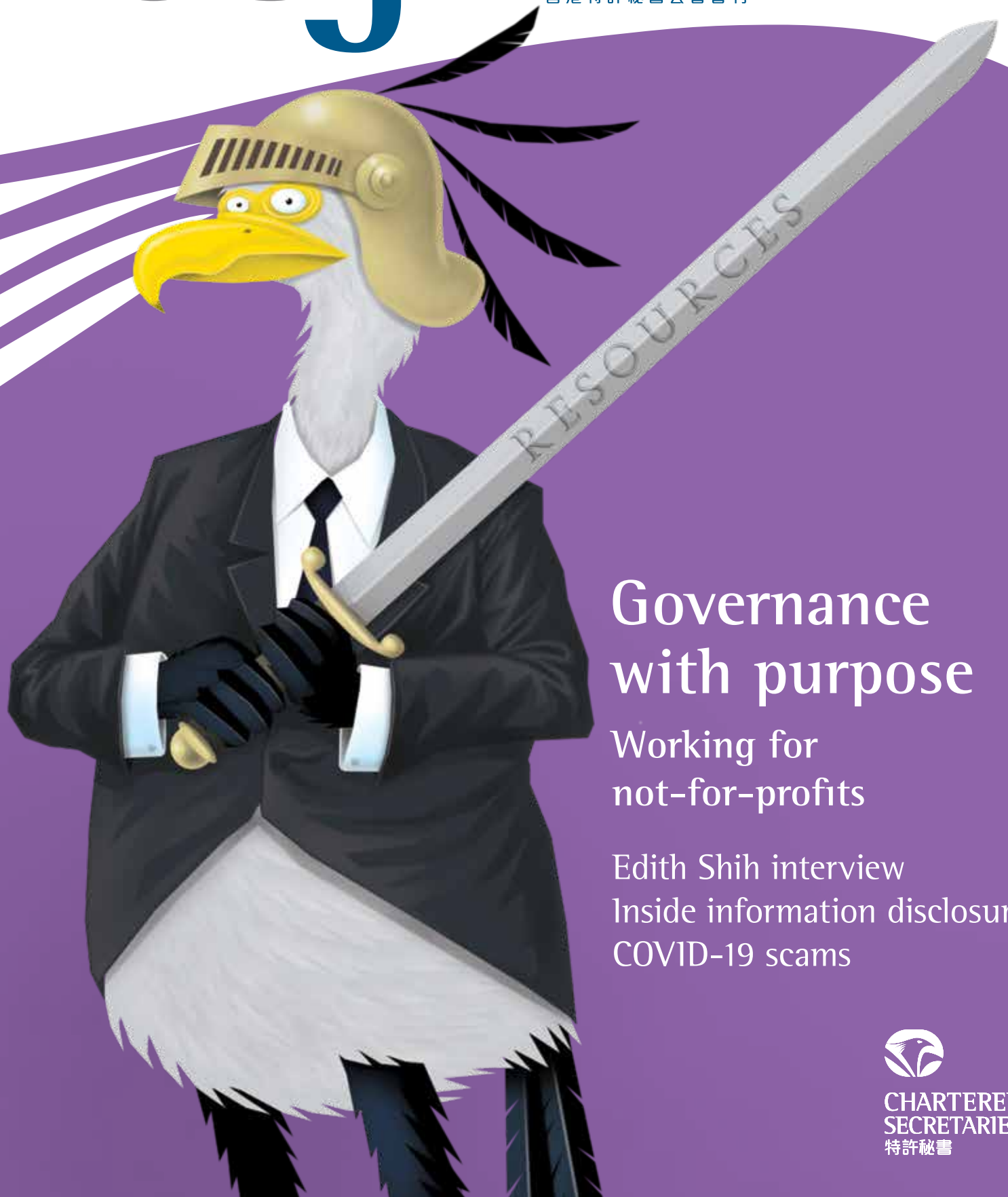


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The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of Chartered Secretary and Chartered Governance Professional in Hong Kong and throughout the mainland of China (the Mainland). HKICS was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute – formerly known as The Institute of Chartered Secretaries and Administrators (ICSA) of London. It was a branch of The Chartered Governance Institute in 1990 before gaining local status in 1994 and has also been The Chartered Governance Institute's China Division since 2005. HKICS is a founder member of Corporate Secretaries International Association Limited (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 6,000 members and 3,200 students.

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Working for not-for-profits

One of the major attractions of a career as a governance professional is the wide range of career paths open to us. Working as a company secretary for a listed company might be the best known of those paths, but good governance, it will come as no surprise, is just as relevant to other sectors. This month our journal looks at the rewards and challenges of working for not-for-profits (NFPs).

Our Institute has been actively promoting better knowledge of NFP governance for a number of years. Our Public Governance Interest Group, set up under our Technical Consultation Panel in 2016, has produced five guidance notes (available from the Publications section of our website: www.hkics.org.hk) on topics ranging from which structures to adopt when establishing an NFP, the obligations of directors, relevant regulations and best practice procedures.

The majority of NFPs in Hong Kong are incorporated as companies limited by guarantee and their directors are therefore subject to the same statutory duties and liabilities, as stipulated in the Companies Ordinance, as directors of commercial organisations. Our Institute, together with The Hong Kong Council of Social Service (HKCSS) – an umbrella organisation of social service organisations in Hong Kong with whom we have been collaborating closely – has organised many seminars and training programmes to raise the awareness of the roles of NFP directors. These efforts

have coincided with closer scrutiny of the NFP sector and a rising demand from regulators, donors and the wider public for better transparency, accountability and integrity among NFPs. In this context, NFPs are generally more aware of the benefits of hiring qualified governance professionals such as Chartered Secretaries and Chartered Governance Professionals. I envisage that the demand for our members in this sector will increase in the years ahead.

Our journal theme this month is therefore very timely. Our cover story offers insights from senior practitioners on the rewards and challenges of working in the NFP sector. One of the key takeaways for me is that, while the desired governance outcomes might be the same for NFPs and commercial organisations, the route practitioners need to take to get there can be quite different. Bringing best practices to NFPs requires practitioners to understand the resource constraints, the knowledge gaps, and the different culture and priorities of such organisations.

Before I go, I would like to remind readers that this year's Annual Corporate and Regulatory Update (ACRU) will be held on Friday 5 June. Due to the COVID-19 pandemic, this year's ACRU will be held via webinar and we will be issuing further details about this via our website and other communication channels. The formula will remain the same, with speakers from the Companies Registry, the Hong Kong Business Ethics Development Centre of the Independent Commission Against Corruption, Hong Kong Exchanges and Clearing Ltd, and the Securities and Futures

Commission giving presentations on the top regulatory issues in the market at the moment. I am pleased to report that the Practitioners Sharing Session, an innovation of last year's ACRU, will feature again this year. These sessions, and there will be two of them this year, give attendees insights from experienced professionals on how to handle specific areas of practice.

Finally, I would also like to remind readers that our COVID-19 precautionary measures remain in place. That means that, until further notice, our CPD seminars will be held via webinar and the reduced operating hours of our Hong Kong Secretariat and Beijing offices will continue to apply. We also ask anyone needing to visit our offices to do so by appointment. In view of the challenges of COVID-19, Council has decided to offer relief measures to our members, graduates and students – one free CPD webinar per month from March to June, as well as 10% discount on the relevant fees for all CPD seminars/webinars, including ACRU and our free webinars on wellness themes, from April to June. We are grateful for your support and understanding during the current situation and please do stay in touch with us via our website, as well as our LinkedIn, Facebook, Twitter, Weibo and WeChat pages.

I wish you all safe passage through these difficult times.

A handwritten signature in blue ink that reads "Gillian Meller". The signature is fluid and cursive, with a large initial "G".

Gillian Meller FCIS FCS

为非营利机构工作

公司治理专业工作的主要吸引之处，是其有多种职业路径可供选择。在上市公司担任公司秘书，大概是最广为人知的职业归宿，毫无疑问，良好治理在其他行业也同样重要。今期月刊将探讨在非营利机构工作的回报与挑战。

公会致力于积极推动对非营利机构治理的认知工作已有多年。2016年，在公会技术咨询小组之下成立的公共治理专题小组，已制订了五套指引（可在公会网站「出版物」一栏阅览：www.hkics.org.hk），内容涵盖成立非营利机构应采用的架构、董事责任、相关规则及最佳实务程序等。

香港大部分非营利机构均以担保有限公司的形式成立，因此这些机构的董事与商业机构的董事一样，须承担《公司条例》下的法定义务和责任。公会一直与香港各社会服务机构的代表组织「香港社会服务联会」紧密合作，举办了多期讲座和培训课程，以便提高各界对非营利机构董事角色的认识。这些努力与监管机构对非营利机构日趋严密的监察不谋而合，大大提升了监管机构、捐助者和公众人士对非营利机构的透明度、问责性和诚信度的要求。因此，非营利机构通常会更加认识到聘任合资格治理专才的益处，例如聘请特许秘书和公司治理师等。我预期未来非营利机构对公会会员的需求将有所增加。

今期月刊的主题正合时宜。封面故事由资深从业人士介绍其非营利机构工作的回报与挑战。我从中得到的一个主要讯息是，尽管非营利机构和商业机构应达致的治理目标可能是一致，但从业者要取得这些目标的途径则各不相同。要在非营利机构实践最佳做法，从业者须了解这类机构的资源限制、知识缺口、不同文化和优先关注的事项。

最后，我想提醒各位读者，一年一度的企业规管最新发展研讨会(ACRU)，将于6月5日（星期五）举行。鉴于目前的新冠肺炎疫情，今年的ACRU将以网上讲座的形式举行，详情将透过公会网站及其他沟通途径发布。研讨会的模式与以往一样，讲者分别来自公司注册处、廉政公署香港商业道德发展中心、香港交易及结算所有限公司，以及证券及期货事务监察委员会，他们将向与会者介绍当前备受关注的市场监管事务。我很高兴地告诉大家，去年ACRU首次设立的「执业者分享环节」，今年将继续举行，经验丰富的专业人士将在两个分享环节，就如何处理具体实务，为与会者带来启发。

还需要提及的是，公会应对新冠肺炎疫情所采取的预防措施仍然生效，持续专业发展讲座将继续以网上讲座的形式进行，香港秘书处和北京办公室的营业时间将缩短，直至另行通知。需要前来公会办公室的人士，敬请预约。面对新冠

肺炎疫情的挑战，理事会决定向公会会员、毕业学员和学员提供纾困安排，在3月至6月期间，每月提供一期免费的网上持续专业发展讲座；并在4月至6月期间，所有有关讲座之费用（包括ACRU）折减10%，以及提供一系列与身心健康有关的免费网上讲座。在目前情况下，感谢大家的支持与体谅。敬请透过公会网站，以及领英、脸书、推特、微博和微信平台，与公会保持联系。

谨祝大家安然度过这段困难的时期。



马琳 FCIS FCS



Principle, passion and patience

CSj gets advice on what it takes to make a career in the not-for-profit sector.



Hong Kong has seen a tumultuous few months with an economy in recession, the ongoing social protests and the current COVID-19 outbreak. The impact on the not-for-profit (NFP) sector has been significant, with reports saying that at least 60% of surveyed NFP organisations saw their funding drop by at least 30% between end January and end February this year, according to a *South China Morning Post* report (see 'Coronavirus-battered NGOs say Hong Kong's charity sector needs government aid to keep doing their work, avoid redundancies', 8 March 2020).

Bernard Chan, the Chairperson of The Hong Kong Council of Social Service (HKCSS), a statutory body that oversees close to 500 organisations in the social services sector, says the biggest impact will be on NFPs that require regular donations for operations. 'Agencies are hampered by the economic downturn with less corporate and individual donations as a result of social and political instability. Organisations not receiving regular subvention and without stable income are most vulnerable. The gloomy situation is further worsened by the outbreak of the novel coronavirus pandemic,' Mr Chan says.

Even without these present challenges of COVID-19 and social unrest, NFP organisations have always been highly reliant on good governance for their continued existence. Given the higher level of public scrutiny, governance failures can result in serious reputational damage and the loss of donor funding. Just two years ago, Oxfam Hong Kong saw a drop of at least HK\$100,000 in monthly donations due to a prostitution scandal involving seven members of the charity's UK arm.

'Good governance for NFPs is just the same as in commercial business, but for NFPs it's even more important because they exist not just to earn money but to do good and help those who are in need,' says Michelle Chow, Consultant at law firm Withers, who specialises in charities and trusts and has a wide range of experience dealing with a variety of charities, large and small.

Directors' duties

While the NFP sector has seen a lot of improvement in governance standards over last three to five years, governance professionals tell us that there is still room for improvement. One challenge can be the lack of resources.

Highlights

- governance professionals are well-placed to help not-for-profit (NFP) organisations, particularly in terms of highlighting the roles of directors and ensuring compliance
- successfully bringing best practices to NFP organisations will depend on being sensitive to their existing set-up – such as their capacities, stages of development and any knowledge gaps they may have
- working in the NFP sector can be a highly rewarding career, particularly for those with a passion to serve the community

'NFPs are founded with diverse missions to advance the betterment of our society. Usually NFPs don't have abundant resources, both in terms of funds and manpower. The governors are unpaid volunteers, responsible for steering the organisations' operation and development without material returns,' Mr Chan says.

Dr CK Lo, founder, Governance and Management Excellence for Public Benefit (GAME) consultancy, thinks that there can be improvements made in the interface between the board and the executive, and in how directors perceive their duties. GAME provides consultancy services and training to NFPs to enhance their standards of governance. A veteran of many decades in the sector, Dr Lo points out that some directors who sit on the boards of NFP organisations think of themselves primarily as volunteers rather than as directors with statutory duties.

'Most NGOs in Hong Kong are registered under the Companies Ordinance and board members have both legal duties as directors of companies and fiduciary duties as custodians of public resources. One of the things we want to pursue is to help NFP organisations in Hong Kong ensure that their governors take up the duty of governance seriously – not just as volunteers who see their work as discretionary,' Dr Lo explains.

A social enterprise, GAME has been focusing on how management interacts with the board and whether the composition of the board affects other issues such as the review of management's performance. GAME and HKCSS conducted a landmark survey of the majority of NFPs in 2018, where one of the key insights was that organisations with high scores in the

category of 'governance health' often see boards with 'constructive partnerships' with management.

Transparency and accountability

April Chan FCIS FCS, Management Committee and Advisory Council member, Company Secretary of the Hong Kong Breast Cancer Foundation and former President of The Hong Kong Institute of Chartered Secretaries (the Institute), reinforces the point made by Ms Chow that the same governance standards are relevant to commercial and NFP organisations. 'Governance standards such as transparency, accountability and integrity are just as important for NFPs as they are for corporates – the purpose is to make the organisation sustainable,' Mrs Chan says.

As the former company secretary of one of Hong Kong's largest listed companies, Mrs Chan has wide experience in both the for-profit and NFP sectors. She points out that in recent years the governance of NFPs has been getting more attention from the general public and donors. 'Losing the support of society, in particular, the financial support of donors and sponsors, NFPs may run into the risk of not being able to continue to provide the services to the community for which they were originally set up,' Mrs Chan says.

She also echoes Sir Adrian Cadbury in his landmark report on corporate governance when he called for entities other than listed companies to aspire to similar standards of governance. 'Stakeholders these days expect a lot more disclosure from NFP organisations. An NFP organisation needs to have a good governance framework, policies

and procedures so that it can be accountable to its donors and sponsors in terms of how their money was spent,' Mrs Chan adds.

Furthermore, it should not be assumed that NFPs can fly under the radar due to their smaller size. Ms Chow points out that some NFPs can be larger than some listed companies, in terms of operations. 'There are public charities that receive government funding and they can be massive, with the potential to affect many stakeholders,' she says.

Board composition

Board composition plays a crucial part in getting the right governance framework in place. Dr Lo points out that people are often invited to join the board of an NFP because of their commitment to, or their expertise in, the NFPs mission. 'These directors may be very accomplished, they may be experts in their field, but that doesn't mean they are professionals in governance and they may need help in understanding the role of a director in an NFP organisation – this is an area where governance professionals can help,' he explains.

Mrs Chan emphasises that NFP boards should have access to professional governance advice. 'Say, for example, if you have a medical NFP where almost everyone on the board is a doctor or in a medical-related field, a governance professional can help the organisation look into its board diversity. The medical-related NFP may need someone who has finance expertise, or a lawyer who knows the legal implications of providing community medical services, or someone who has knowledge of government funding,' she says.

“governance standards such as transparency, accountability and integrity are just as important for NFPs as they are for corporates



April Chan FCIS FCS, Management Committee and Advisory Council member, Company Secretary of the Hong Kong Breast Cancer Foundation and former President of the Institute

Ms Chow, who sits on a number of charities' boards, calls for fixed terms for directors in order to enhance governance standards by providing a mechanism for director rotation and board diversity. 'It is good governance for directors to have a fixed term and I have made some amendments to some of the NFP organisation's articles of association setting the directors' terms with renewal options, hence enabling directors to step down and creating an opportunity for the NFP organisation to review the make-up of the board from time to time. Fortunately, the charities were aware of the governance implications and they also understood the necessity of having new blood and a variety of expertise on their board of directors,' she explains.

Having fixed terms also allows for directors who wish to step down to be able to do so, and for both directors and organisations to take a step back and review the situation. While there are concerns about losing experienced board members, Dr Lo suggests that organisations can keep experienced directors in a different capacity. 'It would be a loss if an organisation were to lose an experienced and knowledgeable director, but there are mechanisms that can be established for people with

experience to step down but continue to serve in another capacity. They can become an adviser to board committees, for example, facilitating renewal and regeneration in the organisation,' he says.

Getting professional help

NFPs, particularly those with resource constraints, tend to be reluctant to hire professional staff who possess the necessary experience and knowledge to ensure sound governance on a long-term basis. However, Ms Chow, who has had extensive experience with the difficulties NFPs encounter when they are staffed by volunteers who have no knowledge of legal or compliance matters, pointed out the lack of professional staff can turn out to be more costly to the NFP organisation.

'I always tell my clients or potential donors to spend on administration. Donors usually want all their money spent on the frontline because that's where they want to see the work done, but I ask them – would you be comfortable donating to a charity overseen by volunteers?' Ms Chow says. She also emphasises that 'if you are relying on volunteers to do the work, they may not deliver. Having professional staff just saves the NFP organisation so

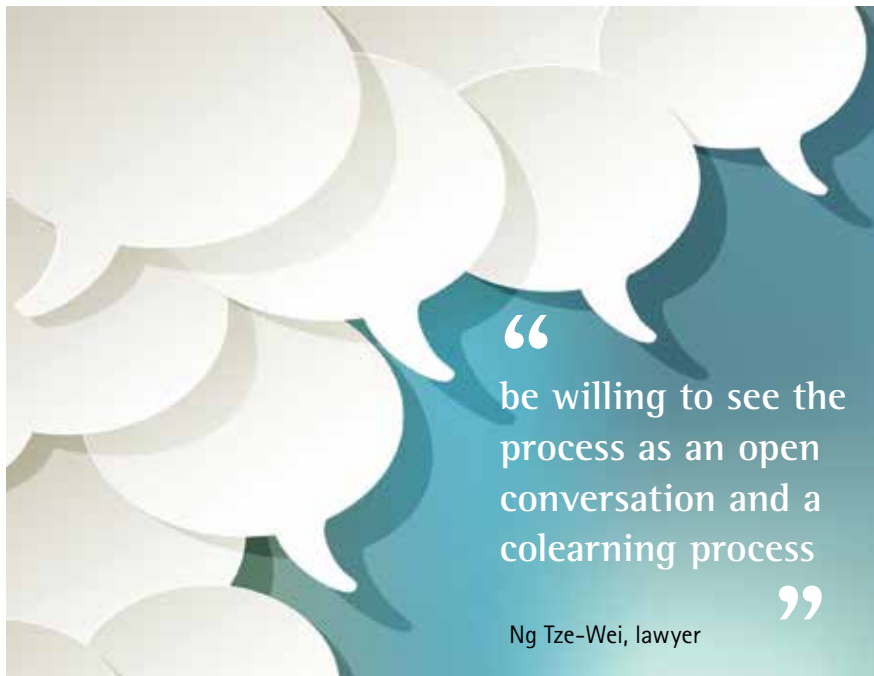
much panic and minimises the chance of things going wrong,' she says.

From an economic perspective, Ms Chow also points out that the pool of donated funds will be enlarged by other donors. 'As such, it pays to spend a reasonable percentage on getting professional staff on board for the long term so that the organisation can benefit from sound governance and it should pay its staff fairly so people won't be deterred from working at the charity,' she says.

Mrs Chan agrees. She points out that a lack of funding for administration staff can lead to a vicious cycle of continuous staff turnover, where the workload becomes too high and people tend to leave for other jobs.

Getting professional help with compliance and governance matters is of the utmost importance for NFPs. Respondents to this article emphasise the need for NFPs, especially the larger ones, to hire a professional company secretary. Professionals in the governance field are well-placed to help out NFP organisations, particularly in terms of bringing the organisations in line with compliance requirements. These can be quite complex, for example the Inland Revenue Department (IRD) requirements for tax and audit reporting.

This is especially true when NFPs are seeking to diversify income sources and move away from just relying on donations in order to build financial sustainability for their organisations. They may charge for activities or products, or operate as a social enterprise, according to Ng Tze-Wei, board co-chair of Resolve Foundation and a lawyer with Vivien Teu & Co, which specialises in serving



charities and social enterprises. She says that thinking innovatively about how to serve the public good beyond the pure charity/donation model is now a global trend. The IRD in its latest tax guide for charities also talked about 'programme-related investment' for the first time. 'The discussion is at its early stage, but it's a worthy area for professionals working with NFPs to explore as the sector seeks more innovative and sustainable ways to address social and environmental needs,' she says.

The three Ps

Working as a governance professional in the NFP sector can be a highly rewarding career path, but it will be apparent from the foregoing that there are special characteristics to such work. So, what does it take to make a successful career in this field? Mrs Chan has a '3P' philosophy for anyone wishing to practice in this field – the 3Ps are principle, passion and patience.

The importance of 'principle' has largely been covered above – the value that governance professionals bring to NFPs is their dedication to upholding the core principles of good governance. 'Passion' is usually what drives professionals to work

in the NFP sector. 'If one is looking for money, better not, but working in an NFP is certainly rewarding if you have a passion to serve the community. If you have that approach, it is a very rewarding job with a lot of satisfaction,' Mrs Chan says.

'Patience' is probably the least known and most underrated of the three Ps. Mrs Chan emphasises that patience is crucial, particularly for governance professionals who come from the corporate sector, since the more limited resources and different priorities of many NFP organisations may mean that it will take time for change to be effected.

She cites as an example the project at the Hong Kong Breast Cancer Foundation (HKBCF) to build a service centre in Kowloon. The project stemmed from HKBCF's research done in 2011, which revealed that women from low-income groups mostly living in Kowloon and New Territories recorded lower breast cancer screening rates and a higher number of advanced-stage breast cancer cases. After years of negotiation with the government and the support of The Hong Kong Jockey Club Charities Trust, the HKBCF Jockey Club Breast Health Centre (Kowloon) was

built and officially opened in 2018 to provide free mammography screening to the financially challenged, and to offer care and support to breast cancer patients and survivors.

Ms Ng concurs. She emphasises that professionals working for NFPs need to adopt an 'entrepreneurial mentality' and should be open to learning from their experiences, whether it is with the NFP or following the latest developments in the NFP sector, where a lot of best practices are still being built up and shared at the moment. 'Be willing to see the process as an open conversation and a colearning process,' she says.

'Successfully bringing best practices to NFP organisations will depend on being sensitive to their existing set-up – such as their capacities, stages of development and any knowledge gaps they may have. And also be prepared to share your best practices with the sector,' she says.

Dr Lo also stresses the importance of understanding the mission statement, the uniqueness of the governance culture and the need for continuous learning. 'I have served on different boards and it's not always easy to have a firm grasp of whether the organisation is doing the right thing. You can have all the good processes in place, but at the end of the day you design those processes to help the organisation achieve its mission – this is governance with a purpose not governance for governance sake. That means we have to know what the mission really means and how to measure the social impact of the organisation's work – it's a journey of learning,' Dr Lo says.

Poo Yee Kai
Journalist



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The road ahead

The winner of The Hong Kong Institute of Chartered Secretaries (HKICS) Prize 2019, Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE) International President, The Chartered Governance Institute, and former HKICS President, looks at the road ahead for the profession under the governance banner.

What are your feelings on receiving the HKICS Prize?

'I am honoured and humbled to join the company of previous HKICS Prize winners. I was very surprised that I got nominated since many of the previous winners were with HKICS for much longer than I was.'

Nevertheless, you have seen the profession's repositioning exercise through and have also become the first female International President of The Chartered Governance Institute (CGI) from Asia.

'Yes, the first female President of The Institute of Chartered Secretaries and Administrators (ICSA), the precursor of CGI, was Joan Bingley, and I am the second, as well as the first female International President of CGI from Asia and the first President from Hong Kong. My involvement with CGI, providing a link between it and HKICS, has been very important because recent years have seen tremendous changes for both bodies.

I became a Council member of ICSA when the repositioning exercise started and I was very fortunate to be able to see it through. It has been a long journey but we have achieved each milestone one by one – launching the Chartered Governance Professional qualification, changing the name of ICSA to The Chartered Governance Institute and most recently launching our new qualifying programme – the Chartered Governance Qualifying Programme. To achieve all of this we needed to get everyone's buy-in. We also needed to change our Charter and Byelaws, and that was a lengthy process. It has been a very interesting learning experience.'

Are you happy with where this transition is taking the profession?

'I am 100% sure that we are on the right track. We are all wedded to our past, most of us started as Chartered Secretaries, and there has been, particularly in the more established divisions, some questioning as to the wisdom of calling ourselves Chartered Governance Professionals.

I believe wholeheartedly that governance is the overarching remit of our profession. Underneath that big umbrella there will be people concentrating on the more administrative side of the company secretarial role and there will also be people, especially our more senior members, who will be involved in the compliance and governance advisory functions. Both of these aspects are part of governance one way or the other, so identifying ourselves as governance professionals gives us a title which represents what we're doing and helps people understand our role better. I am sure that this is the way to go in the years to come.

“ I believe wholeheartedly that governance is the overarching remit of our profession ”

The next step will be consulting on a name change for the Institute here in Hong Kong – this is at the top of the agenda. We started this process towards the end of last year. We held some consultation forums with senior members to be followed by consultations with our wider membership, but the social unrest at the end of last year and now the COVID-19 outbreak has meant that this is not the best time to organise large-scale forums. In the meantime, we are using our website to reach out to members. Hopefully we can have the membership vote on this no later than our AGM at the end of the year.'

Do you have a favoured name?

'The main issue is whether to try to include both the "Chartered Secretary" and "Chartered Governance Professional" qualifications in the new name – that would make for a very long name of course. Some have suggested that this can be avoided by the use of an acronym, but this would mean less uniformity with the other divisions that have already become "governance" institutes. To date, already six out of our nine divisions use the term "governance", namely Australia, Canada, Malaysia, New Zealand, Southern Africa and UKRIAT.

Highlights

- directors are not just names in the company's annual report, they have to do their homework and be accountable to the board, company, shareholders and stakeholders
- with tougher rules in place, better board diversity will become a compliance issue and hopefully over time companies will claim ownership
- local practices vary, but the basics of governance are the same globally – governance professionals have the same core syllabus to work from

Personally, I think we should be looking forward so I would encourage everyone to choose a name that embraces our new mission as a global governance institute. As I have said, governance covers everything, including the traditional role of the company secretary.'

How will the repositioning exercise affect future training and thought leadership work?

'Looking at training first, our new qualifying programme has been expanded to include more of a governance focus and this has also been true of our continuing professional development (CPD) services. The recent seminar we held here in Hong Kong on hybrid AGMs is a good example. This is a very timely topic with important governance implications. Many listed companies, my ones included, are proposing a switch to the hybrid format, particularly in the context of the current COVID-19 outbreak.

CGI was at the beginning of this whole debate when it published a paper on hybrid AGMs back in 2018. The paper and the video we made to accompany the paper were well-received because that was at the beginning of the interest in using technology to transform the AGM.

Turning to thought leadership – if we are to be a leader in the market we cannot just copy what other people are doing. We need to be publishing original papers exploring frontier topics in governance. That doesn't have to apply to every paper we publish. We will of course still be publishing technical papers to help with specific areas of practice, but we also need to be publishing papers that get people thinking.

I was appointed the first Chair of CGI's Thought Leadership Committee, and that has been a very important and integral part of our work for some time. The new paper authored by the current Chair of the Thought Leadership Committee, Peter Greenwood FCIS FCS, is a good example of the original papers we need to be publishing. 'Corporate Governance – Beyond the Listed Company' looks at the governance implications of the decline of stock exchange listings as a preferred structure for raising capital. I think it is important to bear in mind that not everyone has to agree with these types of papers, what is important is that they generate debate among our members about frontier topics of relevance to us.

In addition to these initiatives, I should also mention that CGI has launched its new e-community, which is already showing its value

as a forum for members to debate current issues and exchange their views online.'

Will there be more of a focus on the governance role of directors in the years ahead?

'Yes, we have already expanded our focus on directors. When I was on the Hong Kong Exchanges and Clearing Listing Committee, from time to time we would have disciplinary hearings and I was always surprised that people were prepared to take up directorships, come to meetings and tag along approving transactions without really knowing what was happening. Accountability is key. Directors are not just names in the company's annual report, they have to do their homework and be accountable to the board, company, shareholders and stakeholders.

Our Corporate Governance Conference (CGC) 2020, which will be held on 25 September at the JW Marriott Hotel here in Hong Kong, will be on the theme: 'Building the Modern Board: a 20/20 Vision'. CGI also has a thought leadership paper in the pipeline on directors' accountability written by a Thought Leadership Committee member John Dinner.

This is quite timely. Regulators in Hong Kong have stepped up their enforcement and education work relating to directors duties. We have seen new regulations and disciplinary actions in Hong Kong, particularly regarding directors duties and inside information.'

Many jurisdictions around the world seem to be turning their backs on multilateralism and convergence of governance standards – will this be a problem for the profession in the years ahead?

'I think we should really focus on governance outcomes rather than on the specifics of how one implements governance. Our division in Zimbabwe, for example, is the local institute for Chartered Secretaries and accounting professionals, so they have a different focus, but the end goal is the same. With this in mind, one can implement governance in the UK way, the Australian way or the Chinese way, but it is all governance. The core of what we do is to ensure that things are done ethically so, whatever the local environment, governance is universal.'

Nevertheless, there are significant differences in jurisdictions around the world in terms of the approach taken to transparency or accountability, the two most fundamental principles of governance. Does that become problematic, for example for members wanting to move to another

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 ”

jurisdiction, when the portability of the qualification was always one of its attractions?

'I don't think so. First of all, let's look at our qualifying programme. We have to learn governance in accordance with what the syllabus teaches – that gives us the basics. I don't agree that we should impose our standards on other people; everyone is their own champion, but I think the diversity of different approaches to governance makes it more important to have a gold standard. Your country might practice governance differently, some to a higher while others to a lesser standard, but we should always strive to achieve the highest possible standard.'

You mention the portability of our qualification and that is a major advantage, but I think that it would be a minority of people who get this qualification so that they can move to work in a different jurisdiction. One would still have to fulfill additional minimum local requirements to start practising. If practitioners come from the UK to Hong Kong, for example, there would be conversion examinations and other procedures to go through to make sure that they meet local requirements. Local practices vary, but the basics should be the same and we all have the same core syllabus to work from.'

The profession is changing at lightning speed, so how should practitioners prepare themselves?


'Actually, I don't agree that the profession is changing at lightning speed. Our repositioning exercise is only designed to better represent what we have been doing for some time. Technology of course has been changing, but I don't think these changes will be any surprise to our members if they keep up with their CPD requirements. If our Hong Kong members do their 15 hours of CPD per year, if they chose the right seminars to attend and do their own learning, they won't be left behind. Technology has actually made learning a lot easier since we have been having more webinars and making seminars available online.'



What are the key trends that practitioners should be looking out for in the years ahead?

'Environmental, social and governance (ESG) management has become an issue that goes beyond the listing rule requirements. The investor community is now putting pressure on banks not to lend to companies with poor ESG, so companies that fail to adapt will not be able to borrow, or will have to borrow at a much higher cost. On top of that, the rating agencies are giving companies a somewhat different set of ratings based on the quality of their ESG management and disclosure.'

Another trend to watch is the shift away from shareholder primacy. I always used to believe that, as a listed company, our responsibility is first and foremost to our shareholders because they have invested their money in us. I still think I have a duty to make a return for them, but our responsibility is now also towards our other stakeholders – creditors, customers, suppliers, employees, regulators and even the public, etc. The shift to a multistakeholder model of governance is going to create additional workload for governance professionals.'

I think cybersecurity, privacy and diversity issues will also be high on the agenda. The Stock Exchange has been looking at improving board diversity in Hong Kong for a number of years. This is not just about gender diversity, albeit that is the most visible aspect. I don't want quotas to be imposed – directors have to fit the bill to be appointed rather than just because they tick the right diversity boxes. But I am beginning to think that perhaps tougher rules might be required. Just as with ESG, with tougher rules in place better board diversity will become a compliance issue and hopefully over time companies will claim ownership.' 

Edith Shih was interviewed by CSj Editor Kieran Colvert.

Convening general meetings: new deregulatory measures



The Hong Kong Institute of Chartered Secretaries Regional Board Secretary Panel (RBSP) Roundtable Meeting (RBSP Meeting), held on 16 January 2020 in Hong Kong, focused on new deregulatory changes relating to the notice period for convening general meetings of Mainland companies.

The Hong Kong Institute of Chartered Secretaries (the Institute) holds five RBSP Meetings every year in Hong Kong and cities on the Mainland. These forums are designed to assist Institute members and Affiliated Persons from both the Mainland and Hong Kong to keep up to date with the fast-changing regulatory environment in which they work.

At the latest RBSP Meeting, held on 16 January 2020 in Hong Kong, over 40 company/board secretaries representing Hong Kong and dual-listed Mainland companies gathered to learn about the latest deregulatory changes to the notice period of convening general meetings of shareholders from Rex Man, Vice-President, Listing Department of Hong Kong Exchanges and Clearing Ltd (HKEX); Tom Chau, Partner and Head of the Beijing Office of Herbert Smith Freehills; and Lawrence Wang, Partner, Beijing Office of Fangda Partners.

After thanking the audience for participating in the RBSP Meeting, Dr Gao Wei FCIS FCS(PE), Institute Vice-President, Vice-Chairman of Mainland China Focus Group and Board Secretary and Finance Chief of Zhongguancun Science-Tech Leasing Co Ltd, reiterated that the Institute as a professional body is committed to training governance professionals and helping them navigate legal and corporate governance complexity across borders. The purpose of this RBSP Meeting was to assist board secretaries of Mainland companies listed in Hong Kong, that is H share companies, to update their articles of associations and procedure rules for

shareholders' meetings to accommodate new regulatory requirements, he said.

To meet increasing shareholder and stakeholder expectations, Dr Gao added that company/board secretaries are expected to play an even more significant role as governance professionals. To equip company secretaries with the right mix of legal knowledge and practical skills, the Institute introduced a new qualifying programme, known as the Chartered Governance Qualifying Programme (CGQP), in January this year. Examinations will be held simultaneously in Hong Kong and the Mainland in June and November every year.

The internationally recognised CGQP is now open to degree holders in Hong Kong and the Mainland who are eager to upgrade their qualifications. The new curriculum in the CGQP gives interested candidates the professional knowledge they need for their governance roles. Successful candidates will be awarded the dual designation of Chartered Secretary (CS) and Chartered Governance Professional (CGP) of the

Institute and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

The notice period for convening general meetings

In its reply to the China Securities Regulatory Commission (CSRC) last October, the State Council of the People's Republic of China (PRC) announced deregulatory changes concerning companies registered in the Mainland and listed abroad. Accordingly, the notice period for convening general meetings of shareholders, shareholders' proposal rights and requirements for convening procedures will have to comply with the PRC Company Law, rather than Articles 20-22 in the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (Special Provisions).

Mr Man of HKEX explained that H share companies, after making necessary amendments to their articles of association, will no longer have to comply

Highlights

- the new measures brought in by the State Council of the People's Republic of China will help to align the regulations relating to the notice period for convening general meetings in Hong Kong and the Mainland
- the annual general meeting notice period for H share companies has been reduced from 45 to 20 days
- Hong Kong Exchanges and Clearing Ltd welcomes enquiries from listed issuers and encourages them to consult its Listing Department on rule compliance issues

with the 45-day pre-meeting written notice rule as stipulated in Article 20 of the Special Provisions. Instead, the notice period required will be subject to the PRC Company Law and the Hong Kong listing rules. This means that the notice period will be cut to 20 days for annual general meetings (AGMs) and 15 days for extraordinary general meetings (EGMs) after the relevant provisions in the articles of association have been revised.

According to Article 41 of the PRC Company Law, shareholders must be notified 20 days before the AGM and at least 15 days before the convention of an EGM. Similarly, E1.3 of Appendix 14 of the Hong Kong listing rules stipulates that an AGM shall be announced 20 working days in advance and shareholders must be notified of an upcoming EGM 10 working days or 15 calendar days in advance – whichever notice period is longer.

Moreover, shareholders who wish to attend a scheduled meeting do not need to reply in writing, and the company does not have to calculate the number of voting shares represented by the shareholders intending to attend the meeting based on the written replies received 20 days before the scheduled general meeting in order to determine if the meeting is to proceed or not. In addition, shareholders who individually or collectively hold more than 3% of the company's shares may submit an interim proposal 10 working days before the general meeting of shareholders. Their shareholding does not have to reach 5% as previously.

Under the Hong Kong listing rules (Appendix 13D to the Main Board Rules and Appendix 11C to the GEM Rules), a Mainland-based issuer's articles of association must include the Mandatory

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both the Mainland and Hong Kong regulators will continue to work closely together towards a more transparent market and the more efficient, effective corporate governance framework envisioned by the State Council
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Provisions for Companies Listing Overseas (Mandatory Provisions) issued by the Mainland regulatory authorities. According to Mr Man, one of the questions frequently asked by Mainland issuers is whether the articles of association, as amended, would continue to comply with the requirement of Appendix 13D/Appendix 11C.

The short answer is yes. According to the Main Board Rule 19A.53/GEM Rule 25.40, a Mainland issuer shall observe and comply with the PRC Company Law, regulations and its articles of association. Given this, the Mainland issuer would still be in compliance with the rules. The issuer is also reminded that under Hong Kong's Main Board Rule 13.51(1)/GEM Rule 17.50(1) it must, at the same time as it dispatches a circular to shareholders on the proposed amendments, submit to The Stock Exchange of Hong Kong Ltd (the Exchange) a confirmation from its legal adviser that the amendments to the articles of association conform to Hong Kong's listing rules requirements and the Mainland laws and regulations.

Practical solutions

Following Mr Man's briefing, Mr Chau of Herbert Smith Freehills and Mr Wang of Fangda Partners further explained the rationale behind the rule changes and

gave practical advice on how to amend issuers' articles of association.

While the 45-day notice period was considered to be appropriate in the 1990s when the Mainland was opening up its economy, the internet has made it much faster for listed issuers to reach out to shareholders anywhere, anytime. At the same time, as the Mainland's regulatory environment has become more stringent, it makes more sense to make the preparation for shareholders' meetings more efficient.

When amending the articles of association, Mr Chau and Mr Wang recommended that Mainland issuers consider the latest rule changes, in particular the reduced notice period for convening general meetings described above. Other aspects issuers should consider include the fact that there is no longer a need for shareholders intending to attend a scheduled meeting to respond with a written reply.

Moreover, the registration of transfers of shares or of transfers of any class of shares may be suspended during notice periods. Previously, the Mainland (via the Mandatory Provisions, PRC Company Law, Rules for the General Assemblies of Shareholders of Listed Companies) and Hong Kong (via the listing rules

requirements on the suspension of transfers of shares during notice periods) included the requirements listed below.

- Mandatory Provisions (the Mainland) – Article 38: within 30 days to the general meeting of shareholders no change in the register of shareholders due to share transfers may be registered.
- PRC Company Law (the Mainland) – Article 139: within 20 days to the shareholders' meeting, or within five days before the company's decision to distribute dividends, no change

in the register of shareholders shall be registered. However, if there are other provisions in the law regarding changes in the register of shareholders, those provisions shall prevail.

- Rules for the General Assemblies of Shareholders of Listed Companies (the Mainland) – Article 18: the interval between the dates of shareholders' registration and meeting shall be no more than seven working days.
- Listing Rules (Hong Kong) – Article 13.66: an issuer must announce

any closure of its transfer books or register of members in respect of securities listed in Hong Kong at least six business days before the closure for a rights issue, or 10 business days before the closure in other cases.

The contradiction between the above provisions of the Rules for the General Assemblies of Shareholders of Listed Companies and the Mandatory Provisions can cause confusion when it comes to actual company practices, which vary from one company to another. For example, some dual-listed companies

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serve A share and H share holders the same 30-day pre-meeting notice, while some companies give only a seven-day pre-meeting notice to A share holders and a 30-day pre-meeting notice to H share holders.

Since Article 38 of the Mandatory Provisions remains applicable, H share companies will still need to issue an announcement to suspend the registration of the register of shareholders approximately 45 days beforehand. This renders the company unable to act on an approved decision in a timely manner and shorten the pre-meeting notice period meaningfully.

Also, the suspension of the register of shareholders 30 days in advance may encourage speculation (after the shareholders have sold their shares, they are still on the register of shareholders and can participate in voting at the upcoming shareholders' meeting), which not only affects the interests of the company, but also the interests of small shareholders.

To resolve these contradictions, H share companies listed in Hong Kong are recommended to delete the provisions on the period of suspension of changes in the register of shareholders required by the Mandatory Provisions; otherwise, the relevant provisions on suspension of changes in the register of shareholders should be made in compliance with the applicable laws and regulations of the company and the laws and regulations of the company's place of listing.

According to Article 57 of the Mandatory Provisions, notices convening general meetings shall be delivered to shareholders (with or without voting rights at the general meeting) by hand or by prepaid

mails to the address as recorded in the register of shareholders. The announcement for A share holders, as mentioned, shall be published in one or more newspapers as designated by the securities supervisory authority of the State Council 45–50 days prior to the date of meeting. Mr Chau and Mr Wang suggested that issuers should remove the clause '45–50 days prior to the date of meeting'. Furthermore, they suggested that Article 55 of the Mandatory Provisions be removed from issuers' articles of association, since the same requirements made in the Special Provisions has already been identified as not applicable.

With regard to the necessary revision to be made to the Special Voting Procedures for Class Shareholders (Article 83 of the Mandatory Provisions), they suggested that the provision be revised along the lines of: 'Where the Company convenes a class meeting, a written notice shall be given pursuant to the requirements of the notice period for convening a general meeting (as specified in the Company Law) to notify all the shareholders of the said class in the shareholders' register of the issues to be considered at the meeting, as well as the date, time and venue of the meeting'.

In theory, pre-vetting of announcements has been one of the means through which the Listing Department of the Exchange in Hong Kong gives guidance to listed issuers on rule compliance issues, including publishing an announcement under the listing rules. But, in practice, though the required notice period of shareholders' meetings has been shortened to 15 days, the actual notice period for H share companies is only seven to eight days shorter than for Hong Kong listed non-Mainland companies.

That is because the time the Exchange needs to pre-vet shareholder circulars is about 15 trading days. Together with the 15-day notice period, the actual notice period can be as long as 37 or 38 days. Besides, both lawyers believe that there is a tendency for speculative submission of circulars for pre-vetting.

They suggested that the Exchange should explore possible solutions to resolve these issues, such as improving pre-vetting efficiency and minimising circular approval time; developing a pre-vetting system or measures to standardise the filing of circulars for shareholders' meetings against speculative circular filing for pre-vetting; issuing official guidelines on approved practices for shareholder circulars; or even abolishing the pre-meeting circular review and approval requirement.

The Exchange's intention is to completely cease pre-vetting of all announcements of listed issuers but to maintain the pre-vetting of material shareholder circulars of listed issuers, according to Mr Man. Having said that, the Exchange welcomes enquiries from listed issuers and encourages them to consult the Listing Department on rule compliance issues to at least the same extent as guidance provided under the pre-vetting regime.

Both the Mainland and Hong Kong regulators will continue to work closely together towards a more transparent market and the more efficient, effective corporate governance framework envisioned by the State Council. H share companies should follow the relevant regulations and complete the revision of their articles of associations in a timely manner, the speakers concluded.

Jimmy Chow

Journalist

放宽股东大会通知期限限制

本年度的香港特许秘书公会地区董事会秘书小组会议，已于1月16日于香港顺利举行，会议重点讨论召开股东大会通知期相关条例的变化。



香港特许秘书公会（公会）每年都会于香港和内地城市，举办五次地区董事会秘书小组会议。一如既往，今年会议旨在帮助公会内地和香港会员和联席成员，及时了解其公司上市所在地的监管要求变化。

于2020年1月16日在香港召开的地区董事会秘书小组会议上，来自香港和内地上市公司的40多家公司／董事会秘书聚首一起，听取由香港交易及结算所有限公司（香港交易所）上市部副总裁文伯溢、史密夫斐尔律师事务所合伙人兼北京办事处负责人邹兆麟律师、以及方达律师事务所北京分所合伙人王蓓良律师，就内地和香港股东大会通知期限适用法规变更的讲解。

公会副会长，公会中国内地关注小组副主席，中关村科技租赁股份有限公司董事会秘书兼财务负责人高伟博士FCIS FCS(PE)对会员出席年度地区董事会秘书小组会议表示感谢，并重申，公会作为一家公司治理专业机构，致力于培训公司治理专业人员，帮助他们应对法律和治理的复杂环境。他指出，2020年地区董事会秘书小组会议的目的，旨在协助香港上市的内地公司（即H股公司）的董事会秘书根据新的监管政策更新其公司章程细则和股东会议的程序规则。

高博士补充说，为满足股东和持份者日益增长的期望，公司秘书／董事会秘书作为治理专业人员，应发挥更大

摘要

- 中华人民共和国国务院颁布在内地注册并在境外上市的股份有限公司股东大会的通知期限等事项适用法规，有助收窄香港和内地股东大会通知期限有关规定的差别
- H股股东周年大会的书面通知期限从45天缩短至20天
- 香港交易及结算所有限公司欢迎上市发行人就股东大会通知期预先沟通和查询，鼓励他们就有关合规事宜咨询其上市部

作用。为协助公司秘书／董事会秘书获取充分的法律知识和实务技能，公会于今年1月推出了新的专业资格认证课程，称为“特许公司治理专业资格课程”（CGQP），CGQP考试将于每年的六月和十一月在香港和内地同时举行。

CGQP考试获国际认可，香港及内地有志于提升自身专业资质的学位持有者均可参加此考试。CGQP的课程体系将为考生提供从事治理相关工作所需要的专业培训。考试合格后，学员将获颁由香港特许秘书公会及特许公司治理公会（The Chartered Governance Institute）认证的“特许秘书”（CS）及“Chartered Governance Professional”（CGP）双重专业资格。

召开股东大会通知期限

根据去年10月国务院致中国证券监督管理委员会（中国证监会）的批复，国务院宣布了对在内地注册并在海外上市的公司召开股东大会通知期限等事项的适用法规。按其规定，召开股东大会前的通知期限、股东的建议权和召开程序的要求，必须符合《中华人民共和国公司法》（《中国公司法》）的规定，毋须再遵守《国务院关于股份有限公司境外募集股份及上市的特别规定》（《特别规定》）第20-22条中就涉及在国外发行和上市股票的有限责任公司的规定。

香港交易所的文先生解释说，H股公司在对其公司章程细则作出必要的修改后，将不必遵守《特别规定》第20条所规定的在会议前45天发出书面通知。取而代之的是，股东大会的通知期限将受《中国公司法》和香港《上市规则》的约束。这意味着，在修改公司章程的有关规定后，股东周年大会的预先通知期限将缩短至20天，临时股东大会的通知期限将缩短至15天。

根据《中国公司法》第41条规定，上市公司必须在股东大会召开前20天及股东特别大会召开至少15天前通知股东。同

样，香港《上市规则》附录14的E1.3条规定，股东周年大会应提前至少20个营业日，其他股东大会应提前至少10个营业日或15个日历日向股东发送通知（孰早长为准）。

此外，欲参加股东大会的股东将毋须以书面回复，而公司也不用在会议宣布前20日，根据收到的股东书面回复，计算出出席会议的股东所代表的有投票权的股份数量，以决定是否如期举行。此外，单独或者合计持有公司3%以上股份的股东，可以在股东大会召开十个营业日前提出临时提案，不必达到5%。

根据香港上市规则（《主板规则》附录13D和《创业板规则》附录11C），内地发行人的公司章程必须包括内地监管机构发布的《到境外上市公司章程必备条款》（《必备条款》）之规定内容。文先生指出，内地发行人经常提出的问题之一是，修订后的公司章程细则是否必须继续遵守上述附录13D / 附录11C的规定。

对此，文先生回应到，根据《主板规则》第19A.53条 / 《GEM规则》第25.40条，内地发行人须遵守及符合《中国公司法》、《特别规定》以及内地发行人的公司章程规定。内地发行人遵守了上述规定，便算是遵守了《上市规则》的规定。但发行人同时须留意，根据《主板规则》第13.51(1)条 / 《GEM规则》17.50(1)条，其就建议公司章程细则修订向股东发送通函时，须同时向香港联合交易所有限公司（香港联交所）呈交由其法律顾问出具的确认函，当中确定公司章程细则的修订符合《上市规则》规定以及内地法律及法规的要求。

解决方案

在文先生作完简要介绍后，邹律师和王律师进一步解释了规例变更的原因，并就如何修改发行人的公司章程提供了实用建议。

“内地和香港监管机构将继续紧密合作，进一步做好国务院批复的落实工作，提升内地与香港的公司治理水平，为建立更加透明的市场共同努力。有关H股公司也应遵守相关规定，后续完成相关公司章程细则的修订。”

虽然在1990年代初内地经济改革开放之时，45天的股东会议通知期是合适的。但时移势易，互联网普及，上市发行人现已能迅速、随时随地与股东联系。同时，随着内地的监管环境变得更加严谨，股东会议的准备工作的准备工作也必须更高效、更有意义地进行。

他们建议，内地发行人在修订公司章程细则时，要考虑最新法规，特别就缩短上述召开股东大会的通知期限的新规定要作出相应修订。发行人也毋须继续要求有意参加预定会议的股东以书面形式答复作实。

此外，股份转让或任何类别的股份转让的登记，应在股东会议通知期内暂停。在修例前，要注意内地（《必备条款》、《中国公司法》，《上市公司股东大会规则》）和香港（关于在通知期内中止股份转让的《上市规则》）有关法规的以下要求：

- 《必备条款》（内地） - 第38条：股东大会召开前30日内，不得进行因股份转让而发生的股东名册的变更登记。
- 《中国公司法》（内地） - 第139条：股东大会召开前20日内或者公司决定分配股利的基准日前五日内，不得进行前款规定的股



东名册的变更登记。但是，法律对上市公司股东名册变更登记另有规定的，从其规定。

- 《上市公司股东大会规则》（内地）- 第18条：股东登记日与会议日期之间的间隔应当不多于七个工作日。
- 《上市规则》（香港）- 第13.66条：上市公司必须在暂停股份登记前10个营业日进行公告。

上市公司股东大会规定与必备条款的规定存在矛盾，导致上市公司在实践操作中存在困惑，实际做法也各异（两地上市的公司有的同意按照提前30日的规定，有的适用A股7日、H股30日的规定）。

必备条款第38条继续有效，H股公司仍然需要在约45日前发出暂停股东名册登记的公告，将无法按照批复的规定执行，无法有效缩短股东大会的通知期限。

提前30日暂停股东名册登记，也会引发投机行为（股东卖出股票后，依然在股东名册上，参与股东大会投票），这不但影响公司利益，还会损害小股东利益。

为解决这些矛盾，建议删除必备条款中暂停股东名册登记变更的期间的规定；或按照公司适用的法律法规以及公司上市地法律法规对暂停股东名册登记变更的规定进行修订。

根据《必备条款》第57条规定，要传达召开股东大会的通知，发行人应以专人或邮寄预付款的方式送达股东名册人士（包括在股东大会上拥有及不拥有表决权的股东）。如前所述，A股股东的公告应当在会议召开之日前45到50天在国务院证券监督管理机构指定的一份或多份报纸上刊登。两位律师建议，发行人应删除“会议日期前45至50天”的条款。此外，他们建议将《必备条款》第55条有关规定从公司章程细则中删除，因为《必备条款》中的相同要求已被确定为不适用。

针对类别股东特别投票程序（《必备条款》第83条）的必要修改，他们建议参考以下内容作出修改：“公司召开类别会议时，应当根据召开股东大会通知期限的要求（按照《公司法》规定），将在股东大会上审议的事项详细说明，以书面形式通知股东名册上人士，同时包括会议的日期、时间和地点”。

理论上，公告预审一直是香港联交所就规则合规性问题向上市发行人提供指导的手段之一，包括《上市规则》要求的公告。但实际上，尽管将股东大会的通知期缩短为15天，但若按香港上市的非内地公司的惯常做法进行，H股公司的实际通知期，仅比在原来的45天短7至8天。

这是因为香港联交所在一般情况下，审查股东通函的所需时间大约为15个交易日。连同15天的通知期，实际的通知期可以长达37或38天。两位律师都认为，在目前的预审制度下，H股公司可以提前提交公告争取时间预审。

他们建议，香港联交所应探讨解决这些潜在问题的可行方案，包括：提高通函审批效率，尽量缩短审批时间；推广公告前通函预审制度，为防止上市公司投机性递交，香港联交所可以就上市公司未来的通函预审递交制定相应限制措施；发布关于审核通函的官方指引；甚或取消通函审核，交给市场评判。

文先生表示，香港联交所的长远目标，是完全停止对上市发行人的所有公告进行预审，唯目前的政策是维持对上市发行人重要股东通函的预先审查。话虽如此，香港联交所欢迎发行人预先沟通和查询，鼓励他们就有关的合规性问题（至少与预审机制指引相符）向上市部查询。

最后，几位讲者都认为，内地和香港监管机构将继续紧密合作，进一步做好国务院批复的落实工作，提升内地与香港的公司治理水平，为建立更加透明的市场共同努力。有关H股公司也应遵守相关规定，后续完成相关公司章程的修订。

Jimmy Chow
記者



Inside information disclosure in Hong Kong and the Mainland

A comparison of the A+H share information disclosure requirements



PH Chik, Solicitor and Legal Adviser to the Mainland China Technical Consultation Panel of The Hong Kong Institute of Chartered Secretaries (the Institute), completes his two-part article in *CSj* looking at the major similarities and differences between the inside information and material information disclosure law and regulations in Hong Kong and the Mainland.

The first part of this article, published in last month's *CSj*, gave an introduction to the statutory disclosure requirements and the applicable rules of the relevant stock exchanges (referred to as the 'Hong Kong rules' and 'the Mainland rules' respectively) in Hong Kong and the Mainland. This second part of the article will look at some further issues relevant to the Hong Kong rules and the Mainland rules and discusses some practical issues that A+H listed companies may encounter on information disclosure.

1. Safe harbours

Safe harbours (Hong Kong)

The Hong Kong safe harbour provisions allow:

- non-disclosure, if the disclosure is prohibited under or would contravene an order of a Hong Kong

court or a Hong Kong law (Section 307D(1), Securities and Futures Ordinance (SFO)), and

- delayed disclosure, if and so long as the listed issuer takes reasonable precautions to preserve confidentiality and the confidentiality is preserved, if the information:
 - o concerns an incomplete proposal or negotiation
 - o is a trade secret
 - o concerns the provision of liquidity support from the Exchange Fund, or
 - o the disclosure is waived by the Securities and Futures Commission (SFC) (Section 307D(2), SFO).

Highlights

- many differences still exist in the information disclosure regimes in the Mainland and Hong Kong
- these differences may result in non-compliance by A+H listed issuers and are a source of misunderstanding among directors
- it is advisable that A+H share companies set up and implement their own internal confidentiality rules to meet the confidentiality requirements of the Mainland and the Hong Kong rules

Subject to conditions, a waiver from disclosure may be granted by the SFC if disclosure is prevented by or would constitute a contravention of the law, a court order or restriction imposed by a law enforcement agency or government authority outside Hong Kong (Section 307E(1), SFO).

To rely on a safe harbour exemption, a listed issuer must take reasonable measures to preserve confidentiality of the information and ensure that the confidentiality is preserved (see Section 3 below, 'Reasonable confidentiality measures').

Disclosure 'as soon as reasonably practicable' is required after the listed issuer becomes aware that the confidentiality of the information has not been preserved (Section 307D(4) (b), SFO).

Safe harbours (the Mainland)

Just as in Hong Kong, the Mainland rules allow non-disclosure or delayed disclosure.

Delayed disclosure is allowed in circumstances where:

- there is uncertainty in the information to be disclosed
- a temporary business secret is involved, or
- timely disclosure may be detrimental to the listed issuer or mislead investors (Rule 5, Guidelines for Temporary Non-disclosure of Information and Exemption from Information Disclosure of the Shanghai Stock Exchange (上市公司信息披露暂缓与豁免业务指

引) (the Shanghai Non-disclosure Guidelines)).

Non-disclosure applies to the following circumstances:

- a business secret or state secret is involved, or
- disclosure in accordance with the listing rules is likely to be in breach of the state confidentiality laws or may be detrimental to the interest of the listed issuer and mislead investors (Rule 6, Shanghai Non-disclosure Guidelines).

Both non-disclosure and delayed disclosure are subject to the provisions that:

- the information remains confidential without leakage
- the insiders have provided confidential undertakings in writing, and
- there is no unusual movement in the company's share price (Rule 8, Shanghai Non-disclosure Guidelines).

Preserving confidentiality is a ground for delayed disclosure (Rule 9, Shanghai Non-disclosure Guidelines). No application to the relevant stock exchange is required for delayed disclosure and non-disclosure, but the Mainland rules require the listed issuer to make a record of the decision not to disclose (Rule 9, Shanghai Non-disclosure Guidelines). Also, insiders are required to keep 'inside information' (for the purpose of prohibition against insider dealing) confidential before disclosure (Rule 4,

Rules Governing Listing Companies' Establishment of a Registration System for Person with Knowledge of Inside Information (关于上市公司建立内幕信息知情人登记管理制度的规定) (the PRC Rules on Insider Registration System)). The Mainland rules also contain elaborate provisions relating to the management of inside information (see Section 3 below, 'Reasonable confidentiality measures').

However, timely disclosure will be required if:

- there is leakage or market rumour relating to the event, or
- reasons for non-disclosure have been eliminated or the applicable exemption period has expired (Rule 10, Shanghai Non-disclosure Guidelines).

Commentary

The Mainland and Hong Kong rules on safe harbours are quite similar except the areas set out below.

- The Mainland rules allow for both delayed disclosure and non-disclosure of information which may be detrimental to the interests of the listed issuer or may mislead investors. There is no similar provision in the Hong Kong rules and may not be a ground for grant of waiver by the SFC.
- Under the Mainland rules, a business secret can be a temporary business secret. A temporary business secret can be temporarily withheld from disclosure whereas a business secret is exempt from disclosure. However, a trade secret enjoys only delayed disclosure in Hong Kong.

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inconsistencies
in the rule
requirements
on information
disclosure in
Hong Kong and
the Mainland
continue to exist
”



- A state secret is exempt from disclosure under the Mainland rules, but the same state secret may only be withheld from disclosure in Hong Kong if a waiver is granted by the SFC.

Preservation of confidentiality is required under both the Mainland and the Hong Kong rules for non-disclosure or delayed disclosure. Under both sets of rules, if confidentiality cannot be kept or information has been leaked, disclosure as soon as reasonably practicable is required.

2. Responsibility for compliance and controls

Listed issuer and officer's responsibilities (Hong Kong)

In Hong Kong, while a listed issuer must disclose inside information, it is the responsibility of its every officer to take reasonable measures from time to time to ensure compliance with the disclosure requirements (Section 307G(1), SFO). If a listed issuer is in breach of a disclosure requirement, an officer who has not taken

all reasonable measures to prevent the breach is also in breach of the disclosure requirement (Section 307G(2)(b), SFO). Alternatively, he/she will be liable if his/her intentional, reckless or negligent conduct has resulted in the breach (Section 307G(2)(a), SFO).

For example, the Market Misconduct Tribunal in Hong Kong, in its inquiries into whether a breach of the disclosure requirements had taken place in relation to the securities of Mayer Holdings Ltd, found that the listed issuer had no written internal policies on information disclosure and that the relevant officers had failed to take any reasonable measure to ensure proper safeguards exist to prevent a breach by the listed issuer of the disclosure requirements. (Paragraph 121, Market Misconduct Tribunal Report on Mayer Holdings Ltd dated 7 February 2017). The relevant officers were liable for breach of the disclosure requirements.

'Officer' means a director, manager or company secretary of, or any other

person involved in the management of, the listed company (Part 1, Schedule 1, SFO). A 'manager' is a person who, under the immediate authority of the board, is charged with management responsibility affecting the whole listed issuer or a substantial part of the listed issuer. A person is normally regarded as being 'involved in the management of the corporation' if the person discharges the role of a 'manager'. A company secretary is an 'officer' of a listed company for the purpose of disclosure of inside information (Paragraph 53, SFC's Disclosure Guidelines).

Reasonable disclosure measures (Hong Kong)

The SFC's Disclosure Guidelines provide examples of reasonable measures, which include, among other things, the following (Paragraph 60, SFC's Disclosure Guidelines):

- monitor business and corporate development to identify potential inside information; periodic financial

reporting to identify key operating data (see also Paragraph 55, SFC's Disclosure Guidelines)

- authorise one or more officer(s) or an internal committee to evaluate potential inside information and to consider whether to escalate any such information to the board
- develop procedures to handle rumours, leaks and inadvertent disclosures
- designate one or two officer(s) to deal with the media, analysts or investors
- establish procedures for prior review of presentation materials before release
- provide regular training to employees on the disclosure policy, and
- document the disclosure policy and make such policy available to the public.

The SFC also provides specific guidance on dealing with particular situations and issues, such as media speculation, market rumours, analysts' reports, publication by third parties, external developments, and so on (see 'Guidance on particular situations and issues' in the SFC's Disclosure Guidelines) and expects a listed issuer to set up its own internal guidelines to handle disclosure in these situations.

Listed issuer and other's responsibilities (the Mainland)

Under the Mainland rules, a listed company shall establish and implement rules for the management of information

disclosure (Article 37, Disclosure Administrative Measures and Rule 2.10, Shanghai Listing Rules). The board of directors shall be responsible for the establishment of such rules and shall evaluate annually the implementation of such rules and rectify such rules, if required.

The chairman or chief executive shall assume primary responsibility for the implementation of such rules. The supervisory committee shall be responsible for supervision of the implementation of such rules (Articles 7 to 11, Guidelines of Shanghai Stock Exchange for the Information Disclosure Management Measures of Listed Companies (上市公司信息披露事务管理制度指引) (the Shanghai Information Disclosure Management Measures)).

Disclosure measures (the Mainland)

Under the Mainland rules, the duties of the issuer, its directors and board secretary on information disclosure are as follows:

- the issuer: to ensure that no inside information is disclosed when communicating information relating to its operations, financial profile and other events in a results meeting, analysts meeting, roadshow or other investors meeting (Article 41, Shanghai Disclosure Administrative Measures)
- the directors: to keep track of the listed company's operations, financial status, major events which have occurred or may possibly occur; should also take initiatives to check and obtain the information necessary in deciding whether to disclose (Article 42, Shanghai Disclosure Administrative Measures)

- the board secretary: to be responsible for handling matters relating to external disclosure of information by the listed company (Article 45, Shanghai Disclosure Administrative Measures), and
- unless authorised in writing, no directors, supervisors or senior management shall be allowed to disclose the listed company's unpublished information (Article 45, Shanghai Disclosure Administrative Measures).

Specific guidance is further provided by the Mainland stock exchanges on the measures which are expected to be included in the information disclosure manuals, which shall specify, among other things, the following (Article 37, Shanghai Disclosure Administrative Measures and Article 19, Shanghai Information Disclosure Management Measures):

- the scope of information to be disclosed and the standard of disclosure
- the workflow procedures for collecting, checking and disclosure of unpublished information
- the responsibilities of the listed company's information disclosure office and its responsible person
- the responsibilities of the directors, supervisors and senior management in information reporting, examining and disclosure, and
- confidentiality measures for unpublished information, scope of insiders' and confidentiality obligations; internal control measures

for financial management and audit; measures for external dissemination of information, communication with investors and media, as well as information file management.

The information disclosure manual has to be approved by the board of directors of the listed company and filed with the relevant securities regulatory authority.

Commentary

A+H companies will normally have prepared their own information disclosure manuals by incorporating all relevant Mainland rules, including a list of 'major events', but may not include the relevant objective and reasonable tests for determining 'materiality' and 'inside information' under the Hong Kong rules. It is advisable that in order to satisfy the 'reasonable measures' requirements of the Hong Kong rules, the manual should include, in addition to having a listed of 'major events', the objective and reasonable tests for determining 'materiality' and 'inside information' in the manual, as well as the factors to be taken into considerations when determining 'materiality' as recommended by the SFC (see Section 1 of the first part of this two-part article, 'Major events and inside information').

Further, it is advisable to include in the information disclosure manual specific guidance on dealing with particular situations and issues, such as media speculation, market rumours, analysts' report, publication by third parties, external developments, and so on.

3. Reasonable confidentiality measures (Hong Kong)

A listed company is required by the SFO to take reasonable precautions to preserve confidentiality of inside information

(Section 307D(2)(a), SFO). The SFC has provided examples of confidentiality measures, which include, among other things, the following (paragraphs 60 and 65 to 69, SFC's Disclosure Guidelines):

- restrict access to inside information to a limited number of employees on a need-to-know basis
- such employees should be aware of the confidentiality of the information and be fully conversant with their confidentiality obligations
- ensure confidentiality agreements are in place
- restrict use of the information
- keep confidentiality under review (paragraph 70, SFC's Disclosure Guidelines), and
- implement reasonable measures to handle leakage (for example, advance preparation of a draft transaction announcement or holding, and so on).

Reasonable confidentiality measures (the Mainland)

The Mainland rules also have elaborate provisions relating to management of inside information under the insider dealing regime, which are also applicable to disclosure of information (see Rule 8, PRC Rules on Insider Registration System). For example, a listed issuer is required to:

- keep a list of insiders (before disclosure of inside information), and
- prepare a progress memorandum (when conducting a major event)

to record the key time, the participants and the modes of planning and decision of the major event (Rules 6 and 10, PRC Rules on Insider Registration System).

As part of the confidentiality measures, a listed company is required to sign a confidentiality agreement with, and to give notice of prohibition from dealing to, the insiders (Rule 11, PRC Rules on Insider Registration System).

Commentary

The Mainland rules have elaborate requirements relating to identification of insiders and management of inside information in each stage of a major event or price-sensitive situation. The Hong Kong rules seem to provide more guidance on specific confidentiality measures. It is advisable that A+H share companies should set up and implement their own internal confidentiality rules which will meet the reasonable confidentiality requirements of the Mainland rules and the Hong Kong rules.

4. Liabilities

Liabilities (Hong Kong)

Under the Hong Kong rules:

- a listed company is liable for breach if it fails to disclose inside information as soon as reasonably practicable (Section 307B(1), SFO), or the information disclosed is false or misleading in a material respect and an officer of the listed company knows or ought reasonably to have known that, or is reckless or negligent as to whether, the information disclosed is false or misleading in a material respect (Section 307B(3)(a), SFO).

“ harmonisation of the Hong Kong and Mainland rules will facilitate compliance by A+H listed issuers and mutual trust among investors of Hong Kong and the Mainland on their respective regulatory requirements ”

- an officer is liable for the breach by the listed issuer if the officer's intentional, reckless or negligent conduct resulted in the breach, or the officer has not taken all reasonable measures from time to time to ensure proper safeguards for compliance (Sections 307G(2)(a) and (b), SFO), and
- the maximum fine is HK\$8 million for the listed issuer and each of the individual officers who are liable for the breach (Section 307N, SFO).

Liabilities (the Mainland)

Under the Mainland rules there are different penalties for a failure to disclose a breach of the disclosure requirements and disclosure of information containing false entries, misleading statements or material omissions (Article 197, revised PRC Securities Law).

In the case of a failure to disclose a breach of the disclosure requirements, the listed company or other information disclosure obligors (including directors, supervisors, senior management) shall be given a warning and fined not less than RMB500,000 but not more than RMB5 million. The person directly in charge and other persons directly responsible shall be given a warning and shall be fined

not less than RMB200,000 but not more than RMB2 million each. The controlling shareholder or actual controller who committed the breach or concealed related matters shall be fined not less than RMB500,000 but not more than RMB5 million.

In the case of false entries, misleading statements or material omissions the listed company or other information disclosure obligors shall be given a warning and fined not less than RMB1 million but not more than RMB10 million. The person directly in charge and other persons directly responsible shall be given a warning and shall be fined not less than RMB500,000 but not more than RMB5 million each. The controlling shareholder or actual controller who committed the breach or concealed related matters shall be fined not less than RMB1 million but not more than RMB10 million; the person directly in charge and other persons directly responsible shall be given a warning and shall be fined not less than RMB500,000 but not more than RMB5 million each.

Commentary

The Hong Kong rules impose fines based on breach of the disclosure requirements or disclosure containing false statements, misleading information

or material omissions. The Mainland rules distinguish the different breaches and in addition impose fines on the controlling shareholder, actual controller and persons responsible. As the two sets of rules provide different fines, there is the possibility that an A+H company and its responsible officers may have to face different fines in Hong Kong and the Mainland for the same breach. In addition, while fines could be imposed on the controlling shareholder or actual controller and their respective responsible persons in the Mainland, no fines could

Other rule differences

Some other major differences in the Mainland and the Hong Kong rules relating to information disclosure are listed below.

Profit alerts

The Mainland rules require a listed issuer to publish a profit alert announcement or preliminary results announcement within one month from the end of the last financial year, that is on or before 31 January, if its net profits:

- are expected to be negative
- would rise or fall by more than 50% as compared with that of the previous year, or
- would turn from a loss to a profit (Rule 11.3.1, Shanghai Listing Rules).

There are also Mainland rules on the rectification of the published profit alert announcement or preliminary results announcement if the net profits are estimated to be materially different

be imposed on them in Hong Kong under Part XIVA of the SFO, if they are not officers of the listed issuer.

5. Conclusion

A+H companies have long been listed on the Hong Kong and the Mainland stock exchanges. However, inconsistencies in the rule requirements on information disclosure in Hong Kong and the Mainland continue to exist and no mutual efforts have been seen to resolve the inconsistencies. These may result in non-compliance by A+H listed issuers

and are a source of misunderstandings or lack of understanding among Mainland directors and practitioners of the Hong Kong rules. Harmonisation of the Hong Kong and Mainland rules will facilitate compliance by A+H listed issuers and mutual trust among investors of Hong Kong and the Mainland on their respective regulatory requirements.

PH Chik

Solicitor and Legal Adviser to the Institute's Mainland China Technical Consultation Panel

The Institute's 'Guidelines on Practices of Inside Information Disclosure of A+H Companies' (the second edition of which was published in September 2019) is available in the Publications section of the Institute's website: www.hkics.org.hk. Last year the author gave a series of ECPD seminars on the major similarities and differences between the inside information/material information disclosure laws and regulations of Hong Kong and the Mainland.

from what was expected at the time of publication of the profit alert (Rule 11.3.3, Shanghai Listing Rules). The Mainland rules also allow listed issuers to publish preliminary results by publishing key financials data and indicators such as the revenue, operating profit, total profit, earnings per share etc, before the formal publication of annual results (Rule 11.3.5, Shanghai Listing Rules).

The Hong Kong rules do not specify a period for the publication of a profit alert. Publication of a profit alert announcement is a matter to be determined by the board as soon as the net profits could reasonably be estimated, taking into account the materiality of the change and its likely impact on the trading price.

Trading suspensions

The Mainland rules on suspension underwent a major change in 2018. According to the revised rules (Shanghai Stock Exchange Guidelines

on Suspension and Resumption of Trading of Listed Companies for Planning Major Issues (上市公司筹划重大事项停复牌业务指引)), suspension of trading will only be allowed if the transaction is:

- a major reorganisation involving issuance of new shares or directed convertible bonds
- a major reorganisation involving a change in control or general offer
- a reorganisation which requires determination of share price, or
- a matter involving material uncertainties.

The revised rules further provide that if issuance of shares or directed convertible bond issuance is involved, the trading suspension period shall not be more than 10 business days. Where a change in control or general offer is involved, trading suspension shall not be

more than two business days, which may be extended to not more than five business days. Despite what is provided in the revised rules, it is understood that in practice, trading suspension may still be allowed even if no new shares issuance is involved and in some cases, suspension of 10 business days or more may also be allowed, if the matter involves material uncertainties.

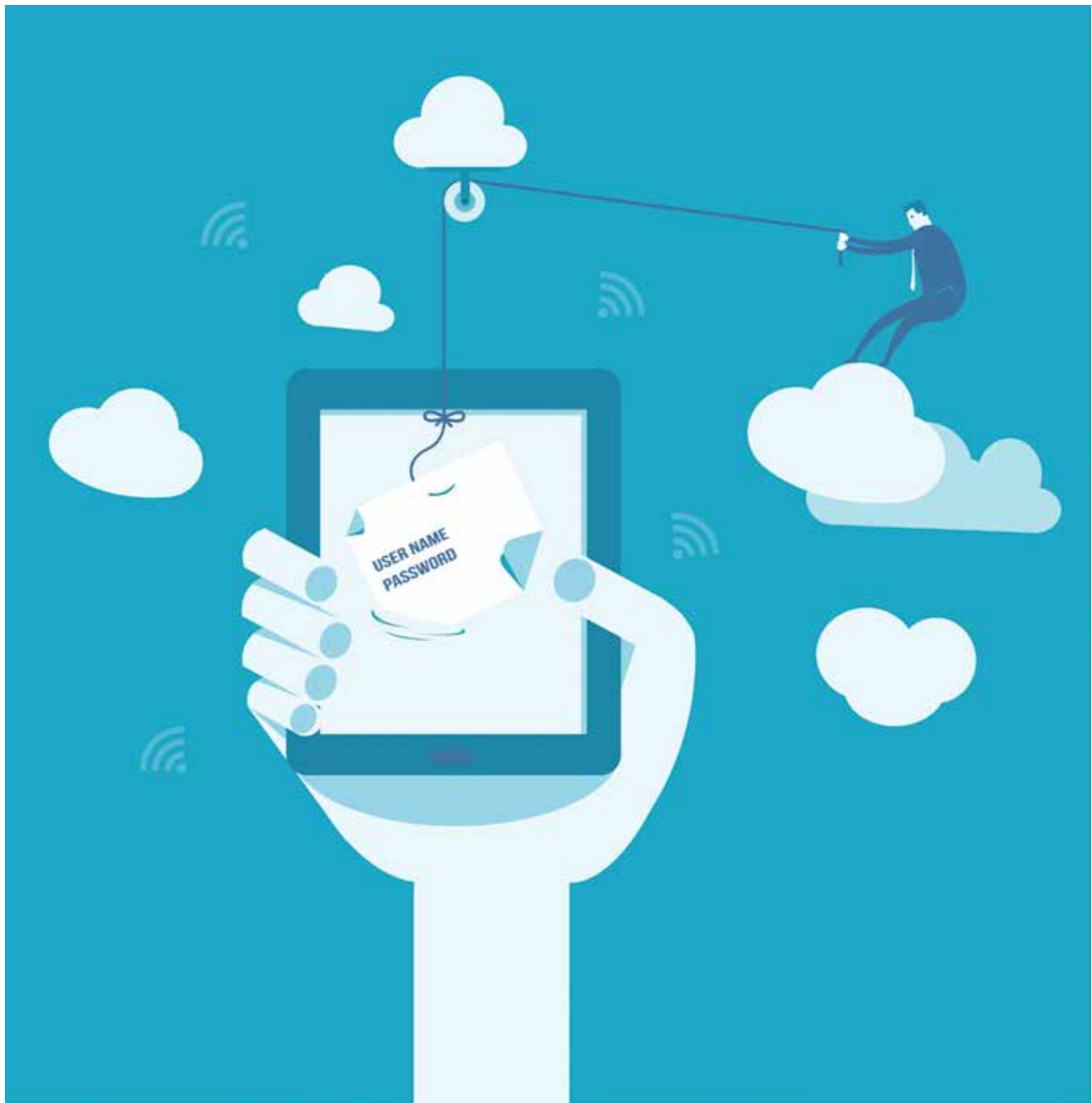
The Hong Kong rules on trading suspension generally requires resumption of trading as soon as possible after release of the inside information.

Future prospects

The Mainland rules require a listed company to discuss its future prospects in its annual report with details of its annual operation plan, including estimated revenue, costs and operation targets. The Hong Kong rules do not have such detailed disclosure requirements.

Don't panic, stay calm

Gabriela Kennedy, Partner, and Cheng Hau Yeo, Associate, Mayer Brown, offer legal strategies for addressing coronavirus phishing scams in Hong Kong.



As COVID-19 spreads around the world, so are phishing scams or the infection of computer systems with malware through phishing emails and websites that appear to be related to the coronavirus. These phishing scams are spreading fast across the world and capitalise on the widespread panic that seems to have gripped the general public. In the face of this new emerging cyber threat, it is crucial that businesses are aware of the risks they face and implement the necessary cybersecurity safeguards.

How do coronavirus phishing scams work?

Coronavirus-related phishing scams take different forms and use different mediums. One of the most common forms is the use of phishing emails. For example, cybercriminals impersonating medical experts such as virologists or officials from the World Health Organisation have been sending phishing emails containing malicious links or attachments which purport to provide information on how to protect oneself from the coronavirus. Unsuspecting users who click on the links or access the attachments open their systems to a malware attack, which may result in the infiltration of the connected network, theft of personal information or the entire system being rendered inoperative.

Another very common form of phishing takes place when fraudulent websites containing malicious links are set up. Such websites clone the websites of well-known organisations (for example, a healthcare company or a government website). These websites may then contain a link to a downloadable file, which purports to contain useful information relating to the coronavirus but instead

contains malicious codes. Phishing websites may also trick users into providing certain personal or confidential data in return for information or useful items related to the coronavirus (for example face masks). The types of user data commonly targeted include ID numbers, banking information, credit card details, account passwords or any other types of data which may facilitate identity theft. The stolen data is typically traded or sold on the dark web. It appears that the number of coronavirus-related phishing websites is increasing: research conducted by Check Point Research revealed a recent surge in the number of registrations of domain names associated with the coronavirus. If in doubt, check the domain name for the fraudulent website and you will immediately spot a misspelling of the domain name for the official website.

Phishing through social media has also been on the rise. As with fake websites, it is very easy to create accounts on social media platforms, such as Facebook, Instagram and Twitter, impersonating well-known organisations or individuals. These phishing accounts are used to trick users into performing a particular action (for example providing personal or confidential data or downloading files

containing malicious codes, or providing endorsements and likes, thus duping more people). Given the rising fear over the coronavirus and the way social media posts tend to go viral, social media phishing scams pose a serious threat to the public as they have the potential to reach a large number of individuals within a relatively short period of time.

In an organisational context, where an employee accesses a malicious link or attachment on a company system through any of these phishing methods, the malware infecting that system may subsequently spread to other systems sharing the same corporate network. Ransomware attacks, which are increasingly faced by many organisations, may also be conducted through a coronavirus-related phishing scam. A phishing scam may have far-reaching consequences for an organisation, such as data exfiltration and company operations being affected, as well as significant tangible and intangible costs.

Potential legal and regulatory issues

Coronavirus-related phishing scams raise several legal and regulatory issues for businesses in Hong Kong. While Hong Kong currently does not have any

Highlights

- cybercriminals have been sending phishing emails containing malicious links or attachments which purport to provide information on how to protect oneself from the coronavirus
- another very common form of phishing takes place when fraudulent websites containing malicious links are set up
- organisations should provide employees with specific training and guidance on coronavirus-related scams and put in place a response plan in the event of a cyberattack

“ as the general fear of the coronavirus epidemic grows, the threat of coronavirus-related phishing scams is likely to become increasingly significant ”

overarching cybersecurity legislation, the Personal Data (Privacy) Ordinance (PDPO) and guidelines issued by the Privacy Commissioner for Personal Data (PCPD) will come into play if such scams involve the loss of personal data.

Under Data Protection Principle 4 of the PDPO (DPP4), data users are required to take all practicable steps to ensure that personal data held by them is protected from unauthorised or accidental access, processing, erasure or use. Where a data breach occurs, the data user may be in breach of DPP4 if the PCPD considers the data user to have failed to take 'all practicable steps' to safeguard the personal data. Relevant factors that affect the PCPD's analysis include the type of data involved and level of harm to data subjects that may result, in the event of a breach. If a data user is found to be in breach of DPP4, the PCPD may commence an investigation and issue an enforcement notice requiring corrective measures to be taken. Any non-compliance with such notice would constitute an offence. While there is no mandatory obligation to notify the PCPD of any data breach, the PCPD recommends that data users provide



voluntary notification as soon as possible and preserve all evidence related to the breach to facilitate future investigation and remedial actions.

Additionally, regulatory bodies such as the Securities and Futures Commission, the Hong Kong Monetary Authority (HKMA) and the Insurance Authority (IA) have published guidelines or circulars relating to cybersecurity. The HKMA requires authorised institutions to evaluate their cybersecurity controls with reference to new cyber threats (this may include coronavirus-related phishing scams) on a regular basis and submit periodic reports with respect to any cybersecurity risk identified. The regulatory bodies have also issued guidelines on the reporting of cybersecurity incidents. For example, the IA requires authorised insurers to report any cybersecurity incident within 72 hours of detection of the incident. Failure to comply with these guidelines may affect the regulatory body's assessment

of whether the regulated entity is 'fit and proper' and may possibly lead to disciplinary actions being taken.

Recommended steps

When it comes to cybersecurity, prevention is invariably better than cure. Organisations should take preventive measures to stop cybercriminals from infiltrating their systems in the first place. Examples of such preventive measures include providing employees with specific training and guidance on coronavirus-related scams. These training sessions may provide employees with guidance on identifying potential coronavirus-related phishing websites or emails and educate employees on the risks of opening unidentified links or attachments. Simulations of coronavirus-related phishing attacks may also be conducted to ensure that employees are well-equipped to identify and deal with such cyber incidents. Employees should also be encouraged to promptly report any suspicious phishing activities in order to

allow for the necessary actions to be taken in the first instance.

Putting a greater emphasis on maintaining robust cybersecurity controls will also go a long way towards detecting and deterring such phishing threats. Organisations may employ various measures, such as regular audits, continuous review of intrusions, timely updates of antivirus software and stronger access controls, to reduce their vulnerability to cyberattacks.

Organisations should also put in place a response plan in the event of a cyberattack. This would facilitate a swift and effective response to a cyber incident and demonstrate the organisation's good-faith compliance with the relevant laws and regulations should the PCPD or other regulators subsequently initiate an investigation of the incident. In light of the increase in the number of coronavirus-related scams, an organisation's response plans may be tailored to take into account any specific features of such scams.

Organisations may also consider reaching out to the Hong Kong Computer Emergency Response Team Coordination Centre (HKCERT), which may provide advice on recent scams as well as assist with the formulation of a suitable

“
both companies and individuals in Hong Kong should take the appropriate precautionary measures to ensure they are well-placed to identify and deal with such cyber threats when they do occur
 ”

response strategy. It is also increasingly common and important for businesses to take out cybersecurity insurance to mitigate the potential financial impact from a data breach, especially for businesses that are heavily exposed to such cyber risks.

Finally, organisations may consider putting in place a domain name watch to monitor any suspicious registrations of domain names that may be used to redirect to fake websites. Typically, these would be domain names that are a variation of the official domain name of an organisation, for example 'mayorbrown.com' vs 'mayerbrown.com'.

Individuals should also be alert to phishing scams and take measures to ensure that they do not fall prey to these scams. One of

the most important steps is to learn how to identify a phishing website (see 'Identifying a phishing website: some basic checks').

When in doubt, individuals may also check the organisation's official website or social media page to see if it has released any announcements regarding phishing activities. Other measures individuals may take to prevent phishing scams include being kept informed about any new phishing methods being used, installing anti-phishing toolbars on their Internet browsers and checking their online accounts regularly for any unauthorised access.

Conclusion

No organisation is immune to cyberattacks. As the general fear of the coronavirus epidemic grows, the threat of coronavirus-related phishing scams is likely to become increasingly significant. Therefore, both companies and individuals in Hong Kong should take the appropriate precautionary measures to ensure they are well-placed to identify and deal with such cyber threats when they do occur.

Gabriela Kennedy, Partner, and Cheng Hau Yeo, Associate

Mayer Brown

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Identifying a phishing website: some basic checks

1. Check the URL and look for any red flags (for example ensuring that the spelling of the web address and top level domain name is correct).
2. Be wary of any URL which redirects you to a different website with a highly similar design (that is a phishing website) instead.
3. Review the website content and identify any irregularities that would not be expected to be found in the website of a well-known organisation (for example spelling errors, grammatical errors, low resolution images, etc).

Is there a place for burden of proof in MMT proceedings?

Barbara Chiu, Partner, and Nichole Hou, Counsel, King & Wood Mallesons, highlight the implications of a Court of Appeal judgment, recently affirmed by the Court of Final Appeal, regarding the burden and standard of proof required in Market Misconduct Tribunal proceedings.



The Court of Final Appeal has recently reiterated that Market Misconduct Tribunal (MMT) proceedings are inquisitorial in nature and there is no place for the requirement of burden of proof on the Securities and Futures Commission (SFC). In other words, the SFC is not required to 'prove their case' in the traditional litigation sense but is only required to present evidence to the MMT to enable the tribunal to form a decision on the matter. This will possibly have implications for the defence strategy adopted by persons under investigation.

This article will take you through the leading authority of *Securities and Futures Commission v Cheng Chak Ngok and Another* [2018] 4 HKLRD 612, which was subsequently affirmed by the Court of Final Appeal in *Cheng Chak Ngok v Securities and Futures Commission* [2019] HKCFA 17, demonstrating the abovementioned principle.

The case concerned Mr Cheng, who was accused of insider dealing in the shares of China Gas Holdings Ltd (China Gas). At the material time, Mr Cheng was an Executive Director, Chief Financial Officer and Company Secretary of a company (Cheng's Employer) listed in the Hong Kong Special Administrative Region of the People's Republic of China (Hong Kong). On 12 December 2011, Cheng's Employer and China Petroleum & Chemical Corporation issued a Joint Pre-Conditional Voluntary General Offer (PVGO) announcement regarding their offer to acquire all of the outstanding shares of China Gas at HK\$3.5, representing a premium of 25% to the previous closing price of China Gas shares.

The SFC alleged that Mr Cheng, who was aware of the details of the PVGO, purchased China Gas shares via a

nominee account between mid-November 2011 and December 2011. The shares were sold shortly after the PVGO announcement and Mr Cheng made a profit of around HK\$3 million.

The MMT proceedings

In order to establish insider dealing by Mr Cheng, the MMT had to be satisfied that:

1. he was a connected person of China Gas
2. he had information which he knew was inside information in relation to China Gas, and
3. he had dealt with the shares of China Gas.

In the MMT proceedings, the major issue in dispute was whether Mr Cheng had dealt with the shares of China Gas as there was no such direct evidence against Mr Cheng. Evidence before the MMT showed that the bidding orders were in fact made through the securities account of a Ms Li. The key question was whether the circumstantial evidence was sufficient to draw the inferences that it was actually Mr Cheng who had dealt with the shares. The circumstantial evidence included the fact that:

- Mr Cheng was the only person who had access to the relevant information and the timing of such access corresponded to the timing and quantity of the bid orders
- Mr Cheng was working in the office on the dates when the bid orders were placed via the computer(s) in the office and was away from Hong Kong on the dates when the bid orders were placed exclusively via smartphone
- Mr Cheng was in close association with Ms Li and was involved in her bank accounts, including the subject securities account, and
- Mr Cheng had control over the funds involved in the purchase and disposal of the subject shares.

Having assessed the evidence before it, the MMT held that it could not be satisfied that on a balance of probabilities the circumstantial evidence was sufficient to prove that Mr Cheng had 'dealt' with the shares. The MMT also stated that the burden of proof lay with the SFC and it was for the SFC to prove on a balance of probabilities that Mr Cheng had committed market misconduct.

Highlights

- the Court of Appeal judgment, affirmed by the Court of Final Appeal, makes it clear that Market Misconduct Tribunal (MMT) proceedings are civil and inquisitorial in nature
- there is no place for the requirement of burden of proof on the Securities and Futures Commission in MMT proceedings
- the standard of proof in MMT proceedings should be on a balance of probabilities

“
 in the absence of any direct
 evidence, circumstantial
 evidence alone could be
 sufficient for the MMT to
 find that a person has
 committed market misconduct
 ”



The Court of Appeal's approach

The SFC appealed to the Court of Appeal, arguing, among others, that the MMT had wrongly applied the criminal standard of proving beyond reasonable doubt. This mistake was compounded by the MMT imposing a burden of proof on the SFC when none was required.

The Court of Appeal reaffirmed that the MMT proceedings are civil and inquisitorial in nature. The MMT's function is not to adjudicate between rival claims or positions but to inquire into the question of insider dealing, the standard of proof being on a balance of probabilities.

As regards whether the SFC bore any burden of proof, the Court of Appeal held that in an inquisitorial inquiry by a tribunal, there was no place for the requirement of burden of proof. Section 21 of Schedule 9 of the Securities and Futures Ordinance provides that the SFC, 'must present to the Tribunal any evidence available to the Commission, including any evidence that the Tribunal requests the presenting officer to present, and make any submissions, that will enable the Tribunal to reach an informed decision as to whether market misconduct has taken

place and, if so, the nature of the market misconduct'. The language of that section only went so far as to require the SFC to present evidence to the MMT to enable the MMT to form a decision on the matter. The Court of Appeal held that this requirement does not mean that SFC carries a 'legal burden' in the traditional sense.

The Court of Appeal went on to evaluate the evidence of the case, finding that the circumstantial evidence pointed strongly to Mr Cheng as the person who had dealt with the China Gas shares and the MMT had failed to properly evaluate the evidence on a balance of probabilities. It further ordered the matter to be reheard by a differently constituted MMT to determine solely the question of whether Mr Cheng had dealt with the shares.

Decision of the Court of Final Appeal

Mr Cheng sought to appeal further and applied for leave to appeal from the Court of Final Appeal. In dismissing his application, the Court of Final Appeal affirmed the Court of Appeal's restatement of the principles governing the nature of an inquiry into market misconduct, including the appropriate approach to the burden and standard of proof.

Having failed in his appeal, Mr Cheng's case was reheard before a differently constituted MMT from 26 to 30 August 2019 and a ruling of the retrial is pending.

Practical implications

This case serves as a good reminder of the inquisitorial nature of MMT proceedings and that the standard of proof is on a balance of probabilities. In the absence of any direct evidence, circumstantial evidence alone could be sufficient for the MMT to find that a person has committed market misconduct.

Further, in defending claims of market misconduct in MMT proceedings, it is important to bear in mind that the SFC does not bear any burden of proof. In light of this latest Court of Final Appeal decision, instead of adopting a defensive strategy of assuming the SFC needs to prove its case, a more proactive defence approach from the outset of the investigation stage and in any subsequent MMT proceedings is called for.

Barbara Chiu, Partner, and Nichole Hou, Counsel

King & Wood Mallesons

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Care and concern for Institute members, graduates, students and Affiliated Persons in view of the challenges of COVID-19

Dear members, graduates, students and Affiliated Persons,

In view of the challenges of COVID-19, and as a caring professional Institute, Council has decided to provide the following relief to show care and concern to all of you during these challenging times.

Reduce the spread of COVID-19

The health and safety of all of you, as well as the Institute's friends and staff, are the top priorities of the Institute. The Institute has, since February 2020, converted most seminars and events into webinars, and postponed or cancelled certain events such that no physical attendance of participants is required.

Enhanced Continuing Professional Development (ECPD) seminars/webinars

All members, graduates, students and Affiliated Persons who register or have registered to the Institute's ECPD seminars/webinars held or to be held from *1 April 2020 to 30 June 2020* (the said period) in Hong Kong will enjoy a 10% discount of the regular enrolment fees.

This relief will also apply to the 21st Annual Corporate and Regulatory Update (ACRU) to be held on 5 June 2020. ACRU will be switched to webinar mode to reduce the risk of the spread of COVID-19 and allow opportunity for all of you to learn directly from the regulators and practitioners. In addition, the early bird deadline is extended to Thursday 30 April 2020. For details, please visit the ACRU website: acru.hkics.org.hk.

The adjusted enrolment fees (after the 10% discount) for ECPD seminars/webinars to be held between 9 April 2020 and 30 June 2020 and ACRU will be reflected on the Institute's website from 9 April 2020.

Those who have paid for the seminar(s)/webinar(s)/ACRU held or to be held during the said period at the original enrolment fee (that is, prior to the 10% discount) will receive an email from the Institute regarding the refund procedure or please check the CPD section of the Institute's website: www.hkics.org.hk for details.

The Institute will provide one free ECPD seminar/webinar each month until June 2020 – the first one was held in March 2020.

Membership events

Several free webinars on wellness themes will be organised from April 2020 to June 2020. For details, please check the Events section of the Institute's website.

Studentship events

The Chartered Governance Qualifying Programme (CGQP) June 2020 examinations have been postponed to November 2020.

Free student gatherings were held via webinar in March 2020 and are available on the Institute's website. More webinars regarding the CGQP will be organised from April to June 2020. For details, please check the Events section of the Institute's website.

If you have any questions to the above, please contact:

Hong Kong Office: (852) 2881 6177; ask@hkics.org.hk

Beijing Representative Office: (86) 10 6641 9368; bro@hkics.org.hk

Or email:

Membership matters: member@hkics.org.hk

Studentship registration matters: student_reg@hkics.org.hk

Examination and Exemption matters: student@hkics.org.hk

Professional Development matters: cpd@hkics.org.hk

Wishing all of you good health and safety in these difficult times!

Warm regards,

Samantha Suen FCIS FCS(PE)

Chief Executive

The Hong Kong Institute of Chartered Secretaries

Professional Development

Seminars: February 2020

6 February

Economic substance regimes
in the Cayman Islands and
British Virgin Islands



Chair: Desmond Lau ACIS ACS, Institute Professional Development Director

Speakers: Wynne Lau, Counsel; and Rowan Wu, Legal Manager; Conyers Dill Et Pearman

18 February

Company secretarial practical
training series: change of name
of companies incorporated in
Hong Kong/the Mainland

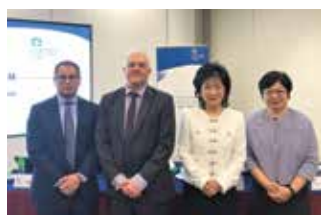


Chair: Desmond Lau ACIS ACS, Institute Professional Development Director

Speakers: Carmen So FCIS FCS(PE), Director, Corporate Services; and Tim Tsang, Senior Manager, China Corporate Services; Tricolor Services Ltd

20 February

Hybrid AGM



Chair: Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE), International President, The Chartered Governance Institute and Institute Past President, and Executive Director and Company Secretary, CK Hutchison Holdings Ltd

Speakers: Michael Ling, Deputy Company Secretary, CLP Holdings Ltd; Richard Taylor, CEO, Lumi; and Samantha Suen FCIS FCS(PE), Institute Chief Executive

27 February

The Inland Revenue
Department's latest practice
on reviewing charitable
organisations



Chair: Desmond Lau ACIS ACS, Institute Professional Development Director

Speakers: Philip Hung, Director, Tax Controversy Services; and Felix Tsang, Senior Manager, Tax Controversy Services; PwC Hong Kong

28 February

Enhancing compliance and
efficiency with digital
transformation



Chair: Desmond Lau ACIS ACS, Institute Professional Development Director

Speakers: Anita Yung, Director, Advisory Services; and Hilary Yung, Manager, Advisory Services; Ernst & Young Advisory Services Ltd

Online 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: 2830 6011, or email: cpd@hkics.org.hk.

ECPD forthcoming seminars

Date	Time	Topic	ECPD points
21 April 2020	3.30pm–5.00pm	Legal shadow over moonlighting – employer perspective	1.5
22 April 2020	6.45pm–8.45pm	Transfer pricing documentation in Hong Kong	2
27 April 2020	6.45pm–8.45pm	Governance, risk & compliance series: how technological risk, cybersecurity and digital workforce affect the corporate governance	2
5 May 2020	6.45pm–8.45pm	AML/CFT best practices series: the AML/CFT law, sanctions compliance and technology – the importance of knowing and dealing with these	2

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

Membership

New graduates

Congratulations to our new graduates listed below.

Chan Hoi Lam	Ching Kim Fung	Lam Tsz Kit	Mak Hau Yin, Melody	To Lok Man
Chan Ka Lee	Chong Lai Ying	Lau Kwok Yin	Mak Ho Man	Tsang Ka Wa
Chan Mui	Chu Hiu Ching	Lee Ho Man	Ng Mei Ha	Tsang Tsz Kwan
Chan Ngar Wai	Chu Wai Lim	Lee Toi Mei	Pan Yaqi	Tse Chi Hong
Chan Shu Kan	Ding Bo	Li Shuk Ling	Poon Wing Sim	Tse Siu Ho
Chan Tak Cheong	Ho Ka Yan	Li Tze Wai	See Hiu Lun	Wang Pang, Paul
Chan Yim Shan	Kwan Ka Ho	Lian Weimin	Shum Cheuk Yi	Wong Chun Wing, Samuel
Chen Wai Yee, Michelle	Kwan Ping Mui	Lin Qingyan	Sin Yu	Wong Miu Shun
Cheng Wing Sze	Kwan Yuet Ming	Lu Xingjia	So Sze Man	Wong Pik Sum
Cheung Lo Yin	Kwong Kin	Lui Kwun Yiu	Sun Hoi Yan	Wong Yuen Ki
Cheung Mei Ting	Lai Lok Kwan	Luk Man Yee	Sze Tong	Wu Shuk Ling
Cheung Wing Yan	Lam Man Hei	Ma Zhengjun	Tam Mei Po	Young Wai Heng, Matthew

Membership (continued)

New Associates

Congratulations to our new Associates listed below.

Au Pui Yee	Hui Ka Chun	Lee Shui Lan	So Kai Ming, Eric
Au Wing Sze	Kam Wai Yan, Vanessa	Lei Ching Yin, Emily	Suen Wing Lam
Chan Ching Man	Kwong Wai Yi	Leung Cheuk Yu	Tam Hang Yin
Chan Kui Ming	Lai Man Wa, Eva	Leung Chun Ming	To Wing Yee
Chan Pik Ling	Lai Serene Sum Yi	Leung Wai Mun	Tong Ka Yan
Chan Tin Lok	Lai Yau Yan, Gladys	Li Ka Hung	Tsang Hau Lam
Chan Wai Ha	Lai Yeung Fun	Li Shu	Tsang Man Kuen
Chan Wai Tsz	Lam Elisabeth Raelyn	Li Wing Hong	Tsang Wing Yan
Cheng Lai Kei	Lam Hiu Shun, Hilda	Li Xiaowen	Wong Chung Him
Cheng Yan	Lam Ka Yi	Lin Haizhou	Wong Kam Chuen
Cheung Ka Man	Lam Lai Shan	Lo Pui Ying, Janice	Wong Man Lee
Cheung Ka Yin	Lam Ming Hei, Maggie	Lo Wai Yin	Wong Nga Chung
Cheung Man Sum, Malcolm	Lam Tsz Wai	Man Fung Yan	Wong Pui Kiu Ingrid
Cheung Pui Ting	Lam Yu Hin, Alan	Man Sin Yee	Wong Wing Shun
Cheung Wing Sze	Lam Yuen Yi	Mui On On	Yau Wai Man
Cheung Yan Ting	Lau Cheuk On, Jason Philip	Ng Ching Man, Joey	Yeung Hiu Kwan
Ching Man Kit	Lau Chun Pong	Ng Wai Kwan	Yeung Hoi Ki
Choi Yuen Wa	Lau Ka Ki, Klare	Ng Yuen Lam	Yeung Wang Tat
Chu Ka Ying	Lau Oi Mei	Or Wing Ki	Yiu Lai Wa
Chung Kit Ting	Lau Sum Chuen	Pang Mei Yee	You Fangyuan
Chung Wing Yan	Lau Wing Ki	Pang So Kin	Yu Chenye
Deng Xiaoren	Law Kiu Yan	Pang Wing Yin	Yu Chi Ying
He Yuan	Law Yee Ki, Winnie	Poon Ping Yeung	Zhang Le
Ho Meei Yng	Lee Hang Siu	Poon Yu Ching	
Ho Sze Wai	Lee Ka Yin	Qi Mengchu	
Ho Wing Chee	Lee Man Ha	Shukla Pooja	

Update of correspondence address

Members, graduates and students are reminded to update their personal contact details for the Institute's communication purposes. You may update your details directly via the login area of the Institute's website: www.hkics.org.hk.

For enquiries, please contact the Membership or Studentship Section, as appropriate: 2881 6177 or email: member@hkics.org.hk or student@hkics.org.hk.

Application for concessionary subscription rate for 2020/2021

As a professional body established by members and for members, the Institute continues to offer concessionary subscription rates to members who fall into the criteria listed below.

1. Retired rate

This applies to members who:

- are fully retired from employment and will not be returning to gainful employment (neither full-time nor part-time), and
- are not receiving an income derived directly from labour or skill, and
 - have attained the age of 55 and are members of The Chartered Governance Institute/HKICS of at least 25 years standing on or before the beginning of the financial year (1 July), or
 - have attained the age of 60 on or before the beginning of the financial year (1 July).

Once approved, the retired rate will be granted from the following year and onwards. No reapplication is required.

2. Reduced rate

This is defined as a temporary relief for members and/or graduates, and applies to those who:

- have been unemployed for a minimum of six months prior to the application or the beginning of the following financial year (1 July)

- have ceased to receive income and/or remuneration due to health conditions (with substantial and sufficient supporting document(s) provided) for a minimum of three months prior to the application or the beginning of the following financial year (1 July), or
- have encountered circumstances which, in the consideration of the Membership Committee, warrant the granting of the reduced rate.

Reduced rate applications are approved on an annual basis.

From year 2019/2020 onwards, members and/or graduates are only eligible for the reduced rate for a maximum of five years. Reduced rates granted on or before year 2018/2019 will not be counted towards this five-year limit.

Should members and/or graduates wish to continue to apply for the reduced rate for longer than a total of five years, adequate explanation and/or documentary proof must be provided to the Institute's Membership Committee for consideration.

3. Hardship rate

This applies to members/graduates who:

- have ceased to receive income and/or remuneration due to medical conditions for at least two years prior to application (with substantial and sufficient supporting document(s) provided), or
- other circumstances which, in the consideration of the Membership

Committee, warrant the granting of the hardship rate.

Hardship rate applications are approved on an annual basis.

4. Senior rate

This applies to members who have reached the age of 70 or above before the beginning of the financial year (1 July 2020). The senior rate is granted to eligible members automatically without prior application.

Important notes:

- For the above 1) retired rate, 2) reduced rate and 3) hardship rate, applications must be submitted to the Secretariat on or before Sunday 31 May 2020. All applications are subject to the approval of the Membership Committee, the decision of which is final.
- A retired/reduced/hardship rate member who has i) returned to gainful employment (whether full-time or part-time), and/or ii) received income derived directly from labour or skills should pay the subscription at full rate for the current financial year.

The application forms for concessionary subscriptions can be downloaded from the Membership section of the Institute's website: www.hkics.org.hk.

For enquiries, please contact Rose Yeung: 2830 6051 or Vicky Lui: 2830 6088, or email: member@hkics.org.hk.

Advocacy

The Institute supports 'Cheer Up' song: together we spread love, care and unity

The Hong Kong Institute of Chartered Secretaries (the Institute) is one of 11 professional bodies supporting the recording and release of the 'Cheer Up' song 《疫境同行》 to promote love, care and unity as we face the challenge of the COVID-19 pandemic.

This all happened at lightning speed with a spirit of great positivity. Initiated by The Law Society of Hong Kong in early March, the Institute responded promptly, with Chief Executive Samantha Suen FCIS FCS(PE) joining representatives from The Hong Kong Medical Association, The Hong Kong Institution of Engineers, The Hong Kong Institute of Surveyors, The Hong Kong Institute of Architects, The Hong Kong Institute of Certified Public Accountants, Hong Kong Dental Association, The Hong Kong Institute of Landscape Architects, The Hong Kong Institute of Planners, and Composers and Authors Society of Hong Kong



Ltd (CASH) in a recording session. The final version of the song has now been released for general broadcast by all supporting organisations. Let's spread our care and love throughout our community. Together, we can combat the epidemic!

To view the video, please visit the News section of the Institute's website: www.hkics.org.hk.



The Institute's survey report on stock connect regulatory practices

On 28 February 2020, The Hong Kong Institute of Chartered Secretaries (the Institute) published the 'Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connects Regulatory Practices' (the report) conducted by the Institute's Mainland China Technical Consultation Panel.

The report, based on responses from targeted enterprises, focuses on applied information disclosure practices of A+H share companies, taking into account the differences between the regulatory regimes in Shanghai, Shenzhen and Hong Kong. The report aims to enhance the understanding and integration of information disclosure practices, which are core regulatory concerns within these Greater China capital markets and relevant to investment interests from the governance perspective.

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

Governance Professionals Information Session: the first time via webinar and Facebook live

The Institute organised a Governance Professionals Information Session, broadcast on Tuesday 17 March 2020 at 6.30pm, which was presented for the first time via webinar and Facebook live format. It was held successfully with more than 150 participants from Hong Kong, the Mainland, Macau, Taiwan, the UK and the USA. Three young speakers with diverse experience in corporate secretarial and compliance discussed the latest developments in the governance profession, career prospects and the expanded roles of Chartered Secretary (CS) and Chartered Governance Professional (CGP).

The Institute would like to thank the speakers: Florence Lai, Manager, and Claire Tsui ACIS ACS, Manager, Tax-Corporate Services of PwC; and May Yip ACIS ACS, Institute Education Committee member, and Company Secretarial Officer, CK Hutchison Holdings Ltd.

External appointment

Institute President Gillian Meller FCIS FCS will serve as a member of the Steering Committee of the Asian Financial Forum (AFF) 2021. The annual AFF, coorganised by the HKSAR Government and the Hong Kong Trade Development Council, is Asia's leading platform for the exchange of innovative ideas, intelligence and business opportunities. Comprised of experienced professionals representing various sections of Hong Kong's financial industry, the Steering Committee acts as the advisory body to provide guidance on the planning and preparation of the next AFF, which will take place on 18 and 19 January 2021.




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For enquiries, please contact HKICS Secretariat at marketing@hkics.org.hk, or (852) 2881 6177

Chartered Governance Qualifying Programme (CGQP)

June 2020 examination diet – postponement

In view of the unpredictable nature of the growing impact of COVID-19, and as a prudent and caring professional body placing our students' health and safety as a top priority, the Institute has made the difficult decision to postpone the June 2020 examination diet.

The Institute is currently still planning for the November 2020 examination diet to go ahead as scheduled. The Institute aims to continue building up learning support for the new syllabus over the next few months. Please look out for updates under the Studentship section of the Institute's website: www.hkics.org.hk.

For enquires, please contact the Education and Examinations Section: 2881 6177, or email: student@hkics.org.hk.

November 2020 examination diet – key dates

Key dates	Description
1 Jun 2020	Enrolment for CGQP November 2020 examination diet
1 Aug 2020	Enrolment for examination technique seminar/workshop
31 Aug 2020	Closing date for examination technique seminar/workshop enrolment
15 Sep 2020	Closing date for CGQP November 2020 examination diet enrolment
19 Oct 2020	Pre-released case study for CGQP November 2020 examination diet
9 Nov 2020	Release of admission slip
24–27 Nov 2020	Examination period for November 2020 examination diet
18 Dec 2020	Closing date for examination postponement application
Mid-Feb 2021	Release of examination results
	Release of November 2020 examination papers, indicative mark schemes and examiners' reports

Learning support for CGQP examination preparation

To reduce the risk of COVID-19 in the community, the CGQP examination technique seminars will be conducted via webinar in April 2020. For further details, please refer to the Events section of the Institute's website.

CGQP pilot papers and online study materials are available from the Institute's website login area and the PrimeLaw online platform, respectively.

For further questions regarding the pilot papers, please contact the Education and Examinations Section: 2881 6177, or email: student@hkics.org.hk. For technical questions regarding the PrimeLaw account, please contact Wolters Kluwer Hong Kong's customer service: HK-Prime@wolterskluwer.com.

Recent activities

Five online webinars were held in March 2020

5 March 2020

Student Gathering: Session 1 – How to use the PrimeLaw online platform to study for the CGQP examinations



10 March 2020

Student Gathering: Session 3 – Updates on the CGQP examinations (Law modules)



17 March 2020

Governance Professionals Information Session



9 March 2020

Student Gathering: Session 2 – Updates on the CGQP examinations (Management/Accounting/Finance modules)



13 March 2020

Briefing on the HKICS Quality Assurance Guide to members of the Institute's Education Committee, Assessment Review Panel and Qualification Development Panel, as well as examiners and reviewers



To view the videos of the online webinars, please visit the Studentship section of the Institute's website: www.hkics.org.hk.

Chartered Governance Qualifying Programme (CGQP) (continued)

Forthcoming activities in April to June 2020

Date	Event
23 April 2020	Student Gathering: Session 4 – examination experience sharing
7 May 2020	Virtual Governance Professionals Information Session (English session)
27 June 2020	Governance Professionals Career Day 2020

Student Ambassadors Programme

Summer Internship

The Institute invites companies and organisations to offer summer internship positions for 2020 to local undergraduates under its Student Ambassadors Programme with the aim of promoting the Chartered Secretary and Chartered Governance Professional qualification to the younger generation in Hong Kong. The internship period is usually from June to August for a maximum period of eight weeks.

Members who are interested in offering summer internship positions this year, please visit the News section of the Institute's website: www.hkics.org.hk. For details, please contact Louisa Lau: 2881 6177, or email: student@hkics.org.hk.

Notice:

Policy – payment reminder

Studentship renewal

Students whose studentship expired in February 2020 are reminded to settle the renewal payment by Thursday 23 April 2020.

Exemption fees

Students who received an exemption confirmation notice issued in February 2020 are reminded to settle the exemption fees before the payment deadline set out in the exemption confirmation email. The exemption granted will be forfeited in the event that an applicant fails to settle the fees by the due date.

Featured job openings

Company name	Position
A.S. Watson Retail (HK) Ltd	Assistant Company Secretary

For details of job openings, please visit the Job Openings section of the Institute's website: www.hkics.org.hk.



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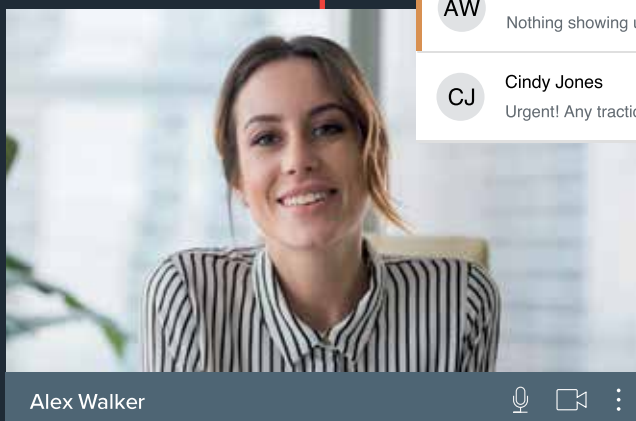
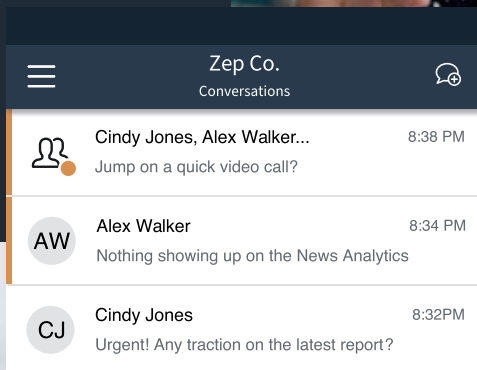
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