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November 2020

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The journal of The Hong Kong  
Institute of Chartered Secretaries

香港特許秘書公會會刊



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CGC 2020 review

Director induction  
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Board dynamics



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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 (CGI) – formerly known as The Institute of Chartered Secretaries and Administrators (ICSA) of London. It was a branch of CGI 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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## November 2020

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## CGC 2020 review

This month's *CSj* reviews our 12th biennial Corporate Governance Conference (CGC), held in hybrid mode on 25 and 26 September 2020 under the theme – Building the Modern Board: A 20/20 Vision. The conference covered a lot of ground so our cover stories this month provide a useful summary of the key takeaways of the discussions.

As usual with our CGCs, the emphasis was on providing practical guidance on the issues under discussion. The first cover story this month summarises a wealth of practical tips for practitioners on key aspects of board support work, including director recruitment and induction, board meeting preparation, advising the board and facilitating the creation of healthy board dynamics and culture. This is followed up in the second cover story by recommendations on how to survive and thrive in the challenging environment we find ourselves in.

I would like to highlight the fact that there was a broad consensus at the conference that maintaining high governance standards is a good survival strategy in times of crisis. For governance professionals, as the gatekeepers of good governance, the current crisis should be a reminder not only of the need to maintain high personal standards of integrity and professionalism, but also of our crucial role in maintaining an effective

risk management and fraud prevention framework, as well as a strong ethical culture. As one CGC speaker put it, 'often it takes a crisis to make you realise the value of governance.'

I would like to take this opportunity to extend my personal gratitude and the gratitude of our Institute to everyone who contributed to this event, including our Guest of Honour The Honourable Christopher Hui Ching-yu JP, Secretary for Financial Services and the Treasury, The HKSAR Government; our Keynote Speaker Professor Mervyn King SC, Chair Emeritus of the International Integrated Reporting Council; our Closing Session Speaker The Honourable Bernard Chan GBM GBS JP, Convenor, Non-Official Members of the HKSAR Executive Council, and our many other speakers and panellists. I would also like to thank our many sponsors and supporting organisations, especially CLP Holdings Ltd, Azeus Convene, Tricor Services Ltd and Livi Bank Ltd, without whose generous support this event would not have been possible.

Thanks must also go to the Institute's conference team, in particular Peter Greenwood FCIS FCS, our Event Chair for this and many previous CGCs; but also Samantha Suen FCIS FCS(PE), Institute Chief Executive; Mohan Datwani FCIS FCS(PE), Institute Senior Director and Head of Technical & Research; and members of the Secretariat.

Thanks should also go to our attendees. Providing continuing professional development and thought leadership for our members and stakeholders during a major global pandemic is not only the work of our Institute's Secretariat, it requires the continued support and participation of our target audience locally

and globally. That support was evidenced by the numbers of attendees our latest CGC attracted not only from Hong Kong, but also from Australia, India, Malaysia, Nigeria, Singapore, South Africa and the UK. Thanks to this support, our Institute has been able to continue to function during the COVID-19 pandemic as a valued platform for sharing technical expertise and promoting lively debate on the issues that will define our profession and our world in the years to come.

Finally, I am sure you will join me in giving a warm welcome to our new Chief Executive (CE), Ellie Pang, formerly a senior policy regulator at Hong Kong Exchanges and Clearing Ltd, who will take up her new post as our Institute's CE on 18 November 2020, and congratulations to our Senior Director and Head of Technical & Research, Mohan Datwani FCIS FCS(PE), who has been promoted to Deputy Chief Executive, also effective from 18 November 2020.

Special thanks go of course to our outgoing CE, Samantha Suen FCIS FCS(PE), who retires on 31 December 2020. Samantha has been a member of our Institute since 1982 and became a Fellow in 1998. She has served our Institute in almost every capacity possible, including stints as Institute President, Honorary Treasurer and a member of Council and many Institute panels and committees. As CE, since 1 July 2013, she has been a far-sighted and highly valued guide of our Institute's operations during a time of great changes and I am glad to report that she will stay on in the capacity of consultant until February next year.

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

Gillian Meller FCIS FCS

# 2020年公司治理研讨会回顾

本期刊回顾了第12届两年一度的公司治理研讨会（研讨会），本次研讨会主题为建立现代化董事会之20/20愿景，于2020年9月25和26日以虚实结合的形式成功举行。研讨会探讨了多方面的议题，本月封面故事总结归纳了本次研讨会的讨论情况。

研讨会一贯致力于就处在探讨阶段的议题提供实务指引。本月首个封面故事，从董事会支持工作的多个关键方面为从业人员总结了丰富的实用技巧，包括董事聘用和就任、董事会会议筹备、向董事会提供建议，以及如何促进良好董事会机制和文化的建立。第二个封面故事则提供了在当下充满挑战的环境中生存和发展的建议。

需要特别指出的是，在本次研讨会上，大家达成了广泛共识—保持高治理标准是危机时期的良好生存策略。对于治理专业人士（作为良好治理的守门人）而言，当前的危机不仅提醒我们需要保持高标准个人诚信和专业水准，还提醒我们要在维持有效的风险管理和防止欺诈框架、以及强大的道德文化方面发挥重要作用。正如一位研讨会发言人指出，“遇到危机，才会意识到治理的价值”。

在此，本人以个人的名义并代表公会，对为本次研讨会作出贡献的所有人表示感谢，包括主礼嘉宾，香港特别行政区政府财经事务及库务局局长、许

正宇JP；主讲嘉宾，国际综合报告委员会荣誉主席Mervyn King 教授 SC；闭幕演讲嘉宾，香港特别行政区行政会议非官守议员召集人，陈智思，大紫荆勋贤，GBS,JP以及许多其他演讲者和小组成员。另外，还要感谢众多赞助商和协办机构，特别是中电控股有限公司、Azeus Convene、卓佳专业商务有限公司和Livi Bank Ltd，没有他们的慷慨支持，本次活动就不会成功举办。

此外，还必须感谢公会的研讨会团队。特别是本次及历届研讨会主席林英伟FCIS FCS、公会总裁孙佩仪FCIS FCS(PE)、公会技术和研究高级总监高朗FCIS FCS(PE)，以及秘书处各位员工。

本人还要感谢全体与会者。在目前疫情蔓延全球的情况下，为公会会员和利益相关者提供持续专业发展讲座和思想引领，这不仅是我们公会秘书处的工作，也需要地区和全球目标受众的持续支持和参与。这种支持体现在本次研讨会的与会者人数，他们不仅来自香港，还有澳大利亚、印度、马来西亚、尼日利亚、新加坡、南非和英国。感谢你们的支持，公会才得以在疫情期间发挥一个有价值的平台的作用，让大家分享技术专长，对有关我们的职业和未来世界的问题展开热烈讨论。

最后，我相信大家会和我一样，热烈欢迎公会新任总裁彭京玲，她原为香港交易及结算有限公司的资深政策监管要

员，将于2020年11月18日就任公会新任总裁。此外，在此也祝贺公会现任高级总监兼专业技术及研究部主管高朗FCIS FCS(PE)，他将于2020年11月18日升任公会副总裁。

特别感谢即将离任的公会总裁孙佩仪FCIS FCS(PE)，她将于2020年12月31日退休。孙女士于1982年成为公会会员，并于1998年成为公会资深会士。她在公会担任了几乎所有可以担任的职务，包括公会会长、名誉司库和理事，以及许多公会小组和委员会成员，并自2013年7月1日起担任总裁。她富有远见卓识，在重大变革时期，一直承担引领公会运作的重要责任。我很高兴地告诉大家，她将继续担任公会顾问至明年2月。



马琳 FCIS FCS



# Board building

## Corporate Governance Conference 2020 review – part one





The Hong Kong Institute of Chartered Secretaries' 12th biennial Corporate Governance Conference, held in hybrid mode on 25 and 26 September 2020, addressed one of the toughest and most critically important concerns for governance professionals – how to build and maintain an effective board.

The Hong Kong Institute of Chartered Secretaries (the Institute) has been holding its biennial Corporate Governance Conferences (CGCs) for over two decades and, learning from its experience over the years, has been able to craft a very successful formula for these events. This year's CGC, however, brought in a new element to that formula in response to the COVID-19 pandemic – the adoption of a hybrid mode. Attendees joined the forum online while most of the speakers and panellists were present at the conference venue.

In her welcoming address, Institute President Gillian Meller FCIS FCS, pointed out that having the speakers and panellists gathered around the same table helps to facilitate those unscripted, impromptu exchanges which are the lifeblood of the Institute's CGCs, while the webinar format for attendees widens access to the forum.

She also set the scene for the day's discussions with an overview of the conference theme: Building the Modern Board: A 20/20 Vision. 'This year's CGC is a return to one of the core concerns for our profession – how to build and sustain a board which reflects and promotes excellence in governance, is aware of and takes into account the expectations of stakeholders, maximises its own effectiveness, manages risk and pursues continuous improvement', she said.

This month's cover story highlights some of the key takeaways from the conference.

### Practical tips for governance professionals

#### Step one: identifying, selecting and recruiting board members

Board building starts with the process of recruiting directors to the board. In Session 1, speaker Nicholas Allen, Chairman and Independent Non-Executive Director, Link Asset Management Ltd, recommended that boards start the recruitment process two to four years ahead of a vacancy arising. Where a board has a fixed tenure for its directors, excepting unforeseen events, it will have a known date to work towards.

Mr Allen also stressed that the board should not only be thinking in terms of the getting the right skills, experience and competences needed – a primary consideration should be to build a board that is sufficiently diverse in terms of age, gender and professional background.

The conference devoted a lot of attention to this issue. The MSCI Women on

Boards 2019 Progress Report indicates that currently only 12.4% of directors on Hong Kong boards are women. Teresa Ko BBS JP, China Chairman and Partner, Freshfields Bruckhaus Deringer, a panellist in Session 1, pointed out that this figure not only puts Hong Kong behind overseas jurisdictions, but also other Asian jurisdictions – Malaysia, India and Singapore, for example, have higher levels of gender board diversity. Moreover, the percentage of women on Hong Kong boards has barely climbed two percentage points over the last five years.

Session 1 panellist Bonnie Chan, Head of Listing, Hong Kong Exchanges and Clearing Ltd (HKEX), spoke about the measures HKEX has been implementing to improve the situation. IPO candidates with single-gender boards, for example, at least need to have a plan to move towards a more diverse composition. As a result, 800 single-gender boards have pledged to recruit women to their boards in one or two years' time, Ms Chan said.

## Highlights

- it takes time for new directors to be fully functional in their roles but their liabilities start on day one
- having younger members on the board will help companies stay ahead of the digital curve
- differences of opinion on the board should be welcomed – dissenting opinions need to be heard and considered before the board collectively arrives at its decisions

“  
**Many companies treat governance as an afterthought. Often governance is only addressed when companies need to write their first governance report.**  
 ”

Bonnie Chan, Head of Listing, Hong Kong Exchanges and Clearing Ltd



In addition to regulators, investors are also becoming a lot more concerned about board diversity. Session 1 panellist Neil Waters, Senior Partner, Egon Zehnder, pointed out that institutional investors are leading the call for change. He cited the guidelines on diversity issued by BlackRock as an example of this.

'Hong Kong doesn't operate in a vacuum', Ms Ko pointed out, and the low representation of women on boards does not reflect well on Hong Kong's status as an international financial centre. She added that imposing a quota of 40% female representation on boards by 2026 would enable Hong Kong to stand proud among its international peers and move it towards the ultimate goal of full parity. It would also give a six-year transition period to allow companies to plan and build internal pipelines.

Session 2 of the conference looked at the related issue of age diversity on boards. Panellist Ann Kung Yeung Yun Chi, Deputy Chief Executive, Bank of China (Hong Kong) Ltd, pointed out that having younger members on the board will help

companies stay ahead of the digital curve. 'Things are changing really fast and I learn from our staff members who are under 30. It is difficult for senior people to spearhead the kind of change we need; that is more likely to come from young people,' Ms Kung said.

**Step two: onboarding**

Once new directors have been recruited to the board, the next step is the formal onboarding process. Michael Ling, Deputy Company Secretary, CLP Holdings Ltd, focused his Session 1 presentation on the company secretary's role in this process. He emphasised the need to tailor induction and training to individual directors' needs. He added that it is a useful exercise to look at the onboarding process from the perspective of the new director – in particular, what does this director need to know to be effective in his or her role? 'New directors will want to gain a good understanding of the business as a whole, but perhaps even more of a challenge is to gain an understanding of the personalities of each board member, and the culture and dynamics of the board. This helps them

learn when to speak and when not to speak,' Mr Ling said.

He also emphasised that a successful board induction cannot be achieved by the company secretary alone. 'The key success factor is getting support from the board and CEO,' he said. Apart from anything else, this is a practical necessity since company secretaries need to arrange formal and informal meetings with board members and senior management to help new directors gain an understanding of company strategy, organisational structure and business operations.

One onboarding issue discussed in some detail was the apparent disconnect between the time it takes for new directors to be fully functional in their roles and the fact that their liabilities start on day one. Responses to a poll question about this indicated that 50% of attendees believe that it takes a year for a new board member to be effective.

A key point to bear in mind, Ms Ko pointed out, is that new directors may be reticent to ask for what they need.



“  
new directors will want to gain a good understanding of the business as a whole, but perhaps even more of a challenge is to gain an understanding of the personalities of each board member, and the culture and dynamics of the board  
”

Michael Ling, Deputy Company Secretary, CLP Holdings Ltd

They may not be aware, for example, of their entitlement to a formal induction programme, professional development training and professional advice. 'Company secretaries have an important role to ensure that directors have the information they need. I have been fortunate to know many company secretaries who have been very diligent about this,' she said.

### Step three: ongoing board support

In addition to the onboarding functions discussed above, governance professionals, in particular company secretaries, have key functions relating to ongoing board support. Both speakers in Session 2 – Rex Auyeung Pak-kuen, Chairman of MTR Corporation Ltd, and Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE), CGI Immediate Past International President and Institute Past President, Executive Director and Company Secretary, CK Hutchison Holdings Ltd – emphasised that effective board meetings start with the preparatory work of company secretaries, in particular the preparation and distribution of board papers.

'The company secretary is my ally,' Mr Auyeung said, adding that providing

executive summaries of the board papers can be very helpful to directors. Moreover, getting the papers well ahead – preferably two weeks ahead – of board meetings, where possible, gives directors the time needed to fully understand the issues to be discussed.

Ms Shih offered a wealth of practical tips on best practice for board meeting preparation, but she also emphasised the need for company secretaries to remember that they are the 'gatekeepers of good governance'. She ended her presentation by asking practitioners whether they would be prepared, where they know the directors will approve a deal, to sign the deal before getting formal approval. This type of corner cutting, she emphasised, however expedient it might seem, would represent a breach of fundamental professional standards. She also came to the defence of the company secretary with regard to the question of providing board papers well ahead of board meetings. She pointed out that a two-week lead time will only be possible if the relevant departments provide the necessary information.

Mr Allen emphasised that company secretaries should not be reticent to speak up at board meetings. 'Don't wait to be asked to speak,' he said. He added that company secretaries can be very effective as champions for board performance reviews. On this topic, Mr Auyeung said boards should be assessed, not only in terms of their experience and expertise, but in terms of their contribution. 'Regular performance reviews can help ensure that everyone on the board is contributing to the health of the organisation in terms of its strategic direction – boards learn and improve with feedback,' he said. He added that using external consultants for board evaluations every three years will help boost the effectiveness of these reviews.

### Board dynamics and culture

Bringing together the ingredients of a successful board, as discussed above, will not automatically deliver effective board discussions – you also need to consider board dynamics and culture.


While board culture will be heavily influenced by factors such as the size of the board, the presence of major



shareholder representatives, the balance between executive and independent members of the board, and the length of director tenure, speakers and panellists emphasised the need to address and articulate the kind of culture the board seeks to achieve.

Ms Chan said that one of the most significant factors influencing board culture is the personalities on the board. For this reason, when she reads prospectuses, she reads the list of directors first. The personalities directing a company, she emphasised, need to get their attitude to governance right from day one. Many companies treat governance as an afterthought,' she said. 'Often governance is only addressed when companies need to write their first governance report.'

Turning to board dynamics, Mr Allen discussed the contribution the board Chair can make to facilitating positive dynamics. He emphasised that the Chair needs to support both the executive and the non-executive directors. An independent Chair might be seen, for example, as the leader of independents on the board, but he or she needs to be a neutral arbiter between the independents and the executives at the board table. He added that the Chair should avoid the temptation to build a board to eliminate diversity from his or her own views. It is healthy to have directors with different viewpoints on the board – dissenting opinions need to be heard and considered before the board collectively arrives at its decisions.

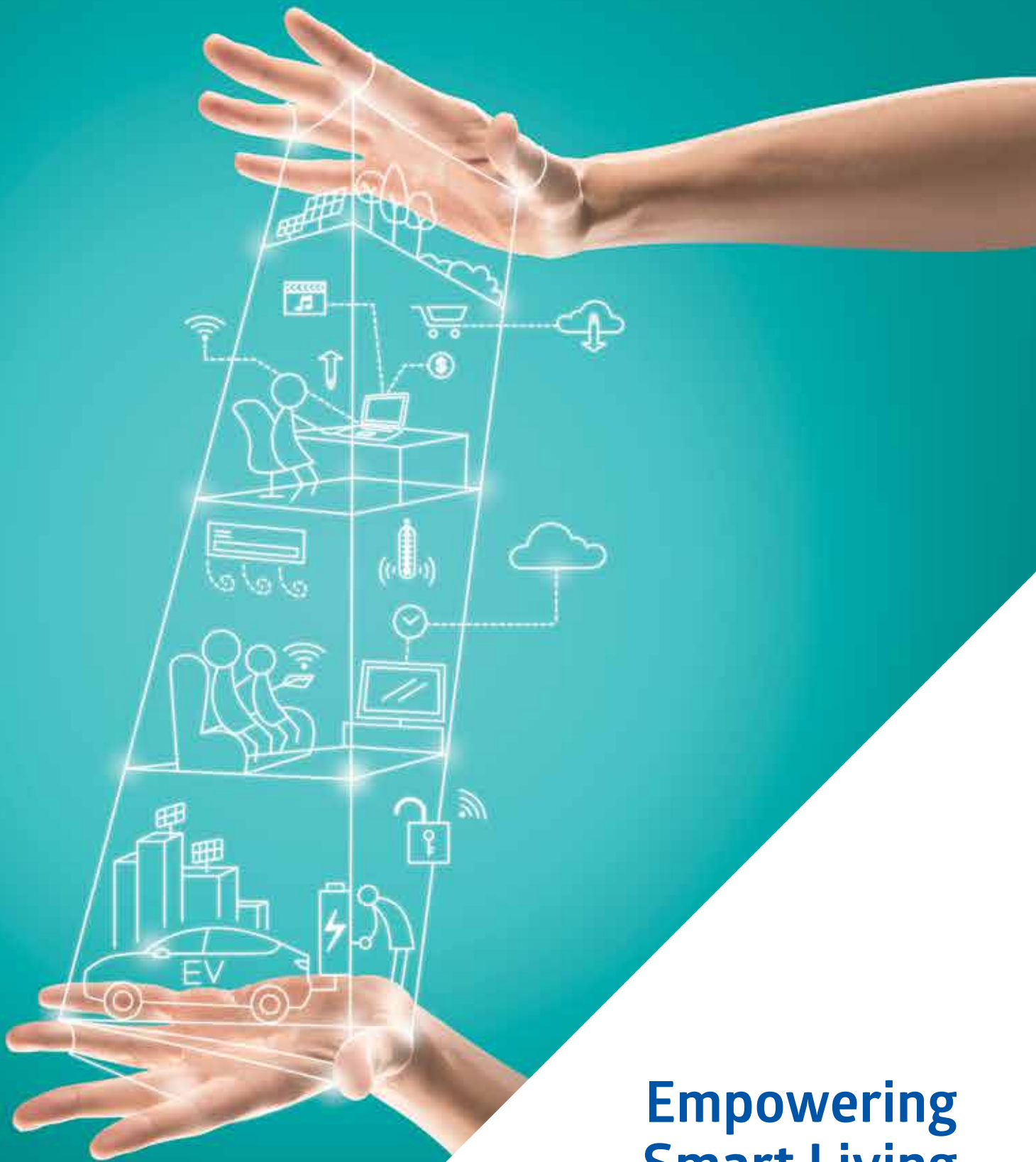
In this context, Mr Auyeung added that a culture founded on a good understanding among the directors of the vision, mission and value proposition of the organisation, as well as their own responsibilities as members of the board, will help manage potential conflicts in the boardroom. He agreed that differences of opinion should be welcomed and the focus should be on how such differences are handled. 'The key point is to value different board member's contributions,' Mr Auyeung said. He advised directors to stay calm, to listen actively and to make sure the disputing member feels heard. 

*The Institute's 12th biennial Corporate Governance Conference was held on 25 and 26 September 2020.*

## Poll results: key highlights

The Hong Kong Institute of Chartered Secretaries' Corporate Governance Conferences have been using electronic polls for a number of years to gauge attendee views on the issues under discussion. This year's poll results give a good snapshot of attitudes to the top issues in board governance. The answers below relate to attendees' own boards/companies or those that they know well. Of respondents to the polls:

- 15% said their boards have no women (75% said their boards have a minority of women)
- 58% said their boards would benefit from more diversity
- 23% said their boards use executive search consultants to find non-executive directors (51% said they did not)
- 35% said their boards would nominate a new independent director they did not already know (56% said they would not)
- 50% believe that it takes a year for a new board member to be effective
- 37% would describe meetings of their boards as 'really a matter of form'
- 79% agreed that 'a company and its board have an obligation to act in the interests of all stakeholders' (18% agreed that the obligation is to act in the interests of shareholders)
- 88% agreed that their companies should do more than comply with relevant laws and regulations with respect to the environmental and social aspects of the business, and
- 83% believe that the impact of new technology on their companies in the next five years will be substantial.



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# Adapting to challenging times

## Corporate Governance Conference 2020 review – part two





This second part of our review of the 12th biennial Corporate Governance Conference of The Hong Kong Institute of Chartered Secretaries highlights how boards can help organisations navigate the immediate and long-term challenges of a time of unprecedented change.

The Hong Kong Institute of Chartered Secretaries (the Institute) has been holding its biennial Corporate Governance Conferences (CGCs) for over two decades and over that time its CGCs have addressed the impacts of a number of different crises – the Severe Acute Respiratory Syndrome (SARS) epidemic in 2003 and the global financial crisis of 2008, for example. Its latest CGC, held on 25 and 26 September 2020, comes at a time of multiple crises, including a global pandemic.

The conference got underway with the Guest of Honour speech by The Honourable Christopher Hui Ching-yu JP, Secretary for Financial Services and the Treasury, The HKSAR Government, setting out the government's many initiatives to help businesses stay afloat, to keep workers in employment and to facilitate Hong Kong's economic recovery. While these measures have been a valuable and timely prop to many businesses, Andrew Weir, Regional Senior Partner, KPMG Hong Kong, a speaker in Session 3, warned that we should not be under any illusion about the difficulties ahead. 'The next 6 to 12 months are going to be difficult,' he said. 'There is still an excessive optimism about what is coming.'

He pointed out that 'black swans' are rare birds, but the current situation is the consequence of four of them turning up at once – social unrest, a local recession, the COVID-19 pandemic and a global recession. Moreover, these challenges are in addition to the ongoing issues that have been high on the risk agenda of organisations in Hong Kong for some time

– in particular the increasing expectations regarding environmental and social performance and the challenges arising from digital disruption.

'We are facing unprecedented times,' he said. 'The word "crisis" doesn't even begin to describe it.'

Mr Weir emphasised the need for boards to be more vigilant in their risk management roles. He stressed that directors need to be monitoring the financial forecasts and in particular the liquidity risk on a more regular basis. He also recommended that 'going concern' issues should be a standing board item and warned that, where responsibility for key aspects of risk management is delegated to board committees and/or senior management, ultimate responsibility still rests with the board. Finally, he reminded the conference of the importance of the three C's – conduct, culture and compliance. 'How we behave now will be held to an unforgiving lens, so people who take short cuts to get things done are missing the big picture,' he said.

### Don't cut corners

Since the COVID-19 pandemic struck earlier this year, many organisations in Hong Kong have been in 'survival mode'. Panellist Thomas Atkinson, Executive Director with responsibility for the Enforcement Division, Securities and Futures Commission (SFC), pointed out in Session 3 that tough times often create the conditions in which misconduct can thrive. He warned that directors therefore need to be extra vigilant with regard to red flags indicating fraud and malpractice.

The SFC is seeing an increase in various types of fraud designed to get cash out of companies, he said, including fraudulent pre-payments for services and the use of proprietary moneylending companies. He added that, even where directors are not involved in the fraud themselves, they are culpable if they fail to play their roles appropriately. 'Keep an eagle eye on movements of cash that don't make commercial sense,' he said, 'and while the current situation lasts, ensure you have proper governance systems that watch

## Highlights

- directors need to be extra vigilant with regards to red flags indicating fraud and malpractice
- maintaining high standards with regards to directors' duties and standards is all the more important during the current crisis
- the first step in adapting to the changing environment in which organisations operate today is to recognise that 'business as usual' is no longer an option

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**how we behave now will be held to an unforgiving lens, so people who take short cuts to get things done are missing the big picture**  
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Andrew Weir, Regional Senior Partner, KPMG Hong Kong



cash depletion. Simply holding board meetings once a month may not be enough.

In his Session 3 presentation, Dr The Honourable Moses Cheng GBM GBS JP, Chairman, Insurance Authority, reinforced the message that maintaining high standards with regards to director duties is all the more important during the current crisis. This is not only about meeting compliance obligations, he added, but about meeting high ethical standards. 'Good governance is more than compliance with laws and regulations,' he said.

This point was also made by The Honourable Bernard Chan GBM GBS JP, Convenor, Non-Official Members of the HKSAR Executive Council. The Closing Session of the conference took the form of a conversation with Mr Chan on the importance of private and public sector governance. 'Often it takes a crisis to make you realise the value of governance,' Mr Chan said. He cited his own past as an example. 'When I started I didn't take governance seriously enough. I learned from my mistakes and took advantage of the crisis to improve,' he said.

Asked what advice he would give to young governance professionals starting their careers, Mr Chan pointed out that technology has made access to information relatively easy. 'It is no longer having knowledge which distinguishes one governance professional from another,' he said, 'but how they apply that knowledge in practice. Execution is not easy so it is how you put your knowledge into practice that really matters.'

#### Ask hard questions

Governance professionals, in particular company secretaries, play a key role in ensuring that directors have the information they need to effectively oversee risk, but that task is made all the more difficult in fast moving situations of stress. Panellist Mark Johnson, Partner, Debevoise & Plimpton Hong Kong, made the point in Session 3 that information from the supply chain doesn't always reach the board and where there are breaks in the information chain, directors are left in the dark. 'The real problem is that too many people don't even know the problems are there,' he said. However this is not always down to problems in the information chain, he added. Often boards don't discuss

the issues in sufficient detail so directors don't always spot the problems from the information they have, particularly where they take a 'form over substance' approach to compliance with the rules.

Helen Colquhoun, Partner, DLA Piper, also a panellist in Session 3, stressed that directors need to be able to devote sufficient time to the company's affairs and ask the right questions during board meetings. 'Often problems arise when directors accept the picture painted in the information they receive from management and don't ask the right questions, or don't ask any questions at all,' she said. These problems are compounded where directors sit on too many boards, and/or sit on boards in jurisdictions where they don't have a sufficient understanding of the local culture and business environment.

#### Take a long-term perspective

While addressing the immediate dangers presented by the COVID-19 pandemic, directors should not drop their focus on the longer-term strategic issues facing organisations. Keynote Speaker, Professor Mervyn King SC, Chair Emeritus of the International Integrated Reporting

Council, pointed out that the first step in adapting to the changing environment in which organisations operate today is to recognise that 'business as usual' is no longer an option. He emphasised that 'boards are operating in a completely new environment' and consequently the mindsets of directors have to change. They need to recognise that the social contract for businesses has changed – 'expectations have moved beyond the wealth of the shareholders to the health of the company as a whole', he said.

Professor King acknowledged that it is not an easy time to be a director. 'Directors have to be trapeze artists,' he said, since

they have to ensure short-term survival of their organisations while at the same time they need to build long-term environmental, social and governance (ESG) strategies that take on board the responsibilities organisations have to create value in a sustainable manner.

**ESG – an outcomes-based approach**

Professor King emphasised that, in the emerging environment, there will be much greater scrutiny of the outcomes of corporate operations on society. Flora Wang, Director, Sustainable Investing, Fidelity International, a speaker in Session 4, pointed out that providing better outcomes for the environment and

society provides organisations with a major competitive advantage. Investors, employees and customers are increasingly concerned about sustainability issues, so organisations with a demonstrably positive environmental and societal impact will enjoy a lower cost of capital and will be more competitive in the long run.

She added that investors are also taking more facts-based assessment of the impacts of corporate operations. This means that public relations exercises, where they are not backed up by the facts, will do more harm than good. 'Investors and other stakeholders are increasingly able to distinguish "greenwashing"



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“ often problems arise when directors accept the picture painted in the information they receive from management and don’t ask the right questions, or don’t ask any questions at all ”

Helen Colquhoun, Partner, DLA Piper



from genuine improvements in ESG performance,' she said.

She cited the example of UK online retailer Boohoo. In July 2020, the company lost a third of its market value in just a few days following reports of poor working conditions and below-minimum wage pay in its UK supply chain, which was a shock to the market as the company had a strong ESG rating by third parties, particularly on supply chain management. However, Fidelity's internal rating for the company was always low because the analyst was not convinced by the company's claim about strengthening supply chain management with its profit margin remaining ever strong. This highlights investors' capability of seeing through company claims with their understanding of business fundamentals.

Pat Dwyer, Founder and Director, The Purpose Business, a panellist in Session 4 and a speaker in the webinar ESG In Practice held on the second day of the conference, pointed out that effective management of ESG risks has become a survival issue in the current environment. She highlighted two essential components of this – identifying what is most material

to a business and constant engagement with stakeholders. She added that, while that engagement naturally prioritises the 'inner sanctum' of stakeholders, such as customers, employees and the local community, non-governmental organisations (NGOs) also bring value to the process.

**Staying ahead of the digital curve**

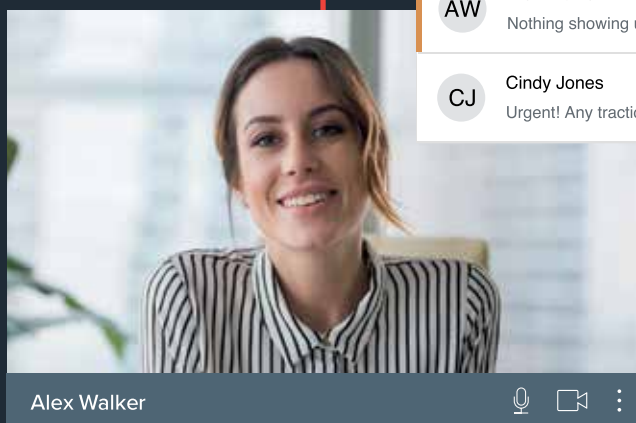
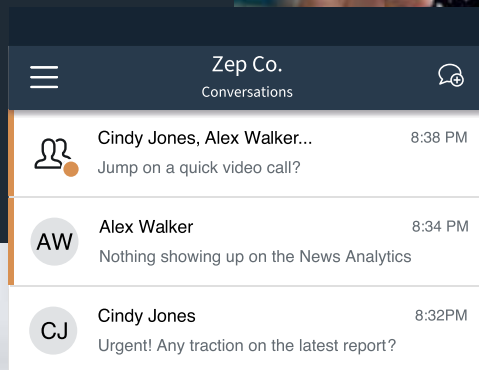
Another major strategic issue for boards is the need to accelerate and navigate the inevitable transition to the digital economy era. Panellist Dr Lee George Lam BBS, Chairman of Hong Kong Cyberport Management Company Ltd, made the point that this issue clearly has important implications for board and management recruitment. Boards need be 'tech savvy' he said, and this means not only getting directors with relevant expertise and mindset on the board, but also having a tech savvy management team in place.

Panellist Catharine Wong, Head of Share Registry and Issuer Services, Tricor Services Ltd, pointed out that there are many tech tools available to company secretaries in their board support work. E-board platforms, for example, have quickly become the norm. Where directors are geographically dispersed,

these platforms are particularly useful as they provide a central information and communication platform, she said.

Just as important as using relevant tech tools for board support, however, is the need to understand the risks involved. Speaker Lee Wan Lik, Founder, Azeus Systems Holdings, warned that even something as ubiquitous as cloud-based IT solutions have implications for data security. Where cloud-based IT solutions are used for sensitive data, the potential vulnerabilities should be addressed by governance professionals and the board, he said. They need to consider the risks of data breaches when the data is in transmission and the question of where the data is stored.

Panellist Neil McNamara FCIS FCS, Institute Past President and Corporate Secretary, Livi Bank Ltd, highlighted the fact that boards need to work a lot faster than they may have been used to in the past to keep up with the pace of change. 'The pace of change has been faster in the last five years than in the previous 25 years and I can't imagine it getting any slower. Directors are facing increasing challenges in terms of what is expected of them,' he said. 



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# From financial management to corporate governance

## A personal journey

Chen Liping, Executive Director and General Manager of CSSC Offshore & Marine Engineering (Group) Company Ltd, offers an interesting perspective on the role of the board secretary based on his own experience transitioning from financial management to governance.



In October 2009, I bid farewell to my position as the Chief Accountant of Guangzhou Wenchong Shipyard Company Ltd, and transferred to Guangzhou Shipyard International Company Ltd (GSI), which was renamed CSSC Offshore & Marine Engineering (Group) Company Ltd (COMEC) in May 2015. At that time, affected by the international financial crisis, the global shipbuilding market was faced with unprecedented adjustments. As the world's largest shipbuilding country, the Mainland has been severely impacted by the slowdown in world economic growth, as well as a sharp decline in shipping trade. The reform and development of GSI was greatly impacted. The company's A share stock price dropped from its peak at RMB100 to around RMB11, and its H share stock price also dropped to as low as around HK\$7.

Against this backdrop, the company's management team was eager to break through the constraints brought by the economic crisis and this posed a great challenge for me when I started my work. As the company faces the international market and is a manufacturing enterprise that makes export-oriented ships, any fluctuations in the exchange rate will have a huge impact on the company's performance. Therefore, addressing exchange rate exposure became an important part of my role after I took office. Leading the company's financial department, I improved the exchange rate risk prevention and control system, making it able to compare market exchange rate, rate changes and capital costs. I also hedged risks through a variety of innovative methods, including forward settlements and factoring, to prevent losses and create financial gains.

Through the joint efforts of the company's management and the financial department, from 2010 to 2015, the company gained more than RMB700 million in financial income. Deficiencies at the operating level were also gradually reversed, main gross profit steadily increased and the company started to grow again.

Through my work in financial management, I started to appreciate the huge difference between non-listed and listed companies. Listed companies are public companies and need to be supervised by regulatory agencies and the general public, therefore the company's finances must be rigorous and standardised. For listed companies, financial information is an important indicator reflecting operational quality, so it must be timely, complete, accurate and objective. This not only affects the judgement of information users, but also directly affects corporate credibility and the company's market image, which further affects the company's performance on fundraising, market value management and the implementation of corporate strategies.

People in charge of the financial management of listed companies must

also pay attention to listing rules. From the accurate disclosure of accounting information, such as financial reports and performance forecasts, to the compliance requirements for connected transactions, refinancing, fund management and accounting policy changes, the financial officer must be familiar with relevant rules and best practices must be in place. In order to meet these compliance requirements, listed companies must have a solid financial management system and continue to improve their governance standards in financial information disclosure mechanisms, building teams of diverse talents, as well as setting up financial management norms and systems. These experiences all laid the foundation for my later career as a governance professional.

#### Moving to the next level

In 2012, although GSI made great efforts to adjust its structure, reduce costs and increase efficiency, due to the overall industry environment, there was no enthusiasm for trading of the company's stocks in the secondary market and the company's stock price was also hovering low. That year I was appointed as the board secretary and began to work more closely supporting regular board meetings

## Highlights

- the Institute's training and annual roundtable meetings helped Mr Chen transition from his role as chief financial officer to that of board secretary
- Mr Chen's experience as a director, chief financial officer and board secretary has given him a good awareness of how many different roles are involved in ensuring good governance
- his experience in assisting his company in a major restructuring project also enabled him to learn the valuable role of the board secretary in many different areas of corporate operations and governance



and handling information disclosure, investor relations management and other corporate governance work.

As the person who used to be in charge of financial management, I had participated in the formulation of the company's strategy and decision-making on important matters. I also fully understood the company's operating conditions. Because of my participation in the formulation and implementation of the company's business plan, I could more accurately grasp the current market environment, the measures taken by the company to respond to market competition and its potential financial impacts. I could also give investors a more comprehensive understanding of the company.

However, I needed to have a deeper understanding of the regulatory rules and information disclosure procedures, and I also needed to deepen my understanding of corporate governance and strategic development. This was when, by chance, I came into contact with the work of The Hong Kong Institute of Chartered Secretaries (the Institute). From the corporate governance training organised by the Institute to its annual roundtable meetings, the Institute provided me with effective help at a stage when I needed theoretical guidance and practical experience the most. These experiences deepened my knowledge and understanding of corporate governance and company operation from all aspects. Since 2012, I have been an Affiliated Person (AP) of the Institute and a supporter of the professional development of the Institute in the Mainland.

In 2013, the Clarkson's Newbuilding Price Index gradually bottomed out. GSI's management began to study

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**a board secretary is not only the coordinator of company meetings and the executor of information disclosures, but is also a spokesperson for all parties involved in governance and the key person in a listed company to ensure best corporate governance practices**  
 ”

market trends and industrial policies in the Mainland, and decided to initiate major mergers and acquisitions in order to seize the opportunities provided by capital acquisitions. From 2013 to 2015, the company implemented two major asset reorganisations. The first involved the issue of H shares from May 2013 to February 2014 in order to raise cash for low-level acquisitions of 100% equity of Guangzhou Longxue Shipbuilding Co Ltd (Longxue Shipbuilding). The second involved the issue of A shares from April 2014 to April 2015; these funds, together with cash payments, would enable the purchase of 100% equity of CSSC Huangpu Wenchong Shipbuilding Co Ltd and the shipbuilding assets of Yangzhou Kejin Shipbuilding Co Ltd.

The acquisition of the Longxue Shipbuilding was a second attempt. The first attempt, made in 2008, was terminated due to various reasons. In 2008, both the capital market and the shipbuilding industry were in downturn. Trading of the company's A share and H share stocks was not enthusiastic, but the company was in urgent need of larger shipbuilding sites and facilities due to the restricted capacity of its old factories. Due to municipal planning, the company's old factories were also under pressure

to relocate. In order to effectively solve the company's capacity bottlenecks and capacity transfer issues, and give full play to the company's competitive advantages in brand, technology, experience, management and other aspects, the company took the initiative to launch the reorganisation in 2013.

However, the issue of H shares encountered several major obstacles – the first being the disagreement of internal and external directors; second the target's issue price per share was lower than the company's net assets; and third was that the target's underlying debts were close to 100%, and the acquisition in a sustained downturn in the shipbuilding sector was not in line with market sentiment. As a major and unprecedented transaction, the road ahead was difficult and dangerous. Almost no large foreign investment banking institution was willing to support the acquisition, which was considered to be high risk. However, from the perspective of the company's strategic development, as the board secretary, I always firmly believed that it was right to persevere – progress is achieved by people and we must innovate with courage while remaining in accordance with the rules.

I organised many preparatory meetings, and provided a lot of information and legal opinions relating to the Longxue Shipbuilding project and the benefits to the long-term development of the company, as well as the protection measures of the interests from small and medium shareholders and independent directors. This finally eliminated the doubts of the independent directors, and the project plan was successfully approved by the board of directors. In order to obtain the approval of the State-owned Assets Supervision and Administration Commission of the State Council to issue shares lower than their net asset value, I organised meetings for the management to coordinate and

communicate with independent financial consultants, controlling shareholders, the China Securities Regulatory Commission (CSRC), Hong Kong's Securities and Futures Commission (SFC), the Stock Exchange of Hong Kong (the Exchange), the Shanghai Stock Exchange and the State-owned Assets Supervision and Administration Commission of the State Council on many occasions. Finally, we successfully issued the shares.

To promote the acceptance of issuing H shares by the capital market and small and medium shareholders, we asked management to conduct roadshows in Shanghai, Hong Kong,

Singapore and other places. Through intensive centralised roadshows and continuous communication with investment institutions and investors, we were able to focus the discussion on the significance of the issuance to the company's business strategy and future performance prospects, and have successfully won the support of a large number of investment institutions and investors. The issue was finally approved by the SFC, the Exchange and the CSRC. The company's first capital transaction since its listing was then completed.

Assisting this project also became a milestone for me in transitioning to



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**the Institute provided me with effective help at a stage when I needed theoretical guidance and practical experience the most**  
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a role as governance professional. I had already become deeply aware that a board secretary is not only the coordinator of company meetings and the executor of information disclosures, but is also a spokesperson for all parties involved in governance and the key person in a listed company to ensure best corporate governance practices. The important role of the board secretary in corporate governance and the capital operations of listed companies will be increasingly recognised.

#### **Climbing to the top**

In the course of my work, I have always adhered to the principles promoted by the Institute. As an AP of the Institute, I have always been committed to the formulation and implementation of good corporate governance policies. I also regularly participate in the corporate governance training organised by the Institute, and study the laws and regulations related to company secretaries and company administration. The Institute has deepened my understanding of law, finance, strategic development, corporate management and corporate governance in both Shanghai and Hong Kong, and I have gained practical experience in my

work ensuring compliance with the regulatory requirements of both places, participating in capital operations and promoting best governance practices to companies.

In March 2016, I was appointed as an executive director and general manager of COMEC. Since taking over as the general manager, I have promoted good governance, and at a higher level and in greater depth. As an executive director and general manager, I adhere to the concept of high standards, strict

requirements and zero mistakes at work. I recognise the importance of holding regular board meetings and ensuring quality information disclosure. My mission is to constantly improve the level of corporate governance and continue to promote convergence to best practices in listed companies.

#### **Chen Liping**

*Executive Director and General Manager*

*CSSC Offshore & Marine*

*Engineering (Group) Company Ltd*

## **A polymath perspective on governance**

Are the roles of board secretaries, directors and general managers closely related? Chen Liping believes that although the roles of general managers, chief finance officers and board secretaries are different, and the way they each participate in corporate governance differs, they all share common goals and play the same role in promoting the company's long-term development strategy. The board secretary, a key position in corporate governance, requires solid knowledge in finance, law and governance. Board secretaries are responsible for supporting the company's board meetings, information disclosure and legal compliance. As part of the company's senior management, they also need to understand and participate in the company's operations management, assist in capital transactions and strategic planning, and provide suggestions for the company's long-term development.

As the link between the company and the capital market, board secretaries also need to effectively coordinate internal and external relations, and connect with shareholders, regulatory bodies and the media, in order to maintain the company's market image and enhance the company's value. The above-mentioned roles not only make board secretaries important in the areas of governance and the operations for listed companies, but also widen the opportunities for career development. Mr Chen's financial management experience gave him a good grasp of business management. This, combined with his experience as a board secretary, has made him an outstanding role model for people who wish to become chief corporate governance officers.

*Kenneth Jiang FCIS FCS(PE), Chief Representative, Beijing Representative Office of The Hong Kong Institute of Chartered Secretaries*

# 从财务管理到公司治理

## 一趟个人旅程

中船海洋与防务装备股份有限公司执行董事及总经理陈利平根据他从财务管理转型到公司治理的经验，提供了对董事会秘书角色的一个特别视角。

2009年10月，我从广州文冲船厂有限责任公司总会计师调任为广州广船国际股份有限公司（广船国际）总会计师。广船国际在2015年5月更名为中船海洋与防务装备股份有限公司（中船防务）。彼时，受国际金融危机影响，全球船舶市场面临前所未有的深度调整。中国作为全球造船第一大国深受世界经济增速放缓、航运贸易量大幅下滑的严重冲击。广船国际的改革发展受到了极大的冲击。公司A股股价从人民币百元高峰期下滑到人民币11元附近，H股股价更是低至港币7元左右。

在此背景下，公司管理团队急于突破经济危机束缚，这对上任伊始的我形成了较大挑战。由于公司面向国际市场，以出口型船舶为主的制造企业特性，汇率波动对公司业绩影响巨大，因此，防范汇率风险，成为我上任后在财务管理方面的一项重要课题。我组织公司财务部门建立并完善汇率风险防控体系，结合市场汇率变化，综合比较资金成本，把握时机，通过多种创新手段及远期结售汇、保理等方式对冲汇率风险敞口，减少汇兑损失，创造财务收益。

通过公司管理层与财务部门的共同努力，2010至2015年，公司累计实现财务收益人民币七亿元以上，防范汇率风险的同时实现财务创收，经营层面的不利局面逐渐扭转，主营毛利稳步提升，经营业绩实现逆势增长。

由所熟悉的财务管理领域切入，我深刻体会到非上市公司和上市公司的巨大不同。上市公司是公众公司，需要接受监管机构监管以及社会大众的监督，因此财务层面必须严谨、规范。首先，财务信息是反映上市公司运营质量的重要指标，要保证及时、完整、准确和客观。这不仅影响信息使用者的判断，更直接影响到企业公信力和资本市场形象，进而影响到资金筹措、市值管理及公司战略的实施。

此外，上市公司的财务管理工作还必须重视上市规则。从财务报告、业绩预告等会计信息的准确披露，到关联交易、再融资、资金管理、会计政策变更等事项的合规运作，财务负责人员都要熟知相关的规则并践行到位，这也是上市公司合规运作的重要内容。为满足这些合规要求，上市公司势必要有完善的财务管理体系作支撑，在财务信息披露机制、复合型的人才队伍建设以及明确的财务管理规范和制度等方面不断提升治理水平，

这为我后续更深层次参与到公司治理打下了基础。

### 更上层楼

2012年，虽然广船国际力推调结构和降本增效，但受整体行业环境影响，公司股票在二级市场毫无交投热情，股价也低位徘徊。这一年，我被任命为公司董事会秘书（董秘），开始深度参与到三会运作、信息披露以及投资者关系管理等公司治理工作中。

一方面，我作为财务工作的负责人，深度参与公司战略制定和重要事项的决策，充分了解公司的经营情况。而且由于参与了整个经营计划的拟定和落实，我能够更准确地把握公司所处的市场环境、公司应对市场竞争而采取的措施以及由此可能带来的财务影响，也能够帮助投资者更深入地了解公司。

但另一方面，我需要更深层次地理解监管规则和把控信息披露工作，深化对公司治理、战略发展等各方面的认知。机

### 摘要

- 公会的培训和年度圆桌会议为陈利平从首席财务官的角色转变为董事会秘书（董秘）提供了帮助
- 陈先生作为执行董事、首席财务官和董秘的经验，使他对公司治理所涉及的不同角色有很好的认识
- 帮助公司进行重大重组也使他了解董秘在公司运营和治理领域中的宝贵作用



## “董秘不仅是上市公司三会运作的协调人，贯彻信息披露政策法规的执行人，也是各方利益交汇点的发言人，更是上市公司践行最佳公司治理的关键人”

缘巧合之下，我接触到了香港特许秘书公会（公会）。从公会组织的公司治理培训到每年举办的圆桌会议，及时在我最需要理论指导以及实践经验的阶段，给予我最有效的帮助，深化了我对公司治理和运作的全方位认知与理解，多维度考虑各方面对于公司治理的要求。这也是我自2012年至今一直保留公会联席成员身份，支持公会的内地专业发展的初衷。

2013年，Clarkson's 全球新造船价指数开始出现逐步见底的态势，广船国际管理层开始研究市场动向和国家产业政策，审时度势，果断开启重大资产并购，以期把握资本驱动发展的契机。从当年至2015年间，公司连续实施两次重大资产重组，分别是2013年5月至2014年2月发行H股募集资金低位并购广州中船龙穴造船有限公司100%股权，以及2014年4月至2015年4月发行A股股份及支付现金，购买中船黄埔文冲船舶有限公司100%股权和扬州科进造船有限公司造船资产并募集配套资金。

收购龙穴造船项目，是广船国际在2008年首次资本运作因为各种原因宣告终止后所作的再次尝试。彼时，资本市场和船舶行业市场处于双低迷阶段，公司A股及H股股票交投热情不高，同时公司受老厂区造船设施和产能限制，急需更大的造船场地和设施，且根据广州市市政规划，公司老厂区面临搬迁压力。为有效解决公司产能瓶颈及产能战略转移问题，充分发挥公司在“品牌、技术、

经验、管理”等多方面竞争优势，公司主动出击，启动该项目。

然而，项目在推进过程中却遇到几大障碍，其一为内外部董事意见不一；其二为破净发行，发行价格比公司每股净资产还要低；其三为标的资产负债率过高，接近100%，在船舶市场持续低迷的形势下进行收购，与市场意愿不合。作为“重大无先例”事项，前路艰险，几乎没有国外大型投行机构愿意接手该项目，认为是异想天开，但基于对公司战略发展的判断，作为董秘的我，始终坚信事在人为，并要在规则之下勇于创新。

为此，我高度重视与独立董事的沟通工作，多次组织预备会、专题讨论，邀请中介机构参会，提供大量资料和法律意见，向独立董事全面论证项目方案的特点、必要性、对公司长远发展的益处和中小股东利益的保护措施，最终消除

了独立董事疑虑，项目方案顺利获得董事会通过。为获得国务院国有资产监督管理委员会（国务院国资委）对于破净发行H股事项的认可，我多次组织管理层与独立财务顾问、控股股东、中国证券监督管理委员会（中证监）、香港证券及期货事务监察委员会（香港证监会）、香港联合交易所有限公司（联交所）、上海证券交易所（上交所）及国务院国资委协调沟通，最终打破常规，成功发行。

为缓解信息披露所面临的巨大压力，促成项目方案被资本市场及中小股东接受，我组织管理层赴上海、香港、新加坡等多地进行路演，通过高强度的集中路演及不间断的与投资机构、投资者见面沟通，着重针对本次发行对公司经营战略的意义以及未来业绩展望进行大范围且富有针对性的宣传，成功赢取大量投资机构和投资者的支持。项目最终获得香港证监会、

### 治理的多角度观点

从董秘到董事、总经理，是偶然还是密切相关？陈利平认为，总经理和财务负责人、董秘职位角色不同，参与公司治理的表现方式不一样，但实质来看，都有着共同的目标，在推动公司长远发展战略上所发挥的作用是一致的。尤其是董秘，作为公司治理的关键岗位，需要具备扎实的财务、法律、治理等方面的专业素养，负责公司三会运作和信息披露等工作，确保公司合法合规运作；作为公司高级管理人员，需要具备一定的公司管理能力，深度了解甚至直接参与到公司生产管理，以掌握公司运营状况，协助制定公司资本运作方案和发展战略规划，为公司长远发展献计献策。

作为对接资本市场的枢纽，需要具备较高的综合协调能力，才能有效协调对内与对外关系，与股东、监管机构、媒体等各方有效衔接，维护公司的资本市场形象和提升公司的价值。上述角色不仅奠定了董秘在上市公司治理和运营管理中不可或缺的地位，更在很大程度上拓宽了董秘的职业发展空间。结合陈先生财务管理工作的经历使他在经营管控方面能把握大局，而董秘的经历又使他深刻认识到资本市场的重要性。陈先生是由董秘成为实质的“首席公司治理官”，进而上升到执行董事及总经理的杰出典范，是有志加入治理专业人士的模范。

**美国梁FCIS FCS(PE)**  
**香港特许秘书公会北京代表处首席代表**

联交所及中证监的核准，完成了公司自上市以来的第一次资本运作。

此项目成为我在公司规范化治理道路上更进一步的里程碑。我深刻地意识到，董秘不仅是上市公司三会运作的协调人，贯彻信息披露政策法规的执行人，也是各方利益交汇点的发言人，更是上市公司践行最佳公司治理的关键人，董秘对上市公司的公司治理及对资本市场的重要作用将会日益被更多人认同。

### 勇攀高峰

在公司改革发展历程中，我始终坚持稳扎稳打、不断锤炼，特别是在董秘岗位上，作为公会的联席成员，始终秉持着其致力于制定和执行良好的公司治理政策的宗旨，定期参加其组织的公司治理

层面的培训，不断学习和研究公司秘书及行政的法律与实践，深化了我对于上海、香港两地法律、金融、战略发展、公司管理及企业治理等各方面的认知与理解，并由“知”到“行”，在需同时满足两地监管要求的基础下，推动公司践行最佳上市公司治理，特别是通过深度参与资本运作，让我更能深入体会董秘的职责，有效实践了在公会学习的理论知识，个人综合素质得以不断提升。

2016年3月，我被任命为中船防务执行董事及总经理，在个人管理生涯中实现完美一跃。接任公司总经理以后，我及时调整自身定位，在更高层次、更广深度推动上市公司治理和发展。战略规划层面，财务管理和资本运作经验进一步提升了我个人战略思维，有助于更好地掌控公司战略

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公会在我最需要理论指导以及  
实践经验的阶段，给予我最有  
效的帮助  
”

方向；行政管理方面，持续的全面了解公司运营管理及各方关系协调，不断夯实个人管理能力；合规治理方面，作为“资深老董秘”的职业敏感性使我能做好前置把控，做好上海、香港两地合规管理，持续提升上市公司治理能力。

### 陈利平

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# Insights into listed company suspension

Vivian Chow, Principal of Risk Advisory, BDO, examines the latest guidance on long suspension of listed companies, delisting framework and resumption conditions, and provides practical advice for issuers seeking a resumption of trading.

Listing suspension serves to protect investors and public interests in ensuring trading activities only take place on a fully informed basis under a fair and orderly market. The latest delisting framework and implementation of relevant amendments to the Listing Rules of The Stock Exchange of Hong Kong Ltd (the Exchange) is aimed at providing a degree of certainty to the market on the delisting procedures for long suspended listed companies, as well as to facilitate timely delisting of poor quality companies, while encouraging those suspended companies to act promptly towards resumption. In conjunction with the delisting framework, the Exchange has also introduced specific suspension requirements for listed

companies with a disclaimer or adverse audit opinion, with the intention of incentivising listed companies to improve the quality and reliability of their financial information and to act promptly to resolve audit issues with their auditors.

While suspension initiation may be voluntary or involuntary, the latest Rule Amendments push listed companies to respond in a timely manner to confront issues and shorten the suspension period. More importantly, to avoid prolonged suspension, listed companies need to be vigilant in self-regulation, thus improving governance, strengthening management and product quality, and improving information transparency.

## Suspension initiation

Suspension can be initiated by the listed company itself or by the market regulators, namely, the Exchange and the Securities and Futures Commission (SFC). Companies may seek suspension, for example, to facilitate important announcements on price sensitive information; in the case of material corporate activities, such as a placement or rights issue; or from fundamental concerns about the suitability for continued listing, such as involvement in material litigations, liquidation, or cessation of operations.

Suspension at the direction of the regulators varies from case-to-case and can occur when the Exchange is of the view that a company has seriously breached the Listing Rules, such as through failure to publish financial results, disclose inside information, or maintain sufficient operations and assets to support its operations. The SFC may also direct the Exchange to suspend trading of shares in any listed company under the Securities and Futures Ordinance (SFO), if any company's documents or announcements appear to contain any materially false, incomplete or misleading information. Trading suspension allows companies to

## Highlights

- the latest delisting framework of the Stock Exchange of Hong Kong Ltd (the Exchange) relates mainly to delisting criteria and timing
- the Exchange subsequently introduced specific suspension requirements for listed companies with a disclaimer or adverse audit opinion
- suspension can occur through failure to publish financial results, disclose inside information, or maintain sufficient assets to support operations, as well as in the case of accounting or corporate irregularities or weakness in internal control systems







formally address matters of concern to the satisfaction of regulators, thereby protecting current and potential investors.

#### Keys to the latest delisting framework

The delisting and other Listing Rule amendments became effective on 1 August 2018 (effective date). Key elements of the changes to the Listing Rules are related to delisting criteria and timing.

1. **Fixed period delisting criterion.** This new criterion allows the Exchange to delist issuers whose trading has been suspended for a continuous period of 18 months (prescribed period).
2. **New delisting process.** The new process allows the Exchange to publish a delisting notice specifying a set period of time (specific remedial period), which may be shorter than the prescribed period, for the issuer to remedy the relevant underlying issues if it considers such issues ought to be remedied within a shorter period. Examples include an issuer with insufficient public float, or an issuer that has failed to take adequate action to remedy the issues, thereby prolonging the duration of suspension.

In exceptional and/or appropriate circumstances, the Exchange may delist an issuer immediately if it considers that events triggering the application of a delisting criterion are fundamental to the general principles of listing and are beyond remedy. For example, if an issuer's management and controlling shareholder are found to have conducted fraudulent activities to overstate its business and profits, it will no longer be suitable for listing.

3. **Removal of Practice Note 17.** The previous Practice Note 17 (PN17), a three-stage delisting procedure for issuers without sufficient operations or assets, has been removed because the Exchange may delist PN17 issuers under either the fixed period delisting criterion or the new delisting process. The Exchange has also addressed the transitional arrangements for issuers whose securities have been suspended continuously since before the effective date.

#### Guidance on long suspension and delisting

The Exchange also published Guidance Letter HKEX-GL95-18 (Guidance Letter) to provide guidance to long

suspended issuers on the operation of the new delisting regime, their general obligations, the Exchange's regulatory actions during the resumption process and guidance specific to certain types of suspension cases.

The Guidance Letter stresses that the deadline of the specific remedial period is intended to cover the resolution of relevant issues, the vetting process by the Exchange, re-compliance with the Listing Rules and resumption of trading. Otherwise, upon the expiry of the specific remedial period, the Exchange may cancel the listing of a long suspended issuer. Therefore, to avoid delisting, devising a resumption plan with a well-defined timeframe is critical to ensure that the relevant issues are remedied and the Listing Rules are re-complied with as soon as practicable before the specific remedial period ends.

Amongst the suspension cases that the Exchange discusses in the Guidance Letter, it is worth highlighting those suspended issuers that have failed to publish financial results or inside information due to alleged material accounting or corporate irregularities, and/or significant weaknesses in internal controls, as these



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**to avoid prolonged suspension, listed companies need to be vigilant in self-regulation, thus improving governance, strengthening management and product quality, and improving information transparency**  
 ”

are frequent reasons for suspension that may lead to serious and difficult-to-resolve issues. Common accounting irregularities, usually detected by the auditors, may involve discrepancies between the company's accounting records on transactions and those from third parties or independently obtained by the auditors, as well as concerns about the authenticity of company documents such as accounting records on bank balances. Weaknesses in internal controls can be indicated by lack of information and evidence to substantiate the existence or ownership of material assets, or by the failure to keep proper books and records. Suspension is also often triggered by corporate irregularities, such as potentially fraudulent activities that are discovered by the board of directors, auditors, media, market commentaries or rumours, the SFC or other regulators.

The issuers must satisfy the Exchange that the above irregularity issues have been addressed and remedied in order to meet the resumption conditions. This includes addressing audit issues raised by the auditors and allegations or findings of material irregularities raised by forensic investigators, media, market commentaries or rumours, or regulators. Outstanding financial statements and financial statements containing material misstatements or errors are to be

rectified and subsequently published. More importantly, management integrity, along with adequate internal controls and procedures to rectify such material control weaknesses, must be demonstrated. The Exchange stresses the overall resumption condition is that the issuer has ensured compliance with the Listing Rules and safeguarded the interests of the issuer.

**Latest suspension requirement for listed issuers with a disclaimer or adverse audit opinion**

In May 2019, the Exchange published its consultation conclusions on the proposed trading suspension requirement applicable to issuers with a disclaimer or adverse audit opinion on their financial statements, as it considered that the previous Listing Rule did not adequately address such concerns, since several issuers had not taken prompt and adequate actions to address audit issues, resulting in repeated disclaimer of opinions. Given that a disclaimer of opinion indicates a risk of material and pervasive misstatements in the financial statements, the Exchange is concerned about the reliability of the financial information; consequently, it will now normally require a trading suspension if the auditor has issued or has indicated that it will issue a disclaimer or adverse audit opinion on the issuer's annual financial statements.

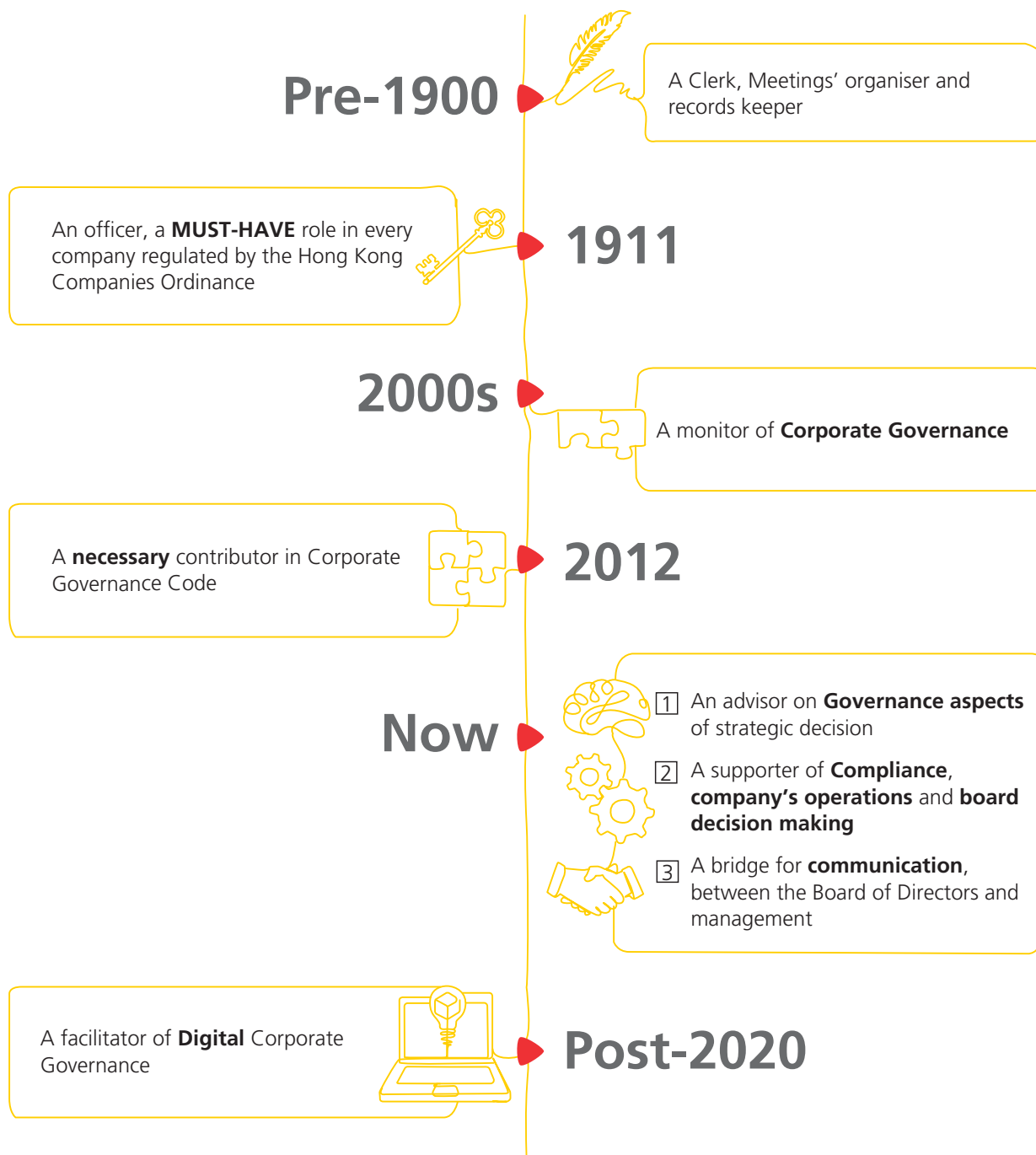
Trading will remain suspended until the issuer has addressed the matters giving rise to the disclaimer or adverse opinion, provided comfort that such disclaimer of opinions would no longer be required and disclosed sufficient information for investors to make an informed assessment of its financial position. Examples of how an issuer could provide comfort that a disclaimer or adverse opinion would no longer be required include publishing a full financial year audit or a special interim audit of the issuer's financial statements, or a special engagement of the auditor to perform audit on a single financial statement of the issuer.

Although the issue of a disclaimer or adverse opinion will almost always require a trading suspension, the suspension requirement will not apply where the disclaimer of opinion solely relates to a going concern, or the issues giving rise to the disclaimer or adverse opinion are resolved before the publication of the annual results announcement and disclosed with sufficient information to enable investors to make an informed assessment of its financial position.

**Recent trends in regulatory actions**

With the latest delisting framework and suspension requirements in place, the Exchange has the power to set a shorter specific remedial period, while if the resumption condition cannot be

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fulfilled before the end of the specific remedial period, the Listing Committee will immediately cancel the listing of any securities to protect investors and maintain an orderly market. The Exchange has been closely monitoring each suspended issuer's ongoing compliance with the Listing Rules and their resumption progress through reviewing their quarterly and other announcements, making enquiries and requesting supplemental announcements, and has been changing the requirements of resumption conditions where appropriate, while providing continuous guidance if sought by the issuer.

Looking at the monthly prolonged suspension status reports of issuers listed on the Main Board that have been suspended for three months or more, the five most common reasons for trading suspensions are: (1) severe financial difficulties, and/or where the company has either ceased to operate their business/es or has entered delisting procedures, (2) irregularities have been identified, and/or the company is under regulatory investigation, (3) failure to publish financial results, and/or where material internal control weaknesses have been identified, (4) there is a disclaimer and/or adverse audit opinion on the financial statements, and (5) failure to inform the market of material information and/or the company has insufficient public float.

A resumption of trading may also mark the beginning of an investigation by the SFC Enforcement Department (within the Listing Division) under the SFO into the listed issuers and their officers for past breaches of the Listing Rules and regulations, which could ultimately result in disciplinary action, where appropriate. According to SFC Enforcement Letters,

the most common enforcement themes/ investigations pertain to: (1) breaches of directors' duties, (2) inaccurate, incomplete and/or misleading disclosure, (3) breaches of procedural requirements relating to notifiable and connected transactions, and (4) financial reporting issues.

### Insights into trading suspension and resumption processes

The reasons for trading suspension vary from case to case. Some companies are suspended from a disclaimer or adverse opinion due to irregularities uncovered by their auditors during the course of their audit. Others may be suspended as a result of their failure to publish their annual results by the deadline required under the Listing Rules.

Issuers are encouraged to stay vigilant to avoid the possibility of trading suspension by strengthening their governance framework, and establishing and maintaining appropriate and effective risk management and internal control systems, including measures to control and manage controlled entities and associates, and to properly keep their books and records, actively engaging and communicating with their auditors prior to and during the audit to promptly resolve any audit issues.

Once suspended from trading, issuers should seek resumption of trading as soon as possible. With the prescribed period of 18 months, it is important for issuers to devise a resumption plan with actions to demonstrate their intention to remedy the issues and to re-comply with the Listing Rules, and to promptly announce their resumption plan and the timetable. Depending on the nature of the underlying issues, specific resumption conditions will be imposed by the

Exchange and no resumption will be allowed unless and until those conditions are fulfilled.

Fulfilling resumption conditions to the Exchange's satisfaction is a long process and is unlikely to be a straightforward task. Practical points that issuers should consider when seeking a resumption of trading, especially due to identified irregularity issues and/or investigations by regulators, include:

- establishing a special independent committee by the board to conduct investigations and review the issues
- engaging forensic accountants, as investigation is normally required when accounting irregularities from audit concerns or possible fraudulent activities are identified
- demonstrating adequate risk management internal control systems
- demonstrating the integrity and competence of directors and/or senior management
- assessing the relevant issues identified by the SFC and seeking the approval of resumption from the SFC, and
- publishing regular update announcements after being vetted by the Exchange to inform the market of the latest developments in the investigation and the resumption process.

### Vivian Chow

*Principal of Risk Advisory  
BDO*



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7.00–8.00pm

Members, graduates and students are welcome to join this annual celebration online. Enjoy the Institute's Annual Dinner 2021 from wherever you are! Stay tuned for further details of this remarkable event.

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



# New guidance notes

New additions to the guidance note series of The Hong Kong Institute of Chartered Secretaries highlight the implications of the current COVID-19 pandemic for the work of governance professionals.

It is hard to think of any areas of the work and personal lives of governance professionals in Hong Kong that have been untouched by the current COVID-19 pandemic. New additions to the guidance note series first launched by The Hong Kong Institute of Chartered Secretaries (the Institute) in June 2016 offer guidance on the implications of the COVID-19 crisis in the areas of business ethics and crisis management in the non-governmental organisation (NGO) sector.

## COVID-19 and business ethics

The sixth in the series of guidance notes published by the Institute's Ethics, Bribery & Corruption (EB&C) Interest Group, published in August this year, offers help with the many ethical decisions organisations have been faced with during the COVID-19 pandemic.

The EB&C guidance points out that having an ethical culture helps organisations to build resilience and bounce back from crises such as the current pandemic. The Asian financial crisis in the years 1997 to 1998 and the Severe Acute Respiratory Syndrome (SARS) crisis of 2003 presented challenges for organisations, but those with high governance and ethical standards were generally better placed to retain the trust of staff and other stakeholders. 'This is why it is important for governance professionals to push for the adoption of a firm ethical culture that can serve as risk mitigation for the next crisis that comes along,' the guidance says.

## Ethical issues relating to employees

When COVID-19 started to impact organisations in Hong Kong, one of the first practical issues to address was how to minimise the immediate risks

to personnel. The guidance points out that organisations clearly have a duty to provide a safe workplace for employees and governance professionals can facilitate consideration of the various options facing businesses during the COVID-19 pandemic. Do organisations need to shut down their premises and ask employees to stay home, or allow a small group of core workers in the office, or operate a shift system to reduce contact between individuals?

The guidance emphasises that ethical considerations will be an important part of these decisions and a one-size-fits-all approach is unlikely to work because individuals' personal circumstances will vary. Should employers make special arrangements for staff with medical conditions that render them more vulnerable to COVID-19? What about people looking after children during school closures, or who have to care for sick relatives? Moreover, should these arrangements be temporary or should they be extended in the long term? Should organisations still require employees to make business trips, or should this decision be left entirely up to individuals?

## Highlights

- organisations with high governance and ethical standards are generally better placed to retain the trust of staff and other stakeholders during a crisis
- governance professionals should push for the adoption of a firm ethical culture that can serve as risk mitigation for the next crisis that comes along
- non-governmental organisations with good governance standards, and full and frank stakeholder communications with their donors, are in a better position to obtain donor funding during the current crisis



'An ethically mature company should already be thinking about its role in stakeholder well-being, and the COVID-19 crisis brings this issue to the fore more than ever', the guidance points out. It adds that 'stakeholder well-being', and that includes the mental health of employees, is clearly in the interests of organisations – unhappy employees are likely to be less productive and take more sick leave, for example.

While some degree of give-and-take may be necessary to sustain operations, the guidance advises organisations to recognise that employees may be reluctant to return to office-based work during the COVID-19 pandemic. It recommends organisations be up front with their employees and business partners about what they expect. 'A clear statement on the firm's policies will go some way to reassuring employees and making them more secure in their work environment. If a company sets out its stance for all to see, people will know what to expect and can take whatever precautions they personally consider necessary', the guidance states.

#### **Misfeasance – the need for extra vigilance**

The guidance also addresses the need for organisations to be extra vigilant against fraud, corruption and misconduct during the COVID-19 crisis. It points out that the classic 'triangle' model suggests that three factors drive wrongdoing – pressure, rationalisation and opportunity.

There can be little doubt that the current pandemic will heighten the pressure on employees and external stakeholders – they might fear losing their jobs or have family members facing unemployment, for example. Moreover, 'desperation' could be a driver of the second point of the triangle – rationalisation. A crisis mentality of 'every man for himself' or 'survival of the fittest' may lead employees to justify fraudulent behaviour. These two factors, however, are only an issue if the third is present – opportunity. People can engage in fraud or corruption only if they have the ability to do so.

Provisional arrangements made in response to the pandemic – adopting work-from-home arrangements for example – may

mean that the normal checks and balances may not be functional. 'In normal times, organisations rely on controls and governance structures that aim to remove or minimise such opportunities, now they must review their positions and reinforce controls that have been damaged by business disruption', the guidance states.

#### **Ethical decisions cannot be outsourced**

Finally, the guidance emphasises that ethical decisions cannot be outsourced. Organisations can certainly rely on official advice, for instance by opening and closing premises in line with Hong Kong government offices, or relying on safety advice from the World Health Organization. These public bodies are likely to be better informed than the average individual or business, but where organisations operate in several different countries, they will likely be getting conflicting guidance from different governments. Moreover, individual organisations must take responsibility for their own actions and public opinion is unlikely to be forgiving of those that find themselves in difficulties and fall back on the excuse that they left decision-making to others. The guidance

also makes the point that organisations should form their own interpretation and set out a clear policy for employees, customers and other stakeholders.

The latest EB&C guidance gives governance professionals help with many of the practical issues that organisations are facing during the COVID-19 crisis. Ultimately, there are no right or wrong answers and no one-size-fits-all approach to ethics, but the guidance will certainly help practitioners think more widely about the ethical issues they are facing and their ramifications for good governance.

#### Crisis management in the NGO sector

In general, the NGO sector has been hit particularly hard by the COVID-19 pandemic. As the economy takes a downturn, monetary support from donors and funders has become increasingly hard

to come by. Existing donors are also being inundated with gifting requests. In these difficult times, the real issue for many NGOs is how to convince their donors to keep supporting their operations and projects. The problem is especially acute for non-subsidised NGOs which are facing grave financial difficulties.

The seventh in the series of guidance notes by the Institute's Public Governance Interest Group (PGIG), published in September this year, offers practical advice on how NGOs can address these challenges. Its main theme is that those NGOs that are best able to engage in stakeholder communication with their donors and show that they have good governance will be in a better position to obtain donor funding. It therefore focuses on the meaning of good governance in the NGO sector

and provides tips on stakeholder communication with donors as part of crisis management during the pandemic.

#### Good governance is more than regulatory compliance

It is not uncommon for NGOs, when discussing their approach to governance, to rely on a statement to the effect that they comply with 'all applicable rules and regulations.' The guidance points out that such statements betray a misunderstanding of governance. 'We often hear NGOs make such a statement, but all NGOs have to comply with applicable laws and regulations so there is nothing special in stating this. This is more likely to turn away donors, especially the more sophisticated donors,' the guidance says.

Regulatory compliance is a necessary part of the 'social contract' applicable to

## A guidance round-up

2020 has been a busy year for the Institute's Interest Groups. In addition to the guidance notes featured in the main article, this year also saw the publication of new guidance by the Institute's Takeovers, Mergers and Acquisitions Interest Group and Company Law Interest Group.

**Public takeovers in Hong Kong.** The fifth in the series of guidance notes issued by the Institute's Takeovers, Mergers and Acquisitions Interest Group, published in June this year, addresses the principal issues surrounding mergers and acquisitions where the target is a public company.

**Compliance obligations update.** The regulatory landscape in Hong Kong has changed rapidly in recent years and the fourth guidance note by the Company Law Interest Group, issued in July this year, serves as a useful reminder of the basic ongoing compliance obligations for companies (public and private) in Hong Kong. It provides a summary, for example, of the filing deadlines for statutory forms, as well as financial accounts and

reports, as required under the Hong Kong Companies Ordinance and the listing rules.

**Statutory amalgamation of Hong Kong companies within a group.** The fifth guidance note by the Company Law Interest Group, also issued in July 2020, addresses the compliance requirements for the statutory amalgamation of Hong Kong companies within a group. Statutory amalgamation is the legal process by which the undertaking, property and liabilities of two or more companies merge and their shareholders become the shareholders of the amalgamated company. The guidance note provides an overview of the compliance requirements for carrying out a statutory amalgamation under Part 13, Division 3 of the Companies Ordinance.

*The guidance notes mentioned above are available from the Publications section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*

“  
 the EB&C guidance points out that having  
 an ethical culture helps organisations to build  
 resilience and bounce back from crises such  
 as the current pandemic  
 ”

## Credits

The Institute would like to express its thanks to all those involved in the Interest Groups set out below (membership is as at date of publication).

### Company Law Interest Group

Benita Yu (Chairman), Angela Mak FCIS FCS, Cathy Yu FCIS FCS, Loretta Chan FCIS FCS, Caron Lee FCIS FCS and Wendy Yung FCIS FCS.

### Ethics, Bribery & Corruption Interest Group

Dr Brian Lo FCIS FCS (Chairman), Anna Lam, Jeremy Birch, Michael Chan, Ralph Sellar and William Tam.

### Public Governance Interest Group

April Chan FCIS FCS (Chairman), Lau Ka-shi BBS, Stella Ho, Stella Lo FCIS FCS(PE), Rachel Ng ACIS ACS, Samantha Suen FCIS FCS(PE) and Margaret Yan.

### Takeovers, Mergers and Acquisitions Interest Group

Michelle Hung FCIS FCS (Chairman), Dr David Ng FCIS FCS, Henry Fung, Kevin Cheung, Lisa Chung, Patrick Cheung and Philip Pong.

all organisations. An NGO cannot give and/or receive unauthorised kickbacks in relation to getting in and/or using donor funds. That would be an ICAC criminal case. There could also be civil consequences on the giver and taker of bribes. Good governance goes beyond regulatory compliance. Among other things, it is about how well managed the organisation is and whether there is proper risk management in relevant areas, including addressing compliance, ethical, operational, and reputational risk. Ideally, the guidance points out, decision makers will set the tone from the top – ensuring that good governance is adopted as part of the organisation's culture through policies and procedures and staff training.


### Stakeholder communication in the COVID-19 era

As mentioned above, it is particularly critical for NGOs to get their stakeholder communications right during the COVID-19 crisis. The PGIG guidance emphasises the need for communications with donors to be full and frank. NGOs should communicate what they aim to achieve, how they intend to achieve their goals and the impacts that these will have on people and/or society.

The guidance points out that NGOs often assume that donors know more about the NGO's mission and projects than is

in fact the case. 'Donors, like many of us, can be forgetful. Be prepared to repeat the basics – for example, who you aim to help, how you go about doing that, where your projects are located and what are the expected outcomes/impacts. There is no harm to be repetitive in what you are doing at your NGO', the guidance states.

In addition to promoting the NGO's successes, stakeholder communications should address negative issues as well – this might include a discussion of operational risks and the limitations of the NGO's work in reaching all of the target beneficiaries for example. 'By engaging your donor on both the good and the bad, and being honest, you are engaging in full and frank transparent disclosures. You will gain a lot of respect in being factual and honest as to your successes and challenges, and how you have overcome these to be where you are. It serves to show the perseverance of your NGO, which would gain donors' respect', the guidance says.

Donors may also be interested in how much of the NGO's expenses were administration-related. The guidance recommends full disclosure of this information. 'Be prepared to have the figures and, more importantly, how these compare with your peers. Do not be afraid/defensive to disclose your financials and administration expenses levels. It is more important that these are justifiable. For any properly organised NGO, there is an administrative expense range so do try to find out how you compare to your peers', the guidance says. 

*The guidance notes reviewed in this article are available from the Publications section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*





Photographer: Michael Kistler

# Careers in Governance

Anita Chan Shuk Ching ACIS ACS

## What is your role as a governance professional?

'I am now working in the legal and compliance department of the Hong Kong branch of a Chinese bank which is listed in Shanghai and Hong Kong. I am a rules and regulations promoter and guardian to assist the bank's senior management to oversee and manage the governance of the bank from a regulatory compliance perspective. I provide guidance and staff training to relevant departments on compliance with rules and regulations issued by regulators, and on the compliance policies and procedures of our bank. I am responsible for monitoring regulatory compliance risks by developing the bank's compliance risk management framework and implementing the compliance programmes. In the context of the ever-changing rules and regulations, I conduct regular reviews and assessments of the bank's compliance procedures within established governance and compliance parameters, and I conduct staff training regarding regulatory changes.'

## What was your career path to your current role?

'I got a master's degree in Applied Finance and I am a certified public accountant (non-practising) in Hong Kong. I started my career in accounting and auditing, but changed to investment management later. As I was nominated to represent my ex-employer as a non-executive director of a group of investment project companies in Hong Kong and the Mainland, I studied and obtained the qualification of The Hong Kong Institute of Chartered Secretaries in order to be a fit and proper director and develop my knowledge of corporate governance. I then accepted a job opportunity to monitor the internal controls and regulatory compliance of a listed Chinese bank and started a new career in regulatory compliance.'

## What value does governance bring to organisations and to wider society?

'Good corporate governance enables organisations to operate more efficiently, mitigate risk and to safeguard stakeholders' interests, thereby increasing the confidence of investors and enabling easier access to capital. Governance also improves the accountability and transparency of organisations. The public and wider society are most interested in the social responsibility side of governance since this is most relevant to them. In this context, the environmental, social and governance reports that listed companies are required to publish under the listing rules are essential to enable the public to monitor the social responsibility performance of companies.'

“

I believe challenges come with opportunities and new grounds for hope and this inspires me to go forward happily

”

Anita Chan Shuk Ching ACIS ACS, Vice-President, Legal and Compliance Department, Agricultural Bank of China Ltd, Hong Kong Branch

## What qualities do you think are needed to be a successful governance professional?

'Governance professionals need to react rapidly to regulatory and technological changes and be proactive in implementing corporate strategy. We also need to be skilled facilitators, communicating and liaising with various departments effectively. In addition, we need to be effective advisers, providing timely advice on governance matters.'

## How do you think governance will evolve in the future?

'I think there will be an increasing demand for governance professionals, not only due to the increasing demand for quality governance reports in listed companies, but also in other types of organisations. In addition to listed companies, for example, charities and NGOs have been increasingly under public scrutiny.'




## What inspires you in your life and work?

'I believe challenges come with opportunities and new grounds for hope and this inspires me to go forward happily.'

## How do you fill your time outside work?

'I exercise every day for around half an hour. I like hiking, but only in winter, and travelling. My most exciting and unforgettable trips were to watch the auroras in Yellowknife, Canada, and seeing the vast and colourful Zhangye Danxia landforms in Gansu Province in the Mainland.' 





“  
my personal secret of success is  
persistence – identify your goal and  
act fearlessly to move forward  
”

Emily Ng ACIS ACS, Investor Relations Manager, ANTA Sports  
Products Ltd

# Careers in Governance

## Emily Ng ACIS ACS

### What is your role as a governance professional?

'I have been with ANTA Sports Products for almost six years. Since the company doesn't have a company secretarial department, our investor relations (IR) department takes on some company secretarial duties. As Investor Relations Manager, my main role is to communicate with investors on the buy-side and research analysts on the sell-side. We provide financial and business information to investors and promote our company to them. Research analysts are also important since their research reports influence investors' perceptions of our stock. Being an IR professional, I need to handle price-sensitive information carefully. IR professionals need to provide relevant and necessary information to the investment community without breaching the rules applicable to disclosing price-sensitive information. Such a breach could attract civil or criminal liability under the laws of Hong Kong.'

### What was your career path to your current role?

'I graduated with a Bachelor of Applied Finance degree in Australia. Returning to Hong Kong after graduation, I was looking for work that would be people-facing and finance-related. I worked for a time in a listed company, mainly coordinating meetings with investors. This deepened my interest in IR work and investor engagement. I eventually enrolled in an Executive Certificate in Investor Relations programme, which led me to my current job.'

### What value does governance bring to organisations and to wider society?

'There are many advantages of good governance both to organisations and society, but most relevant for me is the role governance plays in improving business performance. Good governance enhances the value of a company and drives up its share price. Investors are more willing to spend money on companies that perform well in governance, social responsibility and promoting social harmony.'

### What qualities do you think are needed to be a successful governance professional?

'Governance professionals need to be hard working, meticulous and persistent. Being hard working and meticulous is essential for governance professionals to react quickly to the external environment. This includes being up to date and familiar with all relevant listing rules and regulations, as well as properly handling legal documents and providing valuable advice to management.'

My personal secret of success is persistence – identify your goal and act fearlessly to move forward. I think measuring your success by your own personal improvement is better than comparing yourself to your peers.'

### How do you think governance will evolve in the future?

'When I first joined my company, investor concerns were mainly about the financial numbers and business strategy – the topic of governance rarely came up during conversations. In the last two years however, we have started to receive enquiries relating to governance and environmental, social and governance matters.'

Investors are particularly interested in topics like board diversity, living wage policies and supply chain management. Our board members have also begun to pay more attention to governance issues. I think governance will continue to gain increasing attention and influence in the future, not only in the investment community but also among managers and directors.'

### What inspires you in your life and work?

'My brother and the mentor I knew from The Hong Kong Institute of Chartered Secretaries. They both work in finance and have successful careers. They taught me that being passionate about your work is crucial to success and that life is a marathon rather than a sprint. I love my job. It has helped me to recognise my weaknesses, as well as how to improve and advance. I also love spending time reading and watching TV – this too has helped me to overcome hurdles in my life and work.'

### How do you fill your time outside work?

'As my company is a sportswear company, my colleagues and I all play sports. I run and practice yoga. I also watch movies and have fallen in love with cooking during the pandemic. My latest signature dish is dried fish maw and chicken soup with wonton (花膠雲吞雞湯)' 🍲





## Professional Development

### Seminars: September 2020

7 September

Mainland company secretarial practice series: bank accounts & fund flow – wholly foreign owned enterprise

Speaker: *Desmond Lau ACIS ACS, Institute Professional Development Director*

8 September

Governance, risk & compliance series: understanding modern risk management



Chair: *Daniel Chow FCIS FCS(PE), Institute Council member and Professional Development Committee member, and Senior Managing Director, Corporate Finance and Restructuring, FTI Consulting (Hong Kong) Ltd*

Speaker: *Dominic Wu ACIS ACS, Chairman, Asia Financial Risk Think Tank*

9 September

The role of the governance professional in influencing the board



Chair: *Samantha Suen FCIS FCS(PE), Institute Chief Executive*  
Speaker: *Christobelle Liao, Group Director, Corporate and Legal, The Hongkong and Shanghai Hotels, Ltd*

29 September

Company secretarial practical training series: annual general meeting and related compliance matters for non-listed companies



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

Speaker: *Cathy Yu FCIS FCS, Head of Company Secretarial Department, King & Wood Mallesons*

30 September

Latest updates on HKEX ESG reporting guide and related challenges

Chair: *Desmond Lau ACIS ACS, Institute Professional Development Director*

Speakers: *Gloria So, Partner; and Michael Ip, Senior Consultant; ShineWing Hong Kong*

### Video-recorded CPD seminars

Some of the Institute's previous ECPD seminars/webinars can now be viewed from the video-recorded CPD seminars platform of The Open University of Hong Kong.

For details of the Institute's video-recorded CPD seminars, please visit the CPD section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk). For enquiries, please contact the Institute's Professional Development Section: 2830 6011, or email: [cpd@hkics.org.hk](mailto:cpd@hkics.org.hk).

### ECPD forthcoming webinars

Date	Time	Topic	ECPD points
24 November 2020	4.00pm–5.30pm	Overview of alternative investment funds and roles of company secretary and fund administrator	1.5
25 November 2020	3.30pm–5.30pm	The state and development of TCSP regulations with practical sharing	2
27 November 2020	3.00pm–4.30pm	Effective competition law compliance for cross-border business across the Mainland and Hong Kong	1.5
8 December 2020	3.00pm–4.30pm	Evolving trends governance professionals should know affecting sustainable investing – where have we come from and where is this going?	2

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

## The Hong Kong Institute of Chartered Secretaries

# 2020 Annual General Meeting

Tuesday  
15 December 2020  
6.30pm



Members please  
participate by  
casting your vote.

For details of the Institute's 2020 Annual General Meeting and other related papers, please visit the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).

## Membership

### Membership/graduateship renewal for the financial year 2020/2021

The membership/graduateship renewal notices for the 2020/2021 financial year, together with the debit notes, were sent to registered email addresses of members and graduates in early July 2020.

Members and graduates should settle the payment, as well as submit their declaration of character and standing, online via their user account with the Institute as soon as possible, but no later than 31 December 2020. Failure to pay by the deadline will constitute grounds for membership or graduateship removal. Reinstatement by the Institute is discretionary and subject to payment of the outstanding fees, and with levies determined by the Council.

*For enquiries, please contact Rose Yeung: 2830 6051, or email: [member@hkics.org.hk](mailto:member@hkics.org.hk).*

### New Fellows

The Institute would like to congratulate the following Fellows elected in September 2020.

#### Chung Kai Cheong FCIS FCS

Company Secretary, Sino-Ocean Group Holding Ltd

#### Wong Kwok Wah, Kinson FCIS FCS(PE)

Company Secretarial Manager, South China Holdings Company Ltd

### New graduates

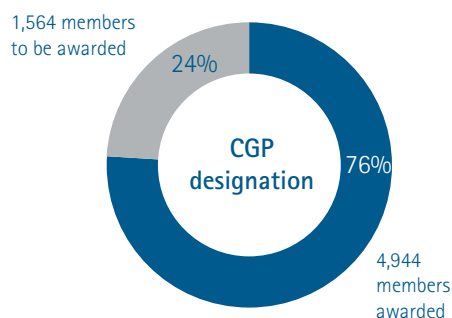
The Institute would like to congratulate our new graduates listed below.

Chan Cheuk Nei	Fung Doris France	Lam Yin Ling	Li Kin Fung	Tam Chung Hin, Ernest
Chan Chi Way	Fung Po Ting	Lam Ying Wai	Li Yan Wai	Tsang Ming Si
Chan Kwok Wai	Huang Shiyao	Lam Yip Chai	Lin Chun Ho, Simon	Tsang Wai Hung
Chan Man Him	Hui Hiu Yu	Lam Yuk Ching	Liu Jiaqi	Wan Tin Yau, Alvin
Chan Nga Shan	Hui Tin Yi	Lau Pok Yuen	Liu Leah	Wong Hei Man
Chan Oi Chu	Hui Ying Ying	Lau Sin Yan	Liu Ling Chun	Wong Ka Man
Chan Shu Hung	Hung Oi Shan	Law Ka Mei	Lo Wing Man	Wong Ka Yi
Chan Shu Pui	Kan Chun Nai	Law On Ching	Lo Yiu Man	Wong Wai Sum
Chan Sung Nok, Roy	Kong Chi Han, Susana	Lee Ka Wai	Ma Hoi Ki	Wong Yee Ching
Chan Wai Ming	Kwan Tsun Lok	Lee Nim Chi	Ma Oi Yan	Wong Yee Ting
Chan Yuk Chi	Kwan Yi Ki	Lee Pui Yu, Alison	Mak Sin Man	Yeung Ching Man
Chan Yuk Yung	Kwong Yuen Man	Leung Fredric Hin Hang	Ng Cheuk Him, Charles	Yip Fong Ting
Cheng Kit Lam, Karen	Lai Ho Yan	Leung Hei Tung	Ng Chi Man	Yu Samantha Ka-bo
Cheuk Lai Ki	Lai Po Shan	Leung Ho Yan	Or Ching Han	Yue Wing Tung
Cheung Ka Hei	Lai Wing Yee, Ava	Leung Ka Lung	Shum Chui Man	Yuen Hiu Chu
Chong Emily Si-Mun	Lam Kit, Calvina	Leung Yim Ha	Si Minzhi	Yuen Hui Yan
Chuk Ching Shan	Lam Lau Ching	Li Hin Tung	So Esther	Yuen Wai Keung
Fan Ronald Jiu Ning	Lam Mei Ki	Li Hoi Mei	Sze Chun Kit	Zou Qian

## Grandfathering of Chartered Governance Professional designation

The Council has agreed to the grandfathering policy for conferring the Chartered Governance Professional (CGP) designation to members on a quarterly basis.

As at 30 September 2020, 4,944 (76%) out of a total membership of 6,508 had been awarded CGP designations.



## Forthcoming membership activities

Date	Time	Event
23 November 2020	1.00pm–2.00pm	CGI/HKICS international governance qualification – from enhancement to excellence (free webinar)
26 November 2020	12.30pm–1.30pm	Fun & Interest Group – reducing allergies and staying young naturally: a nutritional approach (free webinar)

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

## Membership activities: October 2020

10 October

Mentorship training – Online Cafe event: personal wellness and workplace positivity (webinar)



23 October

Fun & Interest Group – how a whole-food plant-based diet can strengthen the immune system (webinar)





## Advocacy

### The Institute announces new senior appointments

The Institute is pleased to announce two new senior appointments which will be effective from 18 November 2020:

**Ellie Pang** has been appointed new Chief Executive, and

**Mohan Datwani FCIS FCS(PE)** has been appointed Deputy Chief Executive.



Ellie Pang, who is qualified as a lawyer in Hong Kong and England and Wales, will be taking up the baton from Samantha Suen FCIS FCS(PE), current Chief Executive, who will retire at the end of 2020. Ms Pang has over 20 years of experience as a solicitor in major international law firms and as a senior policy regulator

at Hong Kong Exchanges and Clearing Ltd. Her remit will be to continue to promote and uphold the professional image of HKICS as a professional governance institute, ensure the highest level of services possible to be provided to members and students, as well as lead the Secretariat in support of the Institute's strategy in Hong Kong and the Mainland.



Mohan Datwani FCIS FCS(PE), currently Senior Director and Head of Technical and Research, has been appointed Deputy Chief Executive.

Mr Datwani will continue to build on the thought leadership and research strengths of HKICS, as well as assist Ms Pang in her management role.

The Council wishes Ms Suen well and looks forward to her continued support as a senior member and a Past President of the Institute in the years to come.

*For details of the new senior appointments, please refer to the relevant press release in the News section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*

### Institute Council and Committee networking luncheon

On 23 October 2020, the Institute hosted a networking luncheon for its Council and Committee members.

Institute President Gillian Meller FCIS FCS provided a summary of recent developments at the Institute. CGI Immediate Past International President and Institute Past President Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE) also provided a summary of the recent developments at CGI. Institute Chief Executive Samantha Suen FCIS FCS(PE) updated the participants on a few major upcoming events, and presented gifts to Ms Meller and Ms Shih for their contribution to the Careers in Governance project.

This luncheon served as an excellent opportunity for the Council and Committee members to exchange views on the latest and future developments of the Institute.



### Community service – Pink Together 2020

In support of the online fundraising event – Pink Together 2020 – organised by the Hong Kong Breast Cancer Foundation (HKBCF), the Institute called on members, graduates and students to join the Institute's team. Many Institute Council and Committee members participated and exercised together on 23 October 2020. The Institute's Secretariat staff in Hong Kong also participated in the event and took the opportunity to exercise together in the office for a good cause on 16 October 2020.

*The Institute would like to thank all members, graduates, students and colleagues who supported the Pink Together 2020 event.*



### Dress Pink Day

Dress Pink Day is part of the Pink Revolution campaign advocated by the Hong Kong Cancer Fund (HKCF) to raise awareness and funds to support women with breast cancer. The Institute's Secretariat team, in both the Hong Kong and Beijing offices, showed their support by making donations to HKCF and by dressing in pink on 23 October 2020.

*The Institute would like to thank all members, graduates and students who responded to the call to support Dress Pink Day.*



### Global webinar on 'The changing role of the governance professional post-Covid'

The Chartered Governance Institute (CGI) held a global webinar on 'The changing role of the governance professional post-Covid' on 8 October 2020. Institute Vice-President David Simmonds FCIS FCS was one of the speakers.

The speakers, all of whom are leading governance professionals, shared their experiences and examined whether the role of the governance professional has changed, as well as discussing how the pandemic has created opportunities for governance professionals.



## Advocacy (continued)

### Collaborative Course Agreement signing ceremony

On 21 October 2020, the Institute and City University of Hong Kong (CityU) signed a Collaborative Course Agreement regarding the Master of Science in Professional Accounting and Corporate Governance (Corporate Governance stream) programme of CityU (the Programme). The curriculum of this Programme has been developed in line with the Institute's Chartered Governance Qualifying Programme (CGQP). Students admitted to this Programme in the autumn 2021 cohort and thereafter will be studying the CGQP syllabus.

This Programme is also one of the eligible programmes available for the second cohort (the 2021/2022 intake) of the Targeted Taught Postgraduate Programmes Fellowships Scheme, launched by the University Grants Committee (UGC) in Hong Kong. UGC approved 10 fellowship places for this Programme for a maximum of HK\$120,000 each. According to UGC, 'The main objectives of the scheme are to attract more meritorious local students to pursue further studies in priority areas conducive to the development of Hong Kong, and to encourage universities to establish more innovative and multi-disciplinary programmes that are beneficial to society. The scheme will help foster the nurturing of future governance professionals.'



### Fireside Chat Series with Governance Professionals over Lunch Hours

Starting from mid-November 2020, the Institute will be hosting a series of webinars – the Fireside Chat Series – with governance professionals from among the ranks of the Institute's membership, of all ages and in different phases of their career development. Participants will share different areas of their life, from work, family, hobbies and community to personal well-being.

Breakout webinar sessions will also be available for participants to engage in group discussions with the speakers and moderator on topics close to their hearts, including challenges at work, managing ups and downs, and career opportunities for governance professionals.

The line-up of speakers – commencing with Institute President Gillian Meller FCIS FCS on 13 November 2020 – are all interviewees who have been featured in the Careers in Governance column of the Institute's monthly journal *CSj* since May this year.



### Photo competition: A Work-Hard Play-Hard Governance Professional

The Institute is organising a photo competition, entitled A Work-Hard Play-Hard Governance Professional, to showcase how governance professionals live life to the fullest. All Institute members, graduates and students are welcome to take part to demonstrate their creativity and photography skills. Those who are interested in enrolling in this competition must submit a photo and with a caption by Sunday 13 December 2020. The competition is now open for photo submissions.

Attractive prizes will be awarded.

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

### The Institute is now officially on Instagram

The Institute has officially launched its Instagram account to disseminate its news, and to publicise its events and activities to a wider audience, in a visually impactful way. The Instagram platform also functions as another visual channel to communicate and connect with the Institute's members, graduates, students and friends in a more leisurely manner. Follow the Institute's Instagram page, @HKICS\_official, for updates.

### Hong Kong Smoke-free Leading Company Awards 2019

The Institute acted as a supporting organisation for the Hong Kong Smoke-free Leading Company Awards 2019, organised by Hong Kong Council on Smoking and Health, by mobilising and encouraging members to go smoke-free. The Awards are designed to encourage businesses to promote smoke-free messages to their stakeholders, including employees, customers and the general public, on a continuous basis.



### Seminar on the latest listing regulatory updates in Hong Kong

The seminar, with live broadcasting from the Institute's Secretariat in both the Hong Kong and Beijing offices, was successfully concluded on 22 October 2020. Institute Past President Ivan Tam FCIS FCS delivered the opening remarks. More than 120 directors, supervisors, board secretaries and senior executives of listed companies joined online from Hong Kong and the Mainland.

*The Institute would like to express its thanks to the Securities and Futures Commission, Hong Kong Exchanges and Clearing Ltd and other speakers for their enthusiastic support during the COVID-19 pandemic.*





## Chartered Governance Qualifying Programme (CGQP)

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### November 2020 examinations

Admission slips, together with the information packs including the 'Precautionary Measures at Examination Centres' and 'Instructions to Candidates', have been released on 2 November 2020. All candidates are reminded to follow the pandemic precautionary measures before entering the examination centres.

*For enquiries, please contact Leaf Tai: 2830 6010, or email: [exam@hkics.org.hk](mailto:exam@hkics.org.hk).*

### Student Ambassadors Programme

Over 250 undergraduates from 12 local tertiary institutions have applied for the Institute's Student Ambassadors Programme for 2020/2021. The new journey of the student ambassadors for 2020/2021 will begin with a gathering on Saturday 12 December 2020. Other forthcoming activities include gatherings for mentors and mentees, internship, networking activities and soft skills workshops.

### Forthcoming studentship activities

Date	Time	Event
3 December 2020	7.00pm–8.10pm	Governance Professionals Information Session online (Putonghua session)
8 December 2020	7.00pm–8.00pm	Student Gatherings: Session 6
12 December 2020	10.15pm–11.45pm	Student Ambassadors Programme (2020) First Gathering

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

### Notice:

#### Policy – payment reminder

#### Studentship renewal

Students whose studentship expired in September 2020 are reminded to settle the renewal payment by Monday 23 November 2020.

### Featured job openings

Company name	Position
VTech Corporate Services Ltd	Senior Company Secretarial Officer

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

# HKICS PHOTO COMPETITION



CHARTERED  
SECRETARIES  
特許秘書

## 'A Work-Hard Play-Hard Governance Professional'

An image is worth an identity. Tell us something about yourself in a photo!  
Act now to enter this competition.

All HKICS members, graduates and students are invited to join.

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

Submission deadline:

**Sunday**  
**13 December 2020**

Do you want  
to sharpen your  
photography skill?

24 November 2020

**FREE** online workshop  
conducted by  
professional  
photographer  
**Michael Kistler**

Limited seats only

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