

# CSj

January 2021

Chartered Secretaries.  
More than meets the eye.

特許秘書. 潛能. 超越所見.

The journal of The Hong Kong  
Institute of Chartered Secretaries

香港特許秘書公會會刊

# 2021



## Crisis management

### The lessons of COVID-19

AML/CFT forum

Gillian Meller interview

ESG reporting



CHARTERED  
SECRETARIES  
特許秘書

# Digitizing Corporate Governance With Tricolor

Good corporate governance enables companies to operate efficiently, increase accountability and improve transparency to investor.

Transforming the future of corporate governance with Tricolor, the Asia's Business Expansion Specialist. Our end-to-end digital corporate governance solutions help weather the consequences of an economic downturn with more agility.

Internal

## Boardfolio

Board Meeting **Made Easy**

Boardfolio has all the essential features you need to run your board and committees in a simple, user-friendly and secure manner.



## SPOT

Stakeholder Participation On the **SPOT**

SPOT integrates e-proxy, e-voting, online attendance and live streaming functions with our shareholder voting system, which caters to your every need from pre-meeting to post-meeting.



External





CHARTERED  
SECRETARIES  
特許秘書

The Hong Kong Institute of Chartered Secretaries  
presents:

# Online Annual Celebration 2021 Mask-uerade Parade

Guest of Honour

**Mrs Laura Cha GBM GBS JP**

Chairman, Hong Kong Exchanges and Clearing Limited

Celebrate the Institute's  
achievements of the past year,  
and keep moving forward!

**Monday 25 January 2021 | 7.00–8.00pm**

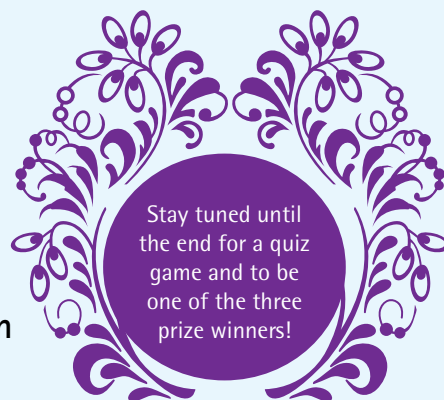
Members, graduates and students are welcome to join this annual celebration online. Enjoy the Institute's Annual Celebration 2021 from wherever you are!

**Prize Presentations at Mask-uerade Parade:**

**The Hong Kong Institute of Chartered Secretaries Prize**

**'A Work-Hard Play-Hard Governance Professional' Photo Competition**

**Face Mask Design Competition**



For enrolment, please contact Vicky Lui: 2830 6088 or email: [member@hkics.org.hk](mailto:member@hkics.org.hk).

For enquiries, please contact Eva Cheung: 2830 6019 or email: [event@hkics.org.hk](mailto:event@hkics.org.hk).



## Good governance comes with membership

### About The Hong Kong Institute of Chartered Secretaries

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

### Council 2021

**Gillian Meller** FCG FCS – President  
**David Simmonds** FCG FCS – Vice-President  
**Ernest Lee** FCG FCS – Vice-President  
**Paul Stafford** FCG FCS – Vice-President  
**Daniel Chow** FCG FCS(PE) – Treasurer  
**Loretta Chan** FCG FCS  
**Tom Chau** FCG FCS  
**Edmond Chiu** FCG FCS(PE)  
**Wendy Ho** FCG FCS(PE)  
**Stella Lo** FCG FCS(PE)  
**Professor CK Low** FCG FCS  
**Natalia Seng** FCG FCS(PE)  
**Bill Wang** FCG FCS  
**Xie Bing** FCG FCS  
**Wendy Yung** FCG FCS  
**David Fu** FCG FCS(PE) – Past President

### Committee chairmen

**Audit Committee:**  
**Ernest Lee** FCG FCS  
**Education Committee:**  
**Natalia Seng** FCG FCS(PE)  
**Membership Committee:**  
**David Simmonds** FCG FCS  
**Nomination Committee:**  
**Edith Shih** FCG(CS, CGP) FCS(CS, CGP)(PE)  
**Professional Development Committee:**  
**Loretta Chan** FCG FCS

### Secretariat

**Ellie Pang** Chief Executive  
**Mohan Datwani** FCG(CS, CGP) FCS(CS, CGP)(PE) Deputy Chief Executive  
**Louisa Lau** FCG FCS(PE) Registrar  
**Carman Wong** FCG FCS(PE) Company Secretary  
**Desmond Lau** ACG ACS Director, Professional Development  
**Avila Law** Director, Marketing and Communications  
**Melani Au** ACG ACS Senior Manager, Membership  
**Karen Ho** Senior Manager, Finance and Accounting  
**Kenneth Jiang** FCG FCS(PE), Beijing Representative Office Chief Representative

### Membership and studentship statistics update

As of 30 November 2020, the statistics were as follows:

**Students:** 3,239    **Associates:** 5,883  
**Graduates:** 509    **Fellows:** 741

### The Hong Kong Institute of Chartered Secretaries

(Incorporated in Hong Kong with limited liability by guarantee)  
 3/F, Hong Kong Diamond Exchange Building, 8 Duddell Street, Central, Hong Kong  
 Tel: (852) 2881 6177    Fax: (852) 2881 5050

Email: [ask@hkics.org.hk](mailto:ask@hkics.org.hk) (general)    [cpd@hkics.org.hk](mailto:cpd@hkics.org.hk) (professional development)  
[member@hkics.org.hk](mailto:member@hkics.org.hk) (member)    [student@hkics.org.hk](mailto:student@hkics.org.hk) (student)

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

### Beijing Representative Office

Rm 15A04A, 15A/F, Dacheng Tower, No 127 Xuanwumen West Street, Xicheng District, Beijing, 100031, PRC  
 Tel: (86) 10 6641 9368    Fax: (86) 10 6641 9078    Email: [bro@hkics.org.hk](mailto:bro@hkics.org.hk)  
 Website: [www.hkics.org.cn](http://www.hkics.org.cn)

### The Chartered Governance Institute

**Governance Institute of Australia**  
 Level 10, 5 Hunter Street  
 Sydney, NSW 2000  
 Australia  
 Tel: (61) 2 9223 5744  
 Fax: (61) 2 9232 7174

**Governance New Zealand**  
 PO Box 444  
 Shortland Street  
 Auckland 1015  
 New Zealand  
 Tel: (64) 9 377 0130  
 Fax: (64) 9 366 3979

**The Chartered Governance Institute**  
 c/o MCI UK  
 Durrford Mill, Petersfield  
 Hampshire, GU31 5AZ  
 United Kingdom  
 Tel: (44) 1730 821 969

**The Chartered Governance Institute of Canada**  
 202–300 March Road  
 Ottawa, ON, Canada K2K 2E2  
 Tel: (1) 613 595 1151  
 Fax: (1) 613 595 1155

**The Singapore Association of the Institute of Chartered Secretaries & Administrators**  
 149 Rochor Road  
 #04–07 Fu Lu Shou Complex  
 Singapore 188425  
 Tel: (65) 6334 4302  
 Fax: (65) 6334 4669

**ICSA: The Chartered Governance Institute**  
 Saffron House, 6–10 Kirby Street  
 London EC1N 8TS  
 United Kingdom  
 Tel: (44) 20 7580 4741  
 Fax: (44) 20 7323 1132

**MAICSA: The Chartered Governance Institute**  
 No 57 The Boulevard  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Malaysia  
 Tel: (60) 3 2282 9276  
 Fax: (60) 3 2282 9281

**The Chartered Governance Institute of Southern Africa**  
 PO Box 3146  
 Houghton 2041  
 Republic of South Africa  
 Tel: (27) 11 551 4000  
 Fax: (27) 11 551 4027

**The Institute of Chartered Secretaries & Administrators in Zimbabwe**  
 PO Box CY172  
 Causeway Harare  
 Zimbabwe  
 Tel: (263) 4 702170  
 Fax: (263) 4 700624

## January 2021

CSj, the journal of The Hong Kong Institute of Chartered Secretaries, is published 12 times a year by Ninehills Media and is sent to members and students of The Hong Kong Institute of Chartered Secretaries and to certain senior executives in the public and private sectors.

Views expressed are not necessarily the views of The Hong Kong Institute of Chartered Secretaries or Ninehills Media. Any views or comments are for reference only and do not constitute investment or legal advice. No part of this magazine may be reproduced without the permission of the publisher or The Hong Kong Institute of Chartered Secretaries.

Circulation: 8,200  
 Annual subscription: HK\$2,600 (US\$340)  
 To subscribe call: (852) 3796 3060 or  
 email: [enquiries@ninehillsmedia.com](mailto:enquiries@ninehillsmedia.com)

### Editorial Board

|                       |                         |
|-----------------------|-------------------------|
| <b>Samantha Suen</b>  | <b>Guo Hua Wei</b>      |
| <b>Kieran Colvert</b> | <b>Professor CK Low</b> |
| <b>Frank Paul</b>     | <b>Michael Li</b>       |
| <b>Robin Healy</b>    | <b>Tracy Lam</b>        |
| <b>Ernest Lee</b>     | <b>Mohan Datwani</b>    |
| <b>Ma Jin Ru</b>      | <b>Desmond Lau</b>      |

### Credits

|                                      |  |
|--------------------------------------|--|
| <b>Kieran Colvert</b><br>Editor      | <b>Harry Harrison</b><br>Illustrator (cover) |
| <b>Ester Wensing</b><br>Art Director | <b>Images</b><br>123rf.com                   |

### Contributors to this edition

**Hsiuwen Liu**  
 Journalist  
**Ngan Sum Long**  
**Kwong Lok Lam**  
 The University of  
 Hong Kong

### Advertising sales enquiries

Ninehills Media Ltd  
 Tel: (852) 3796 3060  
**Jennifer Luk**  
 Email: [jennifer@ninehillsmedia.com](mailto:jennifer@ninehillsmedia.com)  
**Frank Paul**  
 Email: [frank@ninehillsmedia.com](mailto:frank@ninehillsmedia.com)

### Ninehills Media Ltd

12/F, Infinitus Plaza  
 199 Des Voeux Road  
 Sheung Wan  
 Hong Kong  
 Tel: (852) 3796 3060  
 Fax: (852) 3020 7442  
 Internet: [www.ninehillsmedia.com](http://www.ninehillsmedia.com)  
 Email: [enquiries@ninehillsmedia.com](mailto:enquiries@ninehillsmedia.com)  
 © Copyright reserved  
 ISSN 1023-4128

# Contents

## Cover Story

### Thinking the unthinkable 06

The COVID-19 pandemic has ripped a tornado-sized hole in most companies' risk and crisis management systems. *CSj* talks to governance professionals about the lessons companies have learned, and need to learn, about worst case scenario planning.

## In Profile

### Future-proofing the governance professional 12

Since her re-election as President of The Hong Kong Institute of Chartered Secretaries last month, Gillian Meller FCG FCS discusses the work of the Institute to prepare its members for their expanded roles as governance professionals.

## Corporate Governance

### ESG reporting: a value proposition? 18

This second and final part of the Champion Paper of the most recent Corporate Governance Paper Competition held by the Institute focuses on the latest environmental, social and governance reporting requirements in Hong Kong.

## In Focus

### AML/CFT regulation in Hong Kong 24

*CSj* reviews a recent webinar promoting anti-money laundering/counter-financing of terrorism (AML/CFT) best practices for trust and company service providers.

## Careers in Governance

### Terry Ip and Agnes Cheuk 30

Our Careers in Governance column this month offers personal and professional profiles of Terry Ip FCG FCS and Agnes Cheuk ACG ACS.

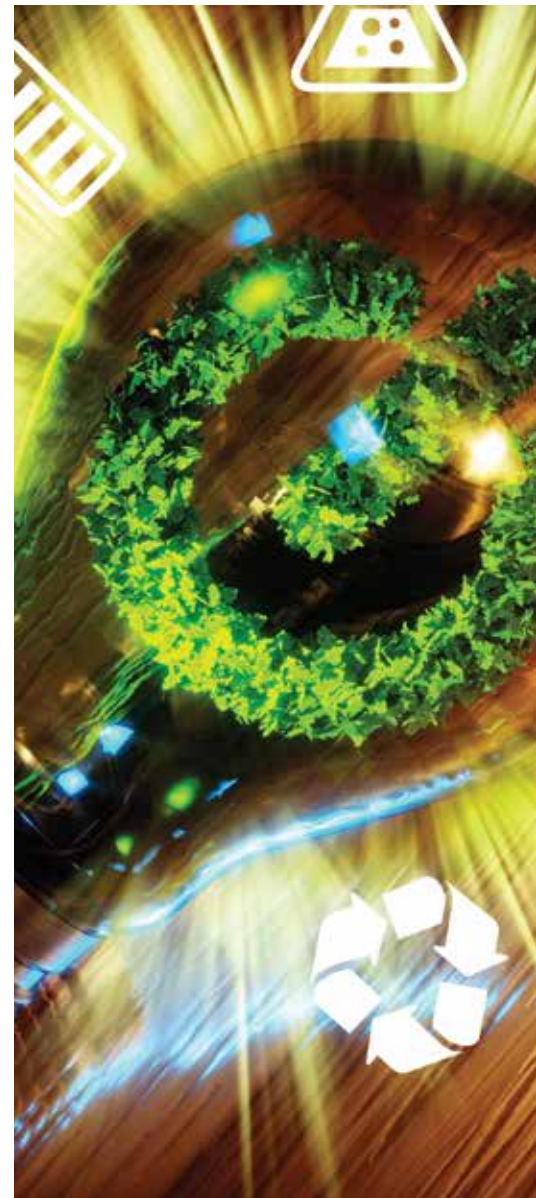
## HKICS News

### President's Message 04

### Institute News 34

### Student News 44

### Bulletin Board 47





## Crisis management: lessons learned?

Twelve months on from the first appearance of COVID-19 in Hong Kong, our journal looks at the lessons in crisis management that we have learned and need to be constantly aware of in the wake of the pandemic. COVID-19 has been a sobering reminder of the importance of expecting the unexpected – in particular those 'black swan' events with low probability but high impact.

Indeed, the successive shocks we have experienced over the last two years in Hong Kong have been a reminder of the value of good governance and effective risk management systems. In good times, the cost incurred to develop and maintain governance and risk management systems has sometimes come under question, but crises of the magnitude of those we have seen in Hong Kong quickly demonstrate the crucial part played by these systems in making organisations crisis-resilient as well as the importance of the work of the governance professional.

As our cover story this month demonstrates, COVID-19 has many lessons for governance practitioners. One key takeaway for me is that preparedness – that is, having in place effective risk controls and business continuity plans (BCPs) – does not automatically bring immunity from the risks of a major disruptive crisis such as the current pandemic. COVID-19 has

demonstrated that a combination of preparedness and agility is what is needed. Responding to specific risks and fast-moving events as they unfold in a crisis is where agility comes in. Over the last two years, governance professionals in Hong Kong have had to deal with many practical challenges that have required tried and tested governance practices to be revisited. How do you support effective decision-making by the board, for example, when physical board meetings are no longer an option? How do you maintain the usual shareholder and stakeholder rights at annual general meetings when large-scale gatherings are not an option?

COVID-19 has been a test for our governance and risk management practices of a different order of magnitude from those we usually encounter and train for. As I point out in this month's In Profile column, I think our Institute has risen to this challenge well. The Secretariat deserves full credit for the speed with which it has managed to move all of our seminars and conferences online. We also played a valuable role in ensuring that a sensible compromise could be reached between governance and public health considerations in the way that AGMs were conducted last year.

Going forward, I hope we can take with us the important lessons of the past 24 months – in particular the need for both preparedness and agility. Our Institute

has been championing a principles-based approach to governance for some time. In the compliance side of our work, this means focusing on the spirit as well as the letter of the law. In our risk management work, this means that your risk management processes and BCPs will not excuse you from the need to think on your feet, and apply judgement and agility to the fast-moving situation.

Before I go, I would like to extend my gratitude to Mrs Laura Cha GBM GBS JP, Chairman of Hong Kong Exchanges and Clearing Ltd, for being the Guest of Honour at our Online Annual Celebration 2021. This year, due to COVID-19, we converted our usual Annual Dinner into an online Annual Celebration held on 25 January. I would like to thank everyone who attended this event and congratulate the winners of our HKICS Prize 2020, photo competition and face mask design competition. It is always good to have a laugh and an opportunity to count our blessings as well as to celebrate being governance professionals with increasing relevance in the challenging world we live in.

I wish you all a happy and healthy Year of the Ox!

A handwritten signature in blue ink that reads "Gillian Meller".

Gillian Meller FCG FCS

# 危机管理：得与失？

**值** 此疫情席卷香港一年之际，本刊回顾了危机管理的得与失，总结了值得铭记于心的经验教训。大疫当前，人们终于意识到需要未雨绸缪，尤其是面对发生概率极低但是会产生重大影响的“黑天鹅”事件。

香港近两年接二连三的动荡已真切地体现出良好的治理和有效的风险管理制度的价值。为确保良好的治理及风险管理制度所付出的成本，在经济形式好的时候难免会受到质疑，然而香港发生的大规模危机，很快就显示出这些制度帮助企业渡过难关所发挥的关键作用，以及专业治理人员工作的重要性。

正如本月的封面故事所述，疫情为治理人员提供了许多经验教训。于我而言，一个重要的启示是：即便已经准备周全，制定了有效的风险控制和企业持续经营计划，但是面对诸如疫情大流行这样的重大灾难，依然不能高枕无忧。疫情使我们明白，既要精心准备，又要敏捷行动。所谓敏捷，就

是在危机中及时应对具体的风险和快速变化的事件。过去两年，香港的专业治理人员必须应对许多实际挑战，甚至需要重新审视已历经考验的治理实务。例如，当董事会无法举行现场会议时，如何支持董事会进行有效决策？在股东周年大会上，如果不具备大规模集会的条件，如何维护股东和利益相关者的权利？

有别于以往我们所经历和演练的情形，这场疫情使我们的治理和风险管理实务面临严峻的考验。正如我在本月的「人物故事」专栏所述，我认为公会很好地应对了这一挑战。秘书处将公会的所有研讨会和会议移至线上进行，动作之快，值得赞赏。在去年各公司调整股东周年大会举行方式，以合理兼顾公司治理与公众健康方面，公会也发挥了重要作用。

展望未来，希望我们能够汲取过去24个月的重要教训，尤其要做到精心准备与敏捷行动。公会一直倡导以原则为基础的治理方法。就合规工作

而言，这意味着既要注重法律的精神，也要注重法律的条文。就风险管理等工作而言，纵然有风险管理流程和企业持续经营计划，我们仍要居安思危，当机立断，敏捷应对千变万化的形势。

最后，本人谨向出席公会线上周年庆典2021并担任主礼嘉宾的香港交易及结算有限公司主席查史美伦女士，大紫荆勋贤，GBS,JP表示感谢。今年由于疫情的原因，我们的周年晚宴改为了于1月25日举行的线上周年庆典。本人在此感谢各位的参与并祝贺香港特许秘书公会杰出贡献奖、摄影比赛和口罩设计比赛的获奖者。温馨祝福，欢笑永驻，让我们在治理工作中恪尽职守，为这个充满挑战的世界作出应有的贡献。

恭祝大家牛年大吉！



马琳 FCG FCS

”

# Thinking the unthinkable

Risk and crisis management in the  
COVID-19 era





The COVID-19 pandemic has ripped a tornado-sized hole in most companies' risk and crisis management systems. CSj talks to governance professionals about the lessons companies have learned, and need to learn, about worst case scenario planning.

Since the start of 2020, the outbreak of COVID-19 has brought unprecedented challenges to businesses in Hong Kong and globally. Increased workplace and travel restrictions, reduced consumer spending, delayed investments, disrupted supply chains caused by lockdowns, business closures and social distancing have all forced companies to rethink how they can survive in the uncertain business environment.

Moreover, the economic downturn resulting from COVID-19 is unlikely to be over any time soon. According to 'Impact of the COVID-19 pandemic on Trade and Development: transitioning to a new normal', a report published by the United Nations Conference on Trade and Development, the COVID-19 outbreak will push down the global economy by a staggering 4.3% in 2020 and could send an additional 130 million people into extreme poverty.

Governance professionals interviewed for this article agree that these challenges are a harsh reminder of the importance of being prepared for unexpected crises. 'COVID-19 has highlighted how fundamental governance and crisis management is to boards and companies,' says Andrew Weir, Regional Senior Partner of KPMG Hong Kong.

He adds that events like COVID-19 are rare 'black swans', and in the risk management universe, organisations tend to dismiss risks that feel remote. 'The pandemic has reminded us that the unthinkable can happen and that risks that seem remote

but which can have huge impact need to be assessed much more regularly. We need to challenge existing views and be prepared to think the unthinkable,' he says.

#### What to do when the unthinkable happens

To navigate through a global crisis of COVID-19 proportions, Mr Weir points out that it helps have a working crisis management system and business continuity plan (BCP) in place. One of the first lessons of the current crisis, therefore, is the value of companies preparing ahead of time by ensuring that they have a functional BCP in place even when they do not foresee a crisis showing up in the near future. An effective crisis management system and BCP should address issues such as ensuring the well-being of employees, managing brand reputation, keeping resources and assets protected, and addressing any legal issues that may be triggered by the crisis. It should also ensure that stakeholders are informed of the policies and actions relevant to the crisis at hand.

#### Highlights

- COVID-19 has highlighted how fundamental governance and crisis management is to boards and companies
- the pandemic has reminded companies that the unthinkable can happen and that risks that seem remote but which can have huge impact need to be assessed much more regularly
- companies have to be on guard against excessive optimism – risk forecasts and scenario training should look at extreme downsides and worst-case scenarios

Mr Weir believes that agile companies and boards in Hong Kong have generally adjusted themselves very quickly to the COVID-19 crisis, but he warns of excessive optimism while dealing with such crises. 'In my experience today, when people are doing forecasts, there seems to be a tendency for forecasts to turn out much more optimistic than people expected. I think we always have to be on guard against excessive optimism. Always do very regular scenario training, and be prepared to look at extreme downsides and worst-case scenarios,' he says.

Mr Weir also points out that BCPs need to be constantly updated, revisited and regularly tested.

Dominic Wu ACG ACS, Chairman of Asia Financial Risk Think Tank, echoes Mr Weir's thoughts. He adds that when a crisis occurs, businesses tend to fall into reactive crisis mode and become too focused on immediate issues, but it is essential to review current crisis management and business continuity planning and to look ahead and consider new scenarios.

'From the risk management perspective, businesses should do more scenario analysis, think outside the box, look at what happens in the market and the industrial players, think of every possible scenario and prepare for the worst case,' he says.

Mr Wu explains that scenario analysis is a crucial exercise by the board, senior management and governance professionals. Organisations should think of a range of crisis scenarios that could negatively impact their business and then map out the company's response strategy from stakeholder communication, operational contingencies and expense control to board involvement.

'I would suggest companies come up with a "what if" analysis – asking "if this happens, how do we respond?" You then go through a decision tree to discover the likely final position and the impact on you. It is advisable to do these kinds of "what if" exercises once a quarter,' Mr Wu says.

#### Preparing for and responding to a crisis

Respondents to this article also emphasise that internal cohesion among operational teams is a crucial component of an effective crisis management system and BCP. This is not always easy because communication, human resources, legal and operational teams are often used to working separately.

Mr Wu suggests businesses create a small, core crisis management committee drawn from relevant departments to make tactical decisions, communicate with staff and escalate important issues to the board level. 'The most important thing is the communication right from the start, so there should be more online meetings and a portal for staff to communicate information. The crisis management

committee should meet every day, collect all the relevant intelligence, respond to it and also communicate to staff in a timely and effective fashion,' he says.

Mike Chan FCG FCS, FCPA, MBCI, Fraud Control Officer and Head of Operational Risk Management at a top Mainland banking group, handling the bank's operational risk and resilience, believes that adopting a structured risk-based approach to managing risks is a key to surviving crises of the magnitude of COVID-19.

'In determining the organisation's policies in response to a black swan event like COVID-19, one of the factors that the board should take into consideration is the nature and extent of the risks facing the organisation, including cultivating the organisation's risk culture. This is a way to describe the values, beliefs, knowledge, attitudes and understanding about risk shared by the organisation as a common goal. This applies to all kinds of organisations, including private companies, public bodies, governments and not-for-profits,' says Mr Chan.

The 'three lines of defence' is a fundamental principle in a group risk management mechanism that should be discussed, regularly reviewed, documented and approved by the board. 'When severe exposures are identified, we should immediately sort out what mitigation controls the organisation will implement and escalate the subject matter to senior management and board committees,' he explains.

In addition, Mr Chan emphasises that agility in responding to a fast-moving crisis is essential. Using a top-down approach might involve calling in top management,

“  
we need to challenge  
existing views and  
be prepared to think  
the unthinkable  
”

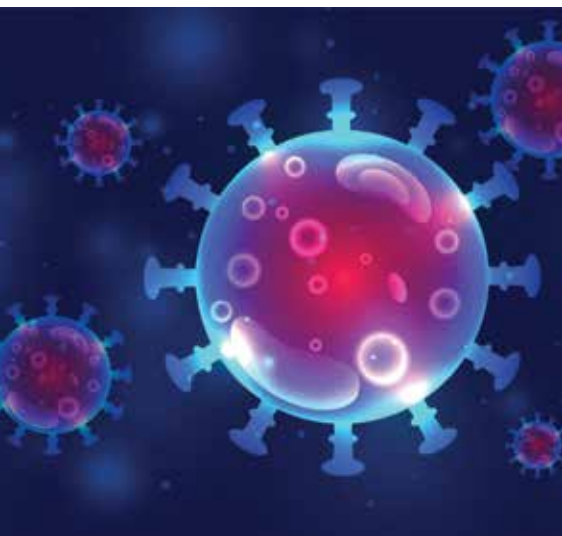
Andrew Weir, Regional Senior  
Partner, KPMG Hong Kong.

advisers and subject-matter experts to hold crisis management committee meetings when urgent decisions and actions are needed. After decisions are made, responsible departments or units lay down their action plans with different milestones in accordance with their roles and responsibilities during the implementation of the business continuity plan. In a nutshell, organisational engagement, executive support, adequate resources, team dedication and a crisis management programme are core components for a business continuity program to succeed, he says.

#### The crucial role of communication

During a crisis, regular communication with stakeholders helps ensure business continuity. Thus it is now a good time to refresh any existing stakeholder mapping to identify priorities and tailor messages to each audience.

With the coronavirus outbreak, many international corporations have allowed flexible work arrangements and remote working to minimise the risk of transmission. Mr Wu points out



that companies need to properly and transparently communicate the steps they are taking to give employees reassurance in a time of crisis.

'Employee safety is a very important concern. Also given that people are now working for long hours at home, their mental well-being should also be cared for. Companies should provide resources and support, for example an adviser to speak to, and make sure that employees take enough rest during their work days,' Mr Wu says.

In addition to ensuring the safety of employees and customers, companies also need to manage and communicate the operational and financial risks the crisis brings – in particular the risks associated with the disruption of supply chains. Companies have to focus on ensuring financial resiliency, in particular ensuring a level of liquidity that enables them to meet both short-term and long-term requirements, Mr Wu says.

'Companies need to look at how COVID-19 has impacted their clients,

those clients' clients and third-party vendors to ensure that they can survive and still provide their services. Companies should remain in very close contact with them, understand their situation and resolve any issues relating to production commitments. When required, they should also consider alternative supply chain options,' Mr Wu says.

### **Be vigilant against fraud and malpractice**

Mr Chan points out that tough times often create opportunities for misconduct to thrive. He warns that companies need to stay extra vigilant to any red flags indicating fraud and malpractice. They should also maintain regular communication with police and regulators to get the most updated information or intelligence on fraud tactics, such as fake domain and phishing scams, impersonation frauds, and product and financial statement frauds. Moreover, sufficient staff training is also effective to prevent internal loopholes from being exploited.

'The past behaviour of fraudsters shows that they are opportunists, or adaptable in their attempts to cheat both people and companies with new fraud schemes. Nowadays, the behaviour of fraudsters or opportunistic criminals has evolved. They are using the pandemic to quickly find new ways to exploit the vulnerability of unwary members of the public with various kinds of scams,' he says.

Rejecting red-flagged business opportunities and reporting suspicious transactions are basic components of combating fraud. Fraud risk management teams are encouraged to deliver regular forums to share the latest news and guidance with staff members

on the importance of fraud control management. This is an effective way to ensure that staff stay vigilant to the risks during COVID-19, and identify red flags and potential fraud in their daily business and operations.

'I think the key success factor is to have a sophisticated risk management model embedded within a robust risk culture, which the board of directors should review at least annually. Keeping up good connections with regulators and market counterparts is also a golden parachute. Last but not least, having a clear idea of your objectives, what you have to do and what you need to protect – including employees, customers, property and assets – is highly beneficial in the current situation.'

### **The lessons for governance**

Governance professionals have an essential role to play in ensuring business continuity during the current and future potential crises. Company secretaries in particular play a key role in ensuring directors have the information and knowledge they need to effectively oversee risk.

'Governance professionals might not be the ones who directly deal with a crisis, but they need to be good advisers. They need to advise the board and senior management on how to provide oversight and manage the crisis,' Mr Wu explains.

This means governance professionals need to understand regulatory guidelines and requirements that are always changing and evolving. They also need to be familiar with the external threats the organisation is facing. 'Governance professionals have to do regular external environment scanning – identifying potential

“  
...think outside the  
box, think of every  
possible scenario  
and prepare for the  
worst case  
”

Dominic Wu ACG ACS, Chairman,  
Asia Financial Risk Think Tank



issues, and ensuring good and timely communication within the board and with staff members. Even during the disruption caused by COVID-19, regulators expect you to continue operations and clients have a high expectation of the services you provide them,' Mr Wu says.

He adds that it is important for governance professionals to learn from each other. 'Attend industry forums to get an update of what's happening in the market, learn about best practices, follow regulatory developments, and really have an open heart and think outside the box. Think about what can go wrong and not just in terms of what you can see – a year ago no one would have foreseen COVID-19 and the current Sino-US tensions.'

While it is still too early to fully understand the long-term implications of COVID-19 for businesses, Mr Weir believes that the challenges brought by the crisis will accelerate positive developments in governance. 'I think the world of governance will be very different in a couple of year's time,' he says.

Investors, regulators and stakeholders are increasingly concerned about governance and risk management and are asking for more disclosures from businesses. 'Companies should consider additional voluntary disclosure on governance matters not required and requested by regulators; it helps stakeholders better understand the company and what it is doing,' Mr Weir explains.

He adds that organisations often have a broader stakeholder network than they realise and that the board has a clear responsibility for all stakeholders. 'So board effectiveness is a very important question,' Mr Weir says. This in turn raises a number of important governance questions. 'Is it enough for the board to meet once a month? Should there be more online communication at the board level? What is the board's agenda? Does the agenda need to be revisited? Are the company's governance policies and practices strong enough? These are very important questions to ask,' he adds.

Mr Weir also predicts that the COVID-19 crisis will accelerate the existing trend

towards purposeful and stakeholder-responsive governance. 'Recognising what a company stands for and what its purposes and values are is more important than ever, because in three years time when people look back, people will not remember the crisis, they will remember how companies and boards behaved,' he says.

The competitive advantages for businesses with positive environmental and societal impacts will also be more significant. 'I think one of the outcomes of the crisis will be a massive acceleration of considerations of sustainability. Sustainability will become a boardroom level, governance and strategy issue, rather than a niche issue that it has been before,' Mr Weir says.

He concludes that we are on a 'one-way journey' in governance, and the demand for governance expertise and good governance practices will grow exponentially, especially in Hong Kong with many new IPOs resulting in more listed companies.

**Hsiuwen Liu**  
*Writer and journalist*



## HONG KONG VISA

Employment visa  
Entrepreneur visa  
Visa extension

## OVERSEAS MIGRATION

UK  
Ireland  
Bulgaria  
Canada  
Australia  
Portugal



## BNO VISA

Visa application  
Tax, Property & Education advice  
Relocation & Settling in

## ABOUT VISAPRO

Managed by a HK CPA  
Free initial consultation  
100% Money-back guarantee\*

\* terms and conditions apply



OUR  
CLIENTS



**VisaPro Immigration Consulting Limited**

Suite 1008, Prosperity Millennia Plaza, 663 King's Road, Quarry Bay, HK

☎ (852) 3749 7899 ✉ info@visapro.com.hk 🌐 www.visapro.com.hk



CONTACT US



# Future-proofing the governance professional

Since her re-election as President of The Hong Kong Institute of Chartered Secretaries (the Institute) last month, Gillian Meller FCG FCS discusses the work of the Institute to prepare its members for their expanded roles as governance professionals.

*Could we start by discussing how the multiple crises impacting Hong Kong have impacted your first year as Institute President?*

'COVID-19 has dominated everything that we've done this year, both personally, professionally and from a business perspective. I would like to give full credit to the Secretariat for the speed with which it has managed to move all of our seminars and conferences online. At any other time, if you had suggested moving these events online, it probably would have taken us years to get there so I think the fact that we've been able to do this so quickly has been fantastic.

Moreover, we have actually seen an upturn in the number of members attending these events so I suspect that we'll never go back to 100% in-person events. I think a hybrid model – where attendees join online but panel members and a small number of other people are able to attend in person, is the way forward for us. Always having that online attendance option makes sense since it is a lot easier for people to attend if they don't have to travel.

There have been challenges of course. Last summer we had to work out how to hold annual general meetings (AGMs) in the middle of a pandemic. That affected us at the Institute, but it was also an issue for me at MTR because we generally have over 1,000 shareholders attending our AGM and they tend to be at the older end of the spectrum. In Singapore the government mandated proxy-only AGMs, but here in Hong Kong it was a little more difficult and we as an Institute really had to take the lead to coordinate discussions with the regulators and government. Eventually they agreed to put a 50-person limit on attendance at AGMs, or more if you could partition the venue into separate areas of 50 people, but that took quite a lot of pushing.

We also put a lot of effort into providing our members with really practical advice on how to conduct their AGMs. Maintenance of shareholder rights was key – the right to attend, to hear from the board and the management team, to ask questions and to vote – but at the same time companies wanted to avoid their AGMs becoming infection clusters!

*Do you think Hong Kong should permit virtual-only AGMs?*

'Personally I favour the hybrid approach. As a matter of fact, the Institute has called for this for years before the pandemic as part of global thought leadership. There is a benefit to being able to look directors and executive members in the eye and ask them questions face to face. Moreover, in Hong Kong those who want to attend in person can usually do so without having to travel too far, so going fully virtual would deny them that opportunity. But going forward having an option for people to log on and vote online is absolutely the way to go.'

*What legacy do you think the crises affecting Hong Kong will have for businesses and the Institute?*

'I think there are already some immediate and very practical legacies, in terms of things like business travel and the use of online meeting applications, but I hope that there will also be longer lasting legacies. I think for example that COVID has helped to highlight a number of environmental and social issues. During the pandemic, the air has been better than at any time during the 16 years that I've lived in Hong Kong. People have also become more aware of the benefits of going outdoors. At a time when gatherings are limited and you can't go for dinner with friends, being able to go into the mountains and hike has kept me sane.

I hope that this focus on the environment continues into the future, but likewise, from a social perspective, I think COVID has

## Highlights

- COVID-19 has accelerated the shift towards a stakeholder-led governance model
- the work of The Hong Kong Institute of Chartered Secretaries is highly focused on preparing its members for their expanded roles as governance professionals
- governance professionals have an important role to play in helping the board and the executive consider broader stakeholder interests in their decision-making

“

**I think it's important for the Institute and for our members to stand our ground – to make ourselves known as *the* professional Institute driving best practice in governance in Hong Kong and the Mainland**

”

made people more aware who we need the most. We need the cleaners, the care home workers, the doctors and the nurses, of course, so issues like fair pay, a living wage, have come to the fore. Again, I hope that companies continue to think about these social issues going forward.

This all ties into the way that governance was moving in any case, which is more towards a purposeful and stakeholder-responsive governance model, but I think COVID has accelerated that shift. This is highly relevant for boards of directors and for us as advisers to the board as we are increasingly involved in weighing up competing stakeholder views and trying to decide what is the right thing to do.'

***Do you think COVID may also have the opposite effect – in terms of companies paying less attention to environmental and social issues as they address the need to survive financially through the tough times?***

'I think people understand that, if you get these things right, they will actually add value to your business as opposed to just being a cost. There has been ample research showing that companies that take environmental, social and governance (ESG) issues seriously perform better financially.

Improving ESG performance in areas such as greenhouse gas emissions may reduce costs and a new environmentally friendly product may be an opportunity to generate additional revenues, but there are also the more intangible and longer-term benefits to consider, such as employee satisfaction or your social licence to operate. Public perceptions have changed – look at perceptions of tax avoidance for example. Schemes to reduce your tax bill (I'm not talking about tax evasion here, that is of course illegal), used to be regarded as a legitimate way

to save money but, in recent years, there has been a backlash against them. There is a sense that companies should contribute back to society and that means paying a fair amount of tax in the jurisdictions in which you are doing business. Social media has exacerbated these kinds of reputational issues and now overnight a company's reputation (and its value) can be seriously damaged.

So, as governance professionals, we're no longer only being asked to advise on whether something is compliant from a legal or a regulatory perspective, but whether it is "the right thing to do". And this can be a tough judgement call. Some have questioned, for example, the extent to which boards are legally permitted to take stakeholder concerns into account. I'm a real believer that the law does permit a broader stakeholder view. If you're asking yourself what's in the best interests of the company and the shareholders as a whole, it can't be in the best interests of the company for you not to treat your employees fairly, or for you to have no social licence to operate from the local community. All these are requirements for sustainable business.'

***Do you think that this transition in attitudes to compliance is well enough understood among governance professionals here in Hong Kong?***

'This is exactly what the Institute is trying to respond to with the proposed change in the Institute's name and our new Chartered Governance Qualifying Programme (CGQP). The CGQP has brought in new subjects like risk management and boardroom dynamics to better prepare our members to be able to perform their roles. Compliance is obviously incredibly important and we have to get that part of our jobs right, but at the same time we are trying to prepare our members to really add more value to the companies they work for. That includes being able to help the board and the executive to take broader issues – such as ESG performance and reporting, sustainability, corporate purpose and culture, as well as stakeholder-led governance – into account. Whether it is through the provision of training to boards, or through the way board meeting agendas are put together, governance professionals can help to highlight the direction in which the world is moving and that it is in the best interests of the company for the board and executive to take this broader view.'

***You mention that deciding on ethical issues can be a tough judgement call for directors and the governance***



*professionals advising them – do you have any suggestions on how practitioners can address this aspect of their work?*

'I think the sense of what's right and what's wrong is perhaps not as difficult as we think. One test I use to assess whether a company is doing the right thing is the "front page test". Ask yourself how people would respond if what you are doing were to be plastered over the front page of the newspaper tomorrow.

Another way to approach this is to think about what kind of culture the company should adopt. As advisers to the board, we have an important role to play in ensuring that the board considers what kind of culture is needed. This wasn't on the board agenda a few years ago. Different companies will have different risk appetites, of course, and that's absolutely right, but having a culture of transparency and openness has obvious benefits. If you look at corporate scandals you generally find that a lot of people knew what was going on and yet nobody spoke up. That destroys companies. What you want is a culture

that gives confidence to people to point out wrongdoing without fear of retribution.'

*You mention the Institute's work to better prepare members for the governance professional role – can we discuss that work in more detail?*

'I think members will be aware that we launched our CGQP in January 2020 and that our members now qualify both as a Chartered Secretary and as a Chartered Governance Professional. This is really a reflection of the work that we are already doing since most of our members are performing, to some degree, both the more traditional company secretarial role, which is more about compliance with relevant laws and regulations, and moving into the realm of governance.

To me, the name change of the Institute is just a natural follow on from that. And again, it's really a reflection of who we already are and what we already do. We were originally



  
**CHARTERED SECRETARIES**  
特許秘書

## Effective Governance Professionals Online Recruitment Platform

Your direct source for:

- Reaching out to, and
- Building brand with

over **9,000** qualified and to-be-qualified Chartered Secretaries and Chartered Governance Professionals.

Advertise your vacancy in our Job Openings section on [www.hkics.org.hk](http://www.hkics.org.hk) or scan these QR codes:



Job Openings



Hottest Job List

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

“  
 as governance professionals, we’re  
 no longer only being asked to advise  
 on whether something is compliant  
 from a legal or a regulatory  
 perspective, but whether it is ‘the  
 right thing to do’  
 ”

planning to hold a number of members' forums last year to discuss the name change and to get members' views. We have had to delay things slightly as a result of COVID, but we've used other opportunities to seek members' feedback. In my recent "Fireside Chat" with Samantha Suen FCG FCS(PE), our then Chief Executive, in November 2020, we raised this topic and the feedback we got was very positive – participants understood the reason for the name change and were very supportive of it.

We will continue these types of soft consultations and, as soon as we are able, we will hold our planned members' forums. I should add that we have also been talking to regulators and they are supportive of the direction we are taking!

*Do you have a preferred option for the new name of the Institute – one issue for example is whether to try to include both the 'Chartered Secretary' and 'Chartered Governance Professional' elements of the new designation?*

'To me, governance is enough because that really encompasses both the compliance aspects and the broader governance aspects of what we do. So "The Hong Kong Chartered Governance Institute" would be an all-encompassing title. I think it's important for the Institute and for our members to stand our ground – to make ourselves known as *the* professional Institute driving best practice in governance in Hong Kong and the Mainland. This will broaden our scope and provide more opportunities for our members going forward.'

*Finally, what should we be looking out for in terms of the Institute's work in the second year of your Presidency?*

'There are a couple of things I would like to mention, in addition to the name change, that we will be working on in the next 12 months. One is developing our thought leadership around


purposeful governance. Corporate purpose and culture, along with ESG issues, sustainability and stakeholder-led governance, have been increasingly prominent topics in our research, advocacy and professional development work, and we want to increase the understanding of how all of this fits together.

My view is that, as a company, you have to understand your purpose and that goes beyond the Milton Friedman notion that a company's purpose should be to make a profit for its shareholders. Of course, you have to be profitable to be financially sustainable in the long term, but why do you exist as a company?

At MTR we recently adopted a new purpose statement of "keep Hong Kong moving". I think once you understand your purpose, that then enables you to think about who your key stakeholders are in terms of delivering on that purpose. You then need to understand what issues are material to those stakeholders and to your business, and then seek to balance those interests and make sure that you're delivering value for all of those stakeholders.

So we will be focusing on bringing together these various strands to help people understand what all of this means for governance frameworks, for the items that should be on the board's agenda, and what it means for us as governance professionals advising and supporting boards. We will be sending out a questionnaire shortly with a view to producing a research report or thought leadership piece on purposeful governance.

The second project I would like to mention will be a thought leadership piece on gender diversity on boards in Hong Kong. Progress in this area has been lamentable and we lag behind peers in the region such as Malaysia and India. That is not smart business and also reflects badly on our governance standards. So we are looking to raise awareness of this issue and to explore what solutions might be possible, because the soft approach we've been taking as a city hasn't worked.

Those are just two of the projects we have lined up for the coming year and I am sure we have a busy time ahead of us with the Institute's ongoing projects, some of which we have discussed today. I would like to take this opportunity to say that I have thoroughly enjoyed helping the Institute navigate the challenges of the past year and I am looking forward to the work ahead! 



**CHARTERED  
SECRETARIES**  
特許秘書

**CHARTERED SECRETARY &  
CHARTERED GOVERNANCE  
PROFESSIONAL**



Want to know more about  
Careers in Governance?

## Online Governance Professionals Career Day

Saturday 27 March 2021 | 9.30am–1.30pm

Free  
admission!

- Insight into career potential of a Chartered Secretary and Chartered Governance Professional
- Interaction with seasoned governance professionals and industry leaders
- Soft skills training on interview, communication and professional image

### Supporting organisations



Open to undergraduates of all disciplines, as well as HKICS students and student ambassadors.

For registration and enquiries, please contact Lily Or: 2830 6039 or email: [student@hkics.org.hk](mailto:student@hkics.org.hk).

**Register  
now!**



# ESG reporting: a value proposition?

Corporate Governance Paper Competition  
Champion Paper – part two



This second and final part of the Champion Paper of the most recent Corporate Governance Paper Competition held by The Hong Kong Institute of Chartered Secretaries (the Institute) focuses on the latest environmental, social and governance (ESG) reporting requirements in Hong Kong.

Regulation of ESG reporting serves two important purposes – it sets the minimum disclosure requirements and provides guidelines on best practice. A study conducted by Carrots & Sticks in 2016 revealed that in 400 sampled sustainability reports from 64 selected countries, 65% of the content was mandatory. Notably, mandatory reporting largely applies to state-owned or big businesses only, and usually only targets some parts of sustainability. Many companies are also subject to comply or explain provisions for the remaining areas.

Reporting scrutiny can be divided into three levels:

1. mandatory reporting
2. comply or explain disclosure, and
3. recommended best practices.

In particular, under the comply or explain concept, deviation from the requirements is not always considered non-compliance – companies can provide sufficient and reasonable explanations for any omissions. Hong Kong Exchanges and Clearing Ltd (HKEX) currently adopts a mixture of mandatory and comply or explain disclosure requirements, allowing room for issuers to take their individual circumstances, risk and challenges, operation size and complexity into account.

### The compliance requirements in Hong Kong

ESG reporting in Hong Kong is mainly governed by the Environmental, Social

and Governance Reporting Guide (ESG Reporting Guide). The guide was published by HKEX in 2012 and has been incorporated into the Listing Rules. It covers four key areas, namely workplace quality, environmental protection, operating practices and community involvement. In 2019, HKEX published its Consultation Paper on Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules on proposed changes to the ESG reporting requirements. Subsequently, HKEX amended the ESG Reporting Guide and related Listing Rules, and the changes became effective on 1 July 2020. Below is a summary of the amended requirements.

#### Mandatory disclosure

**Governance structure.** Before the latest amendments, the ESG Reporting Guide only outlined the overall responsibility of the board of an issuer regarding ESG strategy and reporting, without compelling the board to disclose details

of its governance structure or its involvement in the ESG reporting process.

Under the revised ESG Reporting Guide, the board of an issuer is now required to disclose a statement containing the following elements:

- its oversight of ESG issues
- its process used to evaluate, prioritise and manage ESG issues (including risks), and
- its review of progress made against ESG goals and targets, and how they relate to the issuer's business.

**Reporting principles.** Even though the reporting principles of materiality, quantitative and consistency were set out in the ESG Reporting Guide before the latest amendments, issuers were not required to disclose or explain the application of such principles in their ESG reports. The revised ESG Reporting Guide

### Highlights

- Hong Kong Exchanges and Clearing Ltd (HKEX) currently adopts a mixture of mandatory and comply or explain disclosure requirements
- opponents of tougher ESG reporting requirements in Hong Kong have argued that the raised cost burden of compliance would deter future listings and therefore diminish Hong Kong's value as a financial hub
- only a small portion of companies in Hong Kong are willing to invest in external assurance of their ESG reports, but, with limited external auditing, it will remain difficult to evaluate the credibility and reliability of ESG disclosures

“  
 issuers are now  
 encouraged, but not  
 required, to seek  
 independent assurance  
 to strengthen the  
 credibility of the ESG  
 information disclosed  
 ”



now compels issuers to explain how they apply these principles. For example, to satisfy the materiality principle – which is defined as the threshold at which ESG issues are determined by the board to be sufficiently relevant and important to investors and stakeholders – the issuer should disclose:

- what criteria are used to identify material ESG factors and if a stakeholder engagement is conducted, and
- a description of significant stakeholders identified, and the process and results of the engagement.

To uphold the quantitative principle, HKEX requires issuers to disclose the definitions and calculation/measurement methods they have employed to derive data reported.

Issuers were previously not required to disclose the process used to identify

which entities or operations were included in the ESG report. This practice was deemed to be misleading by HKEX, as subsidiaries or operations within a group company that performed poorly could be excluded from the ESG report without any explanation, and investors might in turn misunderstand the reported figures as an issuer's overall performance. The amendments have therefore made it compulsory for issuers to explain the reporting boundary used in their ESG reports.

**Comply or explain disclosure**

**Environmental subject area.** Despite HKEX's policy of upgrading environmental key performance indicators (KPIs) to comply or explain disclosure in 2017, issuers were only required to disclose results achieved from their initiatives to reduce emissions and waste, without describing their targets. Moreover, issuers were compelled to reveal greenhouse gas emissions in total, rather than by types. Under the revised rules, an issuer should disclose a description of targets set

concerning emissions, energy use, water efficiency and waste reduction, as well as steps taken to achieve them.

The latest ESG Reporting Guide also introduces a new climate change aspect, which consists of:

- climate-related issues that have impacted or may impact their business, and
- steps taken to manage these climate-related issues.

**Social subject area.** All social KPIs have now been upgraded from recommended disclosures to comply or explain. Two new KPIs, concerning supply chain management and anti-corruption, have been introduced under the revised rules. Regarding supply chain management KPIs, issuers are required to disclose:

- practices used to identify environmental and social risks along the supply chain, and

- practices used to promote environmentally preferable products and services when selecting suppliers, and how these are implemented and monitored.

In addition, regarding anti-corruption KPIs, issuers are now obliged to reveal any anti-corruption training provided to directors and staff.

The latest ESG Reporting Guide has also revised the requirements for two social KPIs, namely 'employment types' and 'rate of fatalities'. Regarding employment types, issuers were previously recommended to disclose total workforce by gender, employment type, age group and geographical region. They should now include both full-time and part-time staff. Regarding rate of fatalities, issuers were previously recommended to disclose the number and rate of work-related fatalities for the reporting year. Under the revised ESG Reporting Guide, they are now required to disclose the number and rate of work-related fatalities that occurred for each of the past three years, including the reporting year.

#### Other matters

##### **Shortened time frame for ESG**

**reporting.** Issuers are also required to publish their ESG reports within five months after the financial year end, but preferably at the same time as the publication of annual reports.

**Independent assurance.** Before the amendments, the ESG Reporting Guide provided that an issuer might consider obtaining assurance on its ESG report. However, there was no guidance regarding the benefits of obtaining assurance, nor the information to be disclosed if assurance was obtained. Issuers are now encouraged,

but not required, to seek independent assurance to strengthen the credibility of the ESG information disclosed. Where independent assurance is obtained, an issuer should describe clearly the level, scope and processes adopted for assurance in the ESG report.

#### Key ESG reporting issues in Hong Kong

##### **The cost of compliance**

During the public consultation period in mid-2019, there was much debate as to whether HKEX should raise the compliance level for some aspects of ESG reporting to mandatory disclosure. Some respondents expressed concerns about the cost implications and urged the government to provide subsidies, especially for small and medium-sized enterprises (SMEs). Notwithstanding the time and financial cost associated with ESG report preparation, listed and non-listed SMEs will likely find ESG disclosure helpful to enhance competitiveness and attract investors, particularly given the global trend towards responsible investing. Arguably, the new ESG regime in Hong Kong remains flexible and issuers still have the option to explain why certain KPIs are deemed immaterial, which in turn drives the cost of complying down.

Opposition in previous consultations also argued that the cost burden would deter future listings in Hong Kong and therefore diminish its value as a financial hub. However, as various jurisdictions and stock exchanges have implemented similar measures, the argument for stringent ESG disclosure requirements creating a 'non-tariff' trade barrier no longer stands. Instead, HKEX needs to act quickly and enact relevant regulation to stimulate the market to adapt, and thereby create more cost-efficient ways of compliance through innovation.

#### Materiality of mandatory KPIs

Consultation respondents had diverse views on whether certain KPIs should be made mandatory. Opponents contested that mandatory quantitative KPI disclosure is not industry-specific and may disadvantage certain sectors. However, the beauty of the new regime is that HKEX recognises that while corporate governance structure disclosure needs to be made mandatory, other environmental and social KPIs are indeed industry-specific. The comply and explain approach and materiality matrix allows different sectors to tailor their ESG report to standards and aspects which they view most appropriate to them, regarding the environmental and social KPIs.

#### Different reporting standards

At the global level, five of the most well-known ESG reporting standards are the Global Reporting Initiative (GRI) Standards, Integrated Reporting Framework, Sustainability Accounting Standards Board, Dow Jones Sustainability Index and the United Nations Sustainable Development Goals. Each of these frameworks have similarities and differences regarding their focus, scoring scale, users and reporting period.

As for Hong Kong, Alaya Consulting reported that prior to HKEX introducing more stringent ESG disclosure requirements, the GRI Standards, or GRI G4, continued to be the most popular framework, in addition to HKEX's ESG Reporting Guide, which aligns with international practice. It was also reported that more than half of the sample companies adopted guidelines from other stock exchanges (such as Shanghai Stock Exchange and Shenzhen Stock Exchange), or industry-specific guidelines issued by Mainland authorities (such as

“  
**the absence of a mechanism  
to check figures and the  
reporting issued by companies  
or their third-party agents  
undermines the effectiveness  
of ESG reporting**  
”



China Securities Regulatory Commission and Oil and Gas Industry Guidance on Voluntary Sustainability).

With the new KPIs and quantitative principle embedded into the new reporting regime, HKEX unified the standards and KPIs used, to a certain extent, which makes it easier for companies to benchmark their performance against one another. This is the case especially for governance, where disclosure of frameworks and standards are now mandatory. It is expected that greater uniformity of reporting will allow more consistent disclosure, and investors can more efficiently and effectively arrive at investment decisions.

**Quality assurance**

Another contested issue is the verification of reported data. External confirmation can ensure that the reported information and calculation methods truly and fairly disclose a company's ESG performance. Alaya Consulting in 2018 surveyed the ESG reports of the largest 200 Hong Kong-listed companies by market capitalisation and revealed that only 23.5% (47 out of 200) of companies had some degree of third-party assurance for ESG reports. Among the 47 assured reports, only six

had the entire report assured. Therefore, it can be inferred that external auditing is not regarded as material and only a small portion of companies are willing to invest in assurance at this stage.

HKEX also expressed in its 2015 Consultation Conclusions that because mandatory ESG disclosure was still relatively new for many companies, it would be unnecessarily burdensome and costly to require companies to obtain external auditing for their ESG reports at that stage. Furthermore, because of the flexible comply or explain enforcement mechanism, and the inherent complexity of diverse KPIs, it would be difficult for external parties to verify such information independently without introducing some bias into the measuring process. Notably, while some law firms, consultancy services and compliance companies do offer ESG report writing and verification services, unlike the GRI, there is currently no dedicated regulation framework or certified training programme governing these third-party service providers.

We are convinced, however, that the absence of a mechanism to check figures and the reporting issued by companies or their third-party agents

undermines the effectiveness of ESG reporting. The better view is therefore for HKEX to implement a monitoring process, whereby spot checks of figures can be conducted and companies would have to account for any inaccuracies. Notably, having a system in place that requires disclosure of some ESG performance does not mean that the disclosing companies and respective investors can reap all the strategic and operational value of ESG. This is because compliance does not necessarily translate to active ESG risk management. For example, months before the 2016 Volkswagen (VW) emission cheating scandal was revealed, some rating agencies (for example MSCI and Sustainalytics) already had provided poor ratings for VW's governance for its lack of board independence. Nevertheless, due to VW's false emissions ratings, its environmental record continued to look positive. Therefore, with limited external auditing, it remains difficult to evaluate the credibility and reliability of an ESG report.

**Ngan Sum Long, Bachelor of Business Administration (Law); and Kwong Lok Lam, Bachelor of Laws**

*The University of Hong Kong*

*The Institute holds its annual Corporate Governance Paper Competition and Presentation Awards to promote awareness of corporate governance among local undergraduates. This article is a summary of the 2020 Champion Paper – Does Investment in ESG Values Generate Investment Value? A Cost-benefit Analysis of ESG Reporting in Hong Kong. More information is available on the Studentship section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk).*





# Certificate for Module (The Hong Kong Institute of Chartered Secretaries Examinations Preparatory Programme)

This programme is endorsed by  
The Hong Kong Institute of Chartered Secretaries  
(HKICS). The aim is to develop students with  
the knowledge and skills necessary to write  
the professional examinations of the  
Chartered Governance Qualifying Programme  
(CGQP), which is recognized worldwide.

## COURSE INFORMATION

Intake: 3 intakes per year (Spring, Summer & Autumn)

Teaching Venue: Any of the HKU SPACE's Learning Centres on Hong Kong Island

## SUBJECT

- Corporate Governance
- Corporate Secretaryship and Compliance
- Hong Kong Company Law
- Interpreting Financial and Accounting Information
- Strategic Management
- Risk Management
- Boardroom Dynamics
- Hong Kong Taxation

## TARGET STUDENTS

Be 21 years old or above. (Students should be either a Hong Kong permanent resident or have valid permit to study in Hong Kong)

## Fee per subject:

**HK\$4,250** (36-hour lectures)


**HK\$5,600** (45-hour lectures)

All fees paid are NOT refundable, unless the programme is oversubscribed or cancelled. All fees are subject to revision.

## Award:

Certificate for Module

CONTACT INFORMATION  
Programme Enquiries (HKU SPACE)

 (852) 2867 8317

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



# AML/CFT regulation in Hong Kong

## Where are we now and where are we heading?

CSj reviews a recent webinar promoting anti-money laundering/counter-financing of terrorism (AML/CFT) best practices for trust and company service providers.



The leadership position of The Hong Kong Institute of Chartered Secretaries (the Institute/HKICS) in the AML/CFT fight, within the trust and company service provider (TCSP) sector, was recognised by the HKSAR Government under its 2018 National Risk Assessment submitted to the Financial Action Task Force (FATF). A recent webinar held by the Institute with the subscribers to the HKICS AML/CFT Charter continued the Institute's promotion of TCSP AML/CFT best practices.

### Background

In September 2019, Hong Kong became the first Asia-Pacific (APAC) jurisdiction

to achieve 'overall compliant' status in the current round of mutual evaluations held by FATF. FATF, the global AML/CFT standard-setter, has been conducting peer reviews of APAC jurisdictions to assess the effectiveness of their AML/CFT systems and their levels of implementation of the FATF Recommendations.

The mutual evaluation assessment of Hong Kong was carried out in 2018 by a 10-expert assessment team from FATF and the Asia/Pacific Group on Money Laundering (APG), the regional AML/CFT body. The assessment, which included onsite visits between 31 October and

15 November 2018, resulted in the publication of the Mutual Evaluation Report (the ME Report) in September 2019. The ME Report found that Hong Kong has 'a sound regime to fight money laundering and terrorist financing that is delivering good results'.

There can be little doubt that the ME Report has boosted Hong Kong's reputation as an international financial centre, but this achievement was only made possible by a significant strengthening of AML/CFT regulations in Hong Kong and, in particular, tighter supervision of the TCSP sector. Initially Hong Kong's AML/CFT regime focused on financial institutions, but in recent years, particularly after the Panama Papers leak of 2015, the focus has turned to corporates and TCSPs. The services provided by TCSPs, including setting up companies, providing a registered office, acting as a director or company secretary, or acting as a trustee for a trust, can be used to create a veneer of legitimacy for ill-gotten gains via disguising the origin and ownership of assets and/or laundering the proceeds of crimes.

### Highlights

- Hong Kong has significantly strengthened its regulation and supervision of the anti-money laundering and counter-financing of terrorism (AML/CFT) practices of trust and company service providers (TCSPs)
- while Hong Kong's expanded AML/CFT regime has added to the costs of TCSPs, it has also helped to improve their management of AML/CFT risks
- practitioners should prepare for a further tightening of the regulation and enforcement of Hong Kong's AML/CFT regime in the years ahead



“ while on one side AML/ CFT compliance is very time consuming and tedious, on the other side it helps to raise firms’ reputations ”

Judy Wong, Group General Counsel & Chief Compliance Officer, Tricor Group

AML/CFT regimes around the world have therefore focused on ensuring TCSPs have procedures in place to minimise their risks in this area. In Hong Kong, under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) (Cap 615), TCSPs need to apply for a licence from the Companies Registry, the regulator for TCSPs in Hong Kong, before they can carry on trust or company service business. To gain and maintain this licence, TCSPs need to abide by appropriate customer due diligence (CDD) requirements based on a risk-based approach.

The Institute has been assisting TCSPs in Hong Kong to comply with this expanded AML/CFT regime. Its HKICS AML/CFT Guideline sets standards that converge with those for financial institutions and are consistent with the requirements under the FATF Recommendations. TCSPs in compliance with the Guideline can be accredited by the Institute as subscribers to the HKICS AML/CFT Charter.

In addition, the Institute offers continuing professional education training to its members, as well as thought leadership

articles in this journal, to assist practitioners in this complex area of practice. This article reviews a recent webinar, State and Development of TCSP Regulations with Practical Sharing held on 25 November 2020, which brought together experts in AML/CFT to provide a useful round-up of the latest developments in AML/CFT compliance for practitioners in Hong Kong.

#### Hong Kong's AML/CFT scorecard

The first session of the webinar was chaired by Edmond Chiu FCG FCS(PE), Institute Council member, Membership Committee Vice-Chairman and Professional Services Panel Chairman, and Executive Director, Corporate Services, Corporate & Private Clients, Vistra Corporate Services (HK) Ltd. The first speaker, Peter Pang, Director, Risk Advisory Services, BDO Ltd, highlighted the findings of the ME Report published by FATF and APG in 2019. The ME Report, he pointed out, was not just a pat on the back for the significant tightening of Hong Kong's AML/CFT regime since the previous FATF mutual evaluation exercise in 2008. The report highlights the need, for example, for better mitigation of risk areas such as money

laundering linked to foreign tax evasion and corruption offences.

Another area of focus is Hong Kong's ability to enforce its AML/CFT regime. Hong Kong generally has a high conviction rate in money laundering cases (convictions average 95 out of 120 prosecutions per year), but the generally low sentences imposed indicate that many money laundering cases pursued are at the lower end of the scale. 'While sentences may be proportionate in individual cases, there is concern as to whether the sanctions being applied are effective, proportionate and dissuasive at a systemic level given the nature of money laundering risks in Hong Kong,' Mr Pang said.

Mr Pang also discussed the number and quality of suspicious transaction reports (STRs) made by TCSPs. The Joint Financial Intelligence Unit (JFIU), the agency receiving STRs in Hong Kong, has been keen to encourage more TCSPs to make STRs and to improve the quality of the STRs filed. The overall number of STRs filed with the JFIU has risen significantly since 2013, but the majority of these are

filed by financial institutions. Under-reporting by money service operators and TCSPs limits the financial intelligence the JFIU can access from these medium to high risk sectors.

### Counter-financing of terrorism

When it comes to AML/CFT compliance, the former part of the formula generally receives more attention than the latter part. Daniel Wong FCG FCS, Associate Director – Compliance and Risk Management, SWCS Corporate Services Group (Hong Kong), focused his presentation on 'CFT' compliance.

Both 'AML' and 'CFT' compliance focus on the internal controls needed to ensure that the services provided by financial institutions and TCSPs are not, knowingly or unknowingly, put to illegitimate use. While 'AML' focuses on the risks associated with providing services to criminal organisations in general, 'CFT' focuses on the risks associated with providing services to terrorist organisations – and in particular weapons proliferation financing.

Mr Wong highlighted the three stages of terrorist financing – sourcing funds, disguising the funds and procuring weapons, or the materials and technology necessary to manufacture weapons. Of most relevance to TCSPs will be the need to guard against the risk of becoming involved in the second stage of 'proliferation financing' – like other criminal organisations, terrorists often require financial services to disguise their links to their funding sources.

Mr Wong urged practitioners to remain vigilant for 'red flags' regarding proliferation financing. Some of these red flags will be reasonably easy to spot – transactions involving countries listed

under the United Nations (UN) sanctions designed to combat weapons proliferation, for example, will be high risk. However, high risk may also be attached to transactions involving countries or jurisdictions with known ties to sanctioned countries.

Similarly, providing services to customers linked to a military body would be high risk, but determining whether they are actually involved in the supply, sale and/or delivery of weapons (or technologies and dual-use goods that might be linked to weapons) might not be immediately obvious – weapons are unlikely to be conveniently labelled as such. Practitioners should therefore be on guard where any description of goods is deliberately non-specific – this is a red flag in itself.

Mr Wong also discussed the legislative regime, both global and local, regarding the counter-financing of weapons proliferation. Practitioners will probably be most familiar with the AMLO (Cap 615) and Drug Trafficking (Recovery of Proceeds) Ordinance (Cap 405), but Mr Wong also highlighted Hong Kong's Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap 526). Under this law, it is an offence for a person to provide any services where he/she believes or suspects, on reasonable grounds, that those services may be connected to weapons of mass destruction.

### Compliance burden or strategic advantage?

The final speaker in the first session, Judy Wong, Group General Counsel & Chief Compliance Officer, Tricor Group, provided a cost benefit analysis of AML/CFT compliance.

As mentioned earlier, the achievement of overall compliant status in the FATF

mutual evaluation exercise has not been without cost for TCSPs in Hong Kong. In fact, the CDD requirements now in place have significantly raised compliance costs for TCSPs. They are required to identify, and verify the identity, of the persons purporting to act on behalf of customers, the customers themselves and the beneficial owners. They need to obtain information on the purpose and intended nature of their business relationships and to keep records of customers and transactions. In addition, they need to comply with the statutory requirements relating to financial sanctions, and to terrorist and proliferation financing. They are also expected to file STRs with the JFIU and keep records of the same.

Ms Wong pointed out that ensuring that TCSP firms stay on the right side of these requirements can be an unenviable task and colleagues can get fed up with the 'never ending questions from the compliance side'. In this context, she emphasised the importance of highlighting the 'bright sides' of AML/CFT compliance. 'There are two sides to every coin', she pointed out. 'While on one side AML/CFT compliance is very time consuming and tedious, on the other side it helps to raise firms' reputations.'

She emphasised that meeting AML/CFT compliance requirements is part of the TCSPs' responsibility to the entire ecosystem – Hong Kong's regime is based on international standards in the prevention of money laundering and terrorist financing – but this also contributes to the long-term viability of TCSP firms. Any failure to identify clients involved in criminal activities, for example, could constitute a reputational disaster waiting to happen.

Ms Wong also addressed the challenges of meeting know your customer (KYC) requirements in the context of COVID-19. The restrictions in place as a result of COVID-19 have meant that it is often impossible to have face-to-face meetings with clients. In this context, TCSPs are seeking more clarity from the Companies Registry on which digital KYC practices are deemed acceptable for remote client onboarding.

Ms Wong pointed out that the willingness of different regulators around the world to accept digital KYC solutions has varied enormously. 'Overseas, some regulators have issued guidelines on this issue,' Ms Wong said. 'I urge the Companies Registry to do the same. We have to assess whether particular KYC practices are sufficient, but we also need our regulator to give guidelines.'

She added that virtual banks have been permitted to use digital KYC systems to set up new accounts – can TCSP licensees do the same? Moreover, can TCSPs rely on facial recognition technology during live video conferencing with clients for identity verification? 'We hope for guidance on this issue,' Ms Wong said. 'This will help the practitioner, the client and the business world to comply with AML/CFT requirements.'

#### Future regulatory trends

The webinar also addressed the likely future trends in AML/CFT regulation. The second session of the webinar was chaired by Natalia Seng FCG FCS(PE), Institute Past President, current Council member, Education Committee Chairman and Professional Services Panel Vice-Chairman. The first speaker, Benjamin Cheung CAMS FRM CPA (Aust.), Director, Compliance, Vistra Corporate Services (HK) Ltd, pointed

“  
there is concern as to whether the sanctions being applied are effective, proportionate and dissuasive at a systemic level given the nature of money laundering risks in Hong Kong  
”

Peter Pang, Director, Risk Advisory Services, BDO Ltd

out that the ME Report published by FATF and APG in 2019, provides practitioners with a useful indicator of AML/CFT regulatory trends. The report makes specific mention of perceived gaps in Hong Kong's AML/CFT regime relevant to trust service providers:

- there are no specific requirements for trustees to hold basic information on service providers to the trust
- there is no explicit requirement for non-professional trustees to keep the information held accurate and up-to-date, and
- there is no obligation for trustees to disclose their status to regulated entities.

Mr Cheung added that lessons can be learned from the AML/CFT regulatory journey of other sectors, in particular the financial sector that has been subject to a more mature AML/CFT regulation and supervision regime for a longer period. Key lessons here, he suggested, are the need to:

- make more use of technology in the KYC process
- learn from other leading jurisdictions, for example Singapore and the UK

- leverage global networks in applying a consistent financial crime risk management governance framework, and
- promote continuous training and sharing among the regulatory/ industry bodies.

The above will enable TCSP practitioners to develop an effective risk-based approach in combating money laundering and terrorist financing.

#### Future enforcement trends

Regulation is only as good as a jurisdiction's ability to enforce it. Manhim Yu, Partner, Forensic & Integrity Services, Ernst & Young Advisory Services Ltd, focused his presentation on AML/CFT enforcement trends in Hong Kong.

Since 2018, TCSPs have been subject to regulatory supervision by the Companies Registry, which has shown itself to be an active and determined regulator of Hong Kong's AML/CFT regime. Mr Yu emphasised that the enforcement trend is on a decidedly upward arc and practitioners should expect increased scrutiny and enforcement actions. He highlighted some enforcement statistics

to bear this out. Between April 2019 and March 2020, for example, the Companies Registry conducted 1,236 onsite inspections of TCSPs, and issued 665 summonses, seven advisory letters and 293 warning letters regarding instances of non-compliance. Moreover, TCSPs have paid a total of HK\$100,000 in fines over this period.

Mr Yu also highlighted the lessons to be learned from these enforcement actions. In particular, TCSPs need not

only have effective internal controls in place to ensure AML/CFT compliance, but they also need to have the right documentation relating to these controls. The documentation the Companies Registry will typically be looking for during onsite inspections includes:

- AML/CFT policies and procedures
- KYC profiles of customers showing that the firm has verified their identities, and

- documents showing that the firm has taken reasonable measures to verify the identity of their customers' ultimate beneficial owners.

Being able to show such documents will be the best defence when facing a regulatory investigation, Mr Yu said. Looking ahead, he expects the pressure from FATF to continue to push Hong Kong towards more rigorous enforcement of its AML/CFT regime. Accordingly, the Companies Registry is expected to enhance its supervisory actions and to raise penalties for non-compliance.

Both sessions of the webinar were followed by panel discussions where the speakers were joined by the following panellists who contributed practical AML/CFT best practices on the topics raised for the TCSP sector:

- Wendy Ho FCG FCS(PE), Institute Council member, and Executive Director, Corporate Services, Tricor Services Ltd
- Teresa Lau, Director and Head of Company Secretarial Services, BDO Ltd
- Dr Maurice Ngai FCG FCS(PE), Institute Past President, and Director and Group CEO, SWCS Corporate Services Group (Hong Kong) Ltd, and
- Alberta Sie FCG FCS(PE), Director and Company Secretary, Reanda EFA Secretarial Ltd. 

## Credits

The Institute would like to thank everyone involved in the webinar reviewed in this article. Participants are listed below in alphabetical order of surname.

- Edmond Chiu FCG FCS(PE), Institute Council member, Membership Committee Vice-Chairman and Professional Services Panel Chairman, and Executive Director, Corporate Services, Corporate & Private Clients, Vistra Corporate Services (HK) Ltd
- Benjamin Cheung CAMS FRM CPA (Aust.), Director, Compliance, Vistra Corporate Services (HK) Ltd
- Wendy Ho FCG FCS(PE), Institute Council member, and Executive Director, Corporate Services, Tricor Services Ltd
- Teresa Lau, Director and Head of Company Secretarial Services, BDO Ltd
- Dr Maurice Ngai FCG FCS(PE), Institute Past President, and Director and Group CEO, SWCS Corporate Services Group (Hong Kong) Ltd
- Peter Pang, Director, Risk Advisory Services, BDO Ltd
- Natalia Seng FCG FCS(PE), Institute Past President, current Council member, Education Committee Chairman and Professional Services Panel Vice-Chairman
- Alberta Sie FCG FCS(PE), Director and Company Secretary, Reanda EFA Secretarial Ltd
- Daniel Wong FCG FCS, Associate Director – Compliance and Risk Management, SWCS Corporate Services Group (Hong Kong) Ltd
- Judy Wong, Group General Counsel & Chief Compliance Officer, Tricor Group
- Manhim Yu, Partner, Forensic & Integrity Services, Ernst & Young Advisory Services Ltd

*The State and Development of TCSP Regulations with Practical Sharing webinar was held on 25 November 2020. The Institute hopes to make this webinar an annual forum.*

# Extending further care and relief amid the 4th wave of COVID-19

**Dear members, graduates, students and Affiliated Persons,**

We hope that you are well and adapting to the new normal.

As the COVID-19 pandemic continues to affect our community, the Institute's Council has resolved to extend the relief measures announced on 7 August 2020.

## **Enhanced Continuing Professional Development (ECPD) training sessions**

The 10% discount on the regular enrolment fees for ECPD seminars/webinars will be extended for a further six months, to 30 June 2021. Any overpayment already made will be refunded in due course.

## **Activities for members, graduates, students and Affiliated Persons**

The Institute will be organising a number of free online well-being and/or lifestyle

activities to help with stress relief and for enjoyment, details of which will be periodically announced in the Events section of the Institute's website.

## **CPD requirements for 2020/2021**

As a reminder, members and graduates are required to fulfil 15 hours of CPD training, of which at least three hours should be from the Institute's own ECPD training sessions, before 30 June 2021.

If you have any questions, please contact:

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

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

Or:

Membership matters: (852) 2830 6051; [member@hkics.org.hk](mailto:member@hkics.org.hk)

Studentship registration matters: (852) 2830 6069; [student\\_reg@hkics.org.hk](mailto:student_reg@hkics.org.hk)

Examination and exemption matters: (852) 2830 6010; [student@hkics.org.hk](mailto:student@hkics.org.hk)

ECPD event matters: (852) 2830 6070; [cpd@hkics.org.hk](mailto:cpd@hkics.org.hk)

CPD policy matters: (852) 2830 6018; [cpd@hkics.org.hk](mailto:cpd@hkics.org.hk)

Job openings: (852) 2830 6030; [marketing@hkics.org.hk](mailto:marketing@hkics.org.hk)

Keep well and stay tuned!

Warm regards,

**Ellie Pang**

*Chief Executive*

*The Hong Kong Institute of  
Chartered Secretaries*





Photographer: Michael Kistler



# Careers in Governance

## Terry Ip FCG FCS

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

'My work is focused on board advisory and share registry functions. My advisory role includes advising directors and officers of listed companies on director duties and other regulatory requirements. I also advise boards, or governing bodies, on corporate governance principles and the implementation of governance programmes. The share registry side of my work includes preparing for annual and extraordinary general meetings (AGMs and EGMs) and acting as a poll vote scrutineer. Developing digital tools for share registry and related services, such as pre-meeting e-Proxies, onsite e-polling and hybrid meeting solutions, is also an important part of my work.'

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

'I joined Tricor Group in 2004 as an Associate and was appointed as Client Services Director in 2018. With over 15 years of experience in the share registry industry, I have participated in over 100 IPO projects and currently look after more than 200 listed issuers, including exchange traded funds.'

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

'Corporate governance makes companies more accountable and transparent to investors and gives them the tools to respond to legitimate stakeholder concerns. An increase in confidence by investors in the company due to robust financial management reporting will not only improve access to capital, but also minimise both cost of capital and cost of equity. Transparency in a company's internal policies, control mechanisms and how it deals with its suppliers, vendors, media, staff and government bodies will also boost its reputation and thus its brand value.'

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

'I would emphasise the importance of continuing professional development. To be effective, governance professionals need to maintain their personal knowledge of, and expertise in, issues pertinent to the work of the organisations they work for. I would also emphasise the importance of going digital – and the value of digitalisation has become all the more apparent during these times of uncertainty. Through the use of digital tools, governance professionals can help companies reap the benefits of intelligent systems, accelerating business performance and optimising intracompany operations.'

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

'Private company boards, and their shareholders, will become

“  
corporate governance makes companies more accountable and transparent to investors and gives them the tools to respond to legitimate stakeholder concerns  
”

Terry Ip FCG FCS, Director, Investor Services, Tricor Group



more demanding regarding regular disclosures. Diversity, disclosure and interactions between principals and their agents, as well as stakeholders, will increasingly require high-quality governance data. More and more companies are leveraging technology to engage with shareholders.'

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

'My determination to achieve my own long-term goals inspires me to do my best. On the other hand, my own failures – if I have failed to do a particular task or job – also motivate me to do better. I believe we should not take anything for granted and I am passionate about working hard for something I love.'

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

'I exercise and lift weights to stay in shape and to stay motivated. I also like travelling to nearby places or new locations and exploring these place without any prior planning. Spending time with my family without browsing the internet or checking social media is also important to me.' 📷



“  
although developing  
a sound governance  
structure takes time  
and requires resources,  
the benefits definitely  
overweigh the costs in  
the medium to long run  
”

Agnes Cheuk ACG ACS, AML Expert,  
Ant Group

Photographer: Michael Kistler

# Careers in Governance

## Agnes Cheuk ACG ACS

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

'In the capacity of a governance professional, I am currently involved in designing and implementing the anti-money laundering compliance framework. As part of the first line of defence, I played a role implementing the company's compliance programme and enhancing governance. I am responsible for not only ensuring that the company's compliance programme meets all relevant regulatory requirements but also that our practices are aligned with international best practice. Previously, I acted as an internal second line of defence conducting compliance monitoring and assurance work at branch offices.'

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

'My career began in a professional firm as an auditor, but later I moved into advisory services. A fraud-related case I encountered led to a pivotal moment in my career. The case taught me that, without proper governance, companies can cause tremendous loss to both investors and society. This prompted my move to the compliance field and my current work building and refining compliance frameworks in an in-house context. Different roles have different limitations and I believe ensuring sound governance practices requires the collaboration of many different roles.'

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

'Governance is a lubricant that helps organisations deliver solid and stable growth in the best interests of shareholders. Although developing a sound governance structure takes time and requires resources, the benefits definitely outweigh the costs in the medium to long run. The benefits include minimising regulatory risks and building a strong reputation and investor confidence. Governance does not only benefit organisations, however – a strong governance culture is the cornerstone of a successful international financial centre (IFC). An IFC with a reputation as a mature financial market attracts international investors and reduces the information costs for the public searching for suitable investments.'

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

'I'm still learning how to be a better governance professional, but from my past experience I believe that having a good general knowledge while also being sceptical, courageous and open-minded are the key qualities. Having a good general knowledge helps to alert you to "red flags" when you encounter unusual situations. It is not always easy to determine the real story behind



such unusual situations, so being open-minded and sceptical are necessary in finding the answer. Last but not least, courage is the most difficult quality you will need when escalating issues to a higher level when you encounter problems.'

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

'Governance is evolving with the more widespread use of technology. In the past decade, technology has played a key role in governance processes such as record-keeping. Currently, technology is evolving to provide substantial support to the governance process, including robotic process automation, optical character recognition and application programming interface technologies. This reduces human involvement, and therefore the possibility of human error, in certain mechanic processes and operations, but it is not meant to replace humans with technology. We still need to be involved in interpreting the data and designing the entire control process, and ensuring that significant risks are mitigated. Human involvement in processes has therefore become more a matter of monitoring and decision-making.'

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

'Yoga inspires me and helps me achieve a better work-life balance. Yoga is not only an exercise for me, it is also a life philosophy. I went to India to attend a yoga training course and have followed the life journey to be a yogini. I have taught yoga for about five years, sharing my yoga journey with my students.'

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

'My day usually involves morning or after-work yoga practice with my friends. I also reserve some time for my yoga teaching during weekends.' 📷

## Professional Development

### Seminars: November 2020

5 November

**Employment and tax issues for Hong Kong residents working in the Mainland**

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

*Speaker: Ping Chen, Leader of Advisory Services China, Vistra China*

6 November

**Company secretarial practical training series: change in directors, company secretaries and other corporate positions – practice and application**

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

9 November

**Mainland company secretarial practical training series: voluntary liquidation – case study of a wholly foreign owned enterprise**

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

10 November

**Hong Kong fund management hub: opportunities with limited partnership funds**

*Chair: Kitty Liu FCG FCS, Institute Education Committee member, and Company Secretarial Consultant, Law Department of the Hong Kong office, AIA International Ltd*

*Speakers: Peter Lake, Partner, and Mike Ringer, Counsel, Slaughter and May; and Michael Atkinson, Partner – Asset and Wealth Management Industry, Arthur Yeung, Senior Manager – Asset and Wealth Management Industry, and Eric Gong, Financial Services Senior Tax Manager, PwC Hong Kong*

11 November

**Company secretarial practical training series: listed companies – how to prepare annual results and effective AGMs**

*Chair: Stella Lo FCG FCS(PE), Institute Council member, and Group Company Secretary, Guoco Group Ltd*

*Speakers: Florence Lai, Senior Manager – Corporate Services, and Mingsy Chan, Senior Manager – Corporate Services, PwC Hong Kong*



12 November

**大湾区的发展概况与前景，及香港公司秘书服务在大湾区的发展机遇**

*Chair: Patrick Wong, Institute Membership Committee member, and Director, Aoba CPA Ltd*

*Speakers: Henry Yu, Founding Partner, L & Y Law Office, in Association with Henry Yu & Associates; and Shouqun Wang, Executive Partner, China Commercial Lam Lee Lai (Qianhai) Law Firm*



18 November

**IPO 101: an overview of a listing project**

*Chair: Polly Wong FCG FCS, Company Secretary and Group Financial Controller, Dynamic Holdings Ltd*

*Speaker: Terence Lau, Senior Associate, Stevenson, Wong & Co, in association with AllBright Law Offices*



**19 November**  
**ESG trends beyond compliance: developing a more resilient business strategy with TCFD reporting**



*Chair: Mohan Datwani FCG(CS, CGP) FCS(CS, CGP)(PE), Institute Deputy Chief Executive*

*Speakers: Joseph HL Chan JP, Under Secretary for Financial Services and the Treasury, The HKSAR Government; and Pratima Divgi, Regional Director, and Fredrik Andersen, Assistant Manager – Corporations & Supply Chains, CDP Hong Kong*

**20 November**

**Company secretarial practical training series: disclosure of interests in securities – practical tips & experience sharing**

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

**24 November**  
**Overview of alternative investment funds and roles of the company secretary and fund administrator**



*Chair: Susan Lo FCG FCS(PE)*

*Speakers: Mandy Lam, Director – Fund Services, and Margaret Wong, Director, Company Secretarial – Corporate Services, Intertrust Hong Kong*

**27 November**

**Effective competition law compliance for cross-border business across the Mainland and Hong Kong**

*Chair: Richard Leung JP, FCG FCS, Barrister-at-law, Des Voeux Chambers*

*Speakers: Professor Andrew Skudder, Partner, and Joshua Seet, Associate, Fangda Partners*

**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 |
|-----------------|---------------|--|-------------|
| 27 January 2021 | 4.00pm–5.30pm | Information exchange: a perennial competition law risk for businesses                              | 1.5         |
| 1 February 2021 | 6.45pm–8.15pm | Navigating the regulatory minefield: how directors and company secretaries can sleep well at night | 1.5         |
| 5 February 2021 | 3.00pm–4.30pm | Practical risk management, reporting and best practice sharing                                     | 1.5         |
| 9 February 2021 | 3.00pm–4.30pm | Practical guidance on corporate governance report drafting – avoiding pitfalls & better reporting  | 1.5         |

*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).*

## Membership

---

### Grandfathering of the Chartered Governance Professional designation

Beginning in September 2018, the Chartered Governance Professional designation has been conferred on eligible members according to the 'grandfathering' policy agreed by the councils of The Chartered Governance Institute (CGI) and the Institute. The final phase of grandfathering was completed on 31 December 2020, with all members now having been awarded the dual designation of Chartered Secretary (CS) and Chartered Governance Professional (CGP).

Members elected from 1 January 2021 onwards will also be entitled to both the CS and CGP designations.

---

### New Fellows

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

#### Cheung Chun Pun FCG FCS

Mr Cheung is a Partner of Morgan, Lewis & Bockius. He counsels clients on matters involving corporate finance, capital markets, mergers and acquisitions, and private equity. He advises issuers and sponsors in multiple initial public offerings on both the Main Board of Hong Kong Exchanges and Clearing Ltd and GEM, including H share and red chip companies. Mr Cheung also advises Hong Kong-listed issuers on general compliance and corporate transactions. His clients include companies in the education, financial services, technology, energy, retail, food and beverage, and industrial and manufacturing sectors. Mr Cheung obtained a bachelor's degree in law and a postgraduate certificate from The University of Hong Kong in 1999 and 2000, respectively, and a master's degree in law from University College London in 2003. He is also a China-Appointed Attesting Officer and a Notary Public.

#### Ho Lai Chu FCG FCS

Ms Ho is currently the Senior Assistant Company Secretary of Wharf Secretaries Ltd, which is the designated subsidiary of the Wharf Group, to provide company secretarial services to its group companies. Ms Ho is responsible for overseeing company secretarial matters of The Wharf (Holdings) Ltd (Stock Code: 4), Wharf Real Estate Investment Company Ltd (Stock Code: 1997) and Harbour Centre Development Ltd (Stock Code: 51).

Ms Ho holds a dual master's degree in business administration and business informatics, a bachelor's degree in law and a bachelor of arts degree in business studies.

#### Sze Chun Kit FCG FCS

Mr Sze is the Company Secretary and Finance Director of GME Group Holdings Ltd (Stock Code: 8188), and is primarily

responsible for accounting, financial management and company secretarial affairs of the Group. Mr Sze is a fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales, and a member of Chartered Accountants Australia and New Zealand.

Mr Sze graduated from Macquarie University with a master's degree in business administration in November 2018, and from The Hong Kong Polytechnic University with a master's degree in corporate governance (with distinction) in September 2020.

#### Wong Samuel Wan Kay FCG FCS

Mr Wong is currently the Company Secretary and General Manager of the Legal and Corporate Affairs department of Computime Group Ltd (Stock Code: 320). He has over 15 years of multidisciplinary experience and is currently practising in the areas of legal, regulatory, corporate finance, investor relations, company secretarial, corporate governance and compliance. Mr Wong earned his Juris Doctor – Master of Business Administration (JD/MBA) dual degree from The Chinese University of Hong Kong, a Master of Science in Corporate Governance and Compliance from Hong Kong Baptist University and an Honours Bachelor of Applied Science in Computer Engineering from the University of Waterloo in Canada, where he was a Nortel Networks Institute Scholar. He is also a lifetime member of Beta Gamma Sigma.

#### Young Wai Heng, Matthew FCG FCS

Mr Young is the Assistant Company Secretary of John Swire & Sons (HK) Ltd. He has worked in various divisions in the Swire Group, including Cathay Pacific Airways, Swire Properties, trading & industrial, beverages & food chain and marine services in both Hong Kong and at the headquarters in London. He is responsible for

regulatory compliance, corporate governance, corporate secretarial and risk management matters. Mr Young is also the Secretary of the Group Risk Management Committee of Swire Pacific Ltd and of the Board Safety Review Committee of Cathay Pacific Airways Ltd.

Mr Young holds a bachelor's degree in law from the University of Exeter and a master's degree in laws from The Chinese University of Hong Kong, and has completed a Harvard University leadership programme.

#### Chiu Shi Man FCG FCS

Manager – Company Secretarial, Fung (1937) Management Ltd

#### Hui Ying Ying FCG FCS

Managing Director, Star Properties (Hong Kong) Ltd (Stock Code: 1560)

#### Lau Kwok Yin FCG FCS

Senior Manager, Corporate Secretarial, SW Corporate Services Group (Hong Kong) Ltd

#### Lin Chun Ho, Simon FCG FCS

Chief Financial Officer, Auto Italia Holdings Ltd (Stock Code: 720)

#### Yau Chi Chiu FCG FCS

Chief Financial Officer and Company Secretary, China Apex Group Ltd (Stock Code: 2011)

#### Lo Oi Ling FCG FCS

## New Associates

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

|                           |                        |                        |                       |
|---------------------------|------------------------|------------------------|-----------------------|
| Au Yeung Hung Yuen, Steve | Fung Po Ting           | Lam Yuk Ching          | Lo Yiu Man            |
| Chan Chi Way              | Gu Yuanping            | Lau Pok Yuen           | Luk Man Yee           |
| Chan Chung Shun, Johnson  | Ho Tsz Ying            | Lau Sin Yan            | Ma Hoi Ki             |
| Chan Kwok Wai             | Huang Shiyao           | Lau Sung Wai           | Ma Oi Yan             |
| Chan Nga Shan             | Hui Hiu Yu             | Law On Ching           | Mak Sin Man           |
| Chan Oi Chu               | Hung Oi Shan           | Law Yat Ching          | Ng Cheuk Him, Charles |
| Chan Shu Hung             | Ko Mui Kuen            | Lee Ana Hoi Ying       | Ng Chi Man            |
| Chan Shu Pui              | Kong Chi Han, Susana   | Lee Hoi Ying           | Ng Sonia Lok Yan      |
| Chan Shuk Tak             | Kwan Mei Shan, Natalie | Lee Ka Wai             | Ng Sze Wai            |
| Chan Wai Ming             | Kwan Yi Ki             | Lee King Fung          | Ng Wing Man, Cecilia  |
| Chan Yuk Chi              | Kwong Yuen Man         | Lee Wing Yu            | Ngan Chi Mui          |
| Chau Man Sze              | Lai Hiu Tsing          | Leung Fredric Hin Hang | Or Ching Han          |
| Che Hung Kuen, Selene     | Lai Ho Yan             | Leung Ho Yan           | Shao Ying             |
| Cheng Kit Lam, Karen      | Lai Man Pun            | Leung Ka Lung          | Shum Hei Yu           |
| Cheng Tin Yiu             | Lai Po Shan            | Leung Yan Man, Carrie  | Si Minzhi             |
| Cheuk Lai Ki              | Lai Wing Yee, Ava      | Leung Yim Ha           | Sin Ho Yan            |
| Choi Yuen Ting            | Lam Kit, Calvina       | Li Hin Tung            | So Esther             |
| Chong Emily Si-Mun        | Lam Lau Ching          | Li Hoi Mei             | Sze Tong              |
| Chuk Ching Shan           | Lam Mei Ki             | Li Tze Wai             | Tam Chung Hin, Ernest |
| Ding Jie                  | Lam Siu Hung           | Li Yan Wai             | Tsang Ming Si         |
| Fok Kam Chau              | Lam Yin Ling           | Liu Jiaqi              | Tsang Tsz Ching       |
| Fung Doris France         | Lam Yip Chai           | Lo Wing Man            | Tse Chi Hong          |

## Membership (continued)

### New Associates (continued)

|                        |                |                   |                |
|------------------------|----------------|-------------------|----------------|
| Tse Man Hei            | Wong Man Chung | Yeung Ching Man   | Yuen Hei Ching |
| Wan Tin Yau, Alvin     | Wong Pui Man   | Yeung King Bun    | Yuen Hui Yan   |
| Wong Fung Ki           | Wong Shu Ting  | Yip Fong Ting     | Zou Qian       |
| Wong Hei Man           | Wong Tai Ping  | Yip Yu Yan        |                |
| Wong Ka Man            | Wong Yee Ching | Yu Samantha Ka-bo |                |
| Wong Ka Man, Priscilla | Wong Yi Ting   | Yue Wing Tung     |                |

### New graduates

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

|                         |                          |                       |                       |
|-------------------------|--------------------------|-----------------------|-----------------------|
| Au Pak Lun, Patrick     | Chow Fuk Ching, Jimmy    | Li Chiu Kuen          | Tsang Wai Yan, Wayne  |
| Chai Ming Wai           | Chow Wai Shing, David    | Li Ho Fung            | Tse Tsz Him           |
| Cham Wai Man            | Chung Ka Ping, Eliza     | Li Ka Fai             | Tso Ming Ho           |
| Chan Chi Ming           | Hau Hong Kiu             | Li Kin Wai            | Wan Oi Yan            |
| Chan Hiu Wah            | Ho Pak Chim              | Li On Lok             | Wong Lai Ping         |
| Chan Kin Man, Jacky     | Huang Huajuan            | Liu Ka Lun, Oscar     | Wong Shuk Man, Mandy  |
| Chan Man Fong           | Huang Man Suet, Michelle | Lo Lai Fan            | Wong Suk Ting         |
| Chan Pak Lin            | Huang Yang               | Lok Wai Fan           | Wong Yue Shan         |
| Chan Ting Yan           | Hui Pui Shan             | Long Yanzhu           | Woo Catherine Lok See |
| Chan Tsz Yan            | Hui Shu Wa               | Luo Nan               | Wu Ka Yi              |
| Chan Yan Lam            | Hui So Ching, Anna       | Mak Lai Man           | Wu King Keung         |
| Chan Ying Yu            | Jen Shu Ling             | Manho Hoi Kei, Janice | Wu Pui Hang           |
| Chau Sze Yue, Clinton   | Jin Lin                  | Ng Hoi Yan            | Yang Wenyun           |
| Chau Tat Hang, Barry    | Ko Pui Wai, Pearly       | Ng Ka Yee             | Yau Hiu Lai           |
| Chen Jaclyn             | Kwong Hoi Ngai, Anna     | Ng Sze Ting           | Yeung Siu Lam         |
| Cheng Lai Wan           | Lai Siu Ki, Vicki        | Ng Tsz Hei            | Yeung So Ying         |
| Cheung Hoi Yan          | Lai Yin Ling             | Poon Yiu Hung         | Yip Pui Yuk           |
| Cheung Hoi Yi           | Lam Chik Tong            | Sha Wai Ying          | Yiu Ka Wai            |
| Cheung Hoi Yin          | Lam Hay Yin              | Shek Tsui Ying        | Yuen Chi Kwong        |
| Cheung Wa Sin           | Lam Ka Chung             | Shek Yat Him          | Yuen Hoi Ka           |
| Cheung Wing Yan         | Lau Kong                 | Shum Man Yiu          | Zhang Kaiyang         |
| Cheung Yen Lun, Sally   | Lau Wai Yan              | Siu Wai Kwan          | Zhou Qiong            |
| Ching Shuk Wah, Shirley | Lee Kit Ling             | So Wai Yin            | Zhu Siying            |
| Chiu Shuk Man           | Lee Wun San, Vincent     | Tam Man Shan          | Zhu Wenting           |
| Choi Chun Wai           | Leung Po Man             | Tong Sze Nga          |                       |



## Advocacy

### HKICS President and Council for 2021

The Institute held its Annual General Meeting (AGM) on Tuesday 15 December 2020.

At the Council meeting following the AGM, the Honorary Officers for 2021 were elected (see below), with Ms Gillian Meller FCG FCS being re-elected as President for the second term. Ms Meller is currently the Legal and European Business Director of MTR Corporation Ltd.

Mr Ivan KW Tam FCG FCS retired from Council on 31 December 2020 after serving as an ex-officio member for three years. The Institute would like to extend its sincere appreciation to Mr Tam for all his contributions.

#### HKICS Council 2021

##### Honorary Officers:

|                               |   |
|-------------------------------|---|
| Ms Gillian E Meller FCG FCS   | President                                 |
| Mr David J Simmonds FCG FCS   | Vice-President (re-elected to Council)    |
| Mr Ernest CH Lee FCG FCS      | Vice-President                            |
| Mr Paul A Stafford FCG FCS    | Vice-President (newly elected to Council) |
| Mr Daniel WS Chow FCG FCS(PE) | Treasurer                                 |

##### Council Members:

Ms Loretta WM Chan FCG FCS  
 Mr Tom SL Chau FCG FCS (newly elected to Council)  
 Mr Edmond MK Chiu FCG FCS(PE)  
 Ms Wendy WT Ho FCG FCS(PE)  
 Ms Stella SM Lo FCG FCS(PE)  
 Professor CK Low FCG FCS  
 Mrs Natalia KM Seng FCG FCS(PE)  
 Mr Bill WM Wang FCG FCS (newly elected to Council)  
 Mr Xie Bing FCG FCS  
 Ms Wendy WY Yung FCG FCS

##### Ex-officio:

Mr David YH Fu FCG FCS(PE) Past President



## Advocacy (continued)

### New post-nominals of The Chartered Governance Institute (CGI)

The Institute would like to remind all CGI members and graduates that the CGI post-nominals 'FCIS' or 'ACIS' and 'GradICSA' expired on 31 December 2020, and have been replaced by the new post-nominals 'FCG' or 'ACG' and 'GradCG', effective from 1 January 2021, as set out in the following table:

|           | Post-nominals that expired on 31 December 2020 | New post-nominals effective from 1 January 2021 |
|-----------|--|---|
| Fellow    | FCIS   | FCG   |
| Associate | ACIS   | ACG   |
| Graduate  | GradICSA                                       | GradCG  |

Also, all CGI members who have been awarded the dual qualification of Chartered Secretary (CS) and Chartered Governance Professional (CGP) have the option of adding 'CS' and 'CGP' after their post-nominals, that is, 'FCG(CS, CGP)' or 'ACG(CS, CGP)', as deemed appropriate.

As the current post-nominals for the Institute's members 'FCS' or 'ACS' remain the same, and given that the 'CS, CGP' option is also available, effective from 1 January 2021, any Institute member who is also a member of CGI is entitled to use the following post-nominals:

|  |  |
|--|--|
| <b>Fellow</b>  | FCG FCS or FCG(CS, CGP) FCS(CS, CGP)         |
| For holders of the Institute's Practitioner's Endorsement designation: | FCG FCS(PE) or FCG(CS, CGP) FCS(CS, CGP)(PE) |
| <b>Associate</b>   | ACG ACS or ACG(CS, CGP) ACS(CS, CGP)         |
| For holders of the Institute's Practitioner's Endorsement designation: | ACG ACS(PE) or ACG(CS, CGP) ACS(CS, CGP)(PE) |

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

### HKICS Edith Shih Corporate Governance Scholarship

The Hong Kong Institute of Chartered Secretaries Foundation Ltd (the Foundation), with support from Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE), CGI Immediate Past International President and Institute Past President, donated an additional sum of HK\$250,000 to The Open University of Hong Kong (OUHK) for the scholarship scheme – known as the HKICS Edith Shih Corporate Governance Scholarship – which is dedicated to students of OUHK's Postgraduate Programme in Corporate Governance in the Mainland.

The donation presentation ceremony was held on 8 December 2020 and was attended by Ms Shih; Ms Samantha Suen FCG FCS(PE), the then Secretary of the Foundation and the then Institute Chief Executive; and Professor Alan Au FCG FCS, Dean and Professor, Lee Shau Kee School of Business and Administration, OUHK.

*The Institute and the Foundation would like to thank Ms Shih for her generous donation and support.*





### The 10th Golden Bauhinia Awards Ceremony

As one of the joint organisers, the Institute took part in the 10th Golden Bauhinia Awards Ceremony – organised by Hong Kong Ta Kung Wen Wei Media Group

Ltd – on 3 December 2020. The then Institute Vice-President Dr Gao Wei FCG FCS(PE) and Chief Representative of the Institute's Beijing Representative Office Kenneth Jiang FCG FCS(PE) both attended the awards ceremony held in Shenzhen. Dr Gao delivered a speech on behalf of the Institute and presented the Best Board Secretaries of Listed Companies Award (最佳上市公司董事会秘书奖) to the awardees.

Congratulations to all the awardees, particularly to the five Affiliated Persons who received the Best Board Secretaries of Listed Companies Award (最佳上市公司董事会秘书奖), whose names are listed below in alphabetical order:

- Huang Chaoquan, Board Secretary, Huaneng Power International, Inc
- Xu Li, Board Secretary, Guangzhou Automobile Group Co, Ltd
- Yang Liang, Board Secretary, Livzon Pharmaceutical Group Inc
- Zhao Dengshan, Board Secretary, China Railway Construction Corporation Ltd
- Zhou Feng, Board Secretary, Air China Ltd



### Institute Vice-President attends 2021/2022 Budget Consultation Session

Institute Vice-President Ernest Lee FCG FCS attended the 2021/2022 Budget Consultation Session. The consultation was chaired by The Honourable Christopher Hui Ching-yu JP, Secretary for Financial Services and the Treasury, The HKSAR Government, on behalf of HKICS on 23 December 2020. The 2021/2022 Budget Consultation Session was held for the professional services sector.



### Congratulations

On 1 January 2021, the HKSAR Government appointed Edith Shih FCG(CS, CGP) FCS(CS, CGP)(PE) (CGI Immediate Past International President, Institute Past President, and Executive Director, CK Hutchison Holdings Ltd) as the new Chairperson of the Process Review Panel (PRP) for the Financial Reporting Council (FRC) for a term of two years, from 1 January 2021 to 31 December 2022.

The PRP is an independent and non-statutory body that reviews the operational procedures of the FRC and determines whether the actions taken by the FRC in handling cases have followed its internal procedures and guidelines. The Chairperson and members of the PRP are appointed by the HKSAR Financial Secretary under authority delegated by the HKSAR Chief Executive.

## Advocacy (continued)

### Fireside Chat Series with Governance Professionals over Lunch Hours (December 2020)

All sessions of the Fireside Chat Series held in December 2020 have been successfully concluded. In the first session, held on 4 December, Institute members Dominic Wu ACG ACS and Anita Chan ACG ACS discussed the cultural differences between working in Europe, the US and Japan. In the second session, held on 11 December, CGI Immediate Past International President and Institute Past President Edith Shih

FCG(CS, CGP) FCS(CS, CGP)(PE) shared tips on time management, while in the third session, held on 18 December 2020, Institute Education Committee member Professor Alan Au FCG FCS talked about his enjoyment of teaching and advised students not to limit their career paths to the subjects of their study. The then Institute Chief Executive Samantha Suen FCG FCS(PE) served as moderator for all the sessions.



### Secretariat holiday celebrations

The Secretariat team in Hong Kong enjoyed a heart-warming holiday season celebration via Zoom on 23 December 2020, during which a lucky draw was held.

Meanwhile, the Secretariat team in Beijing held a festive lunch gathering on 24 December to celebrate the end of the year.



As a caring organisation, the Institute presented each of the Secretariat staff members in Hong Kong and Beijing with a gift to celebrate the end of the year and in recognition of their dedication, diligence and hard work during the challenges of this unprecedented time.

# A bird's eye view

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

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



Subscribe to *CSj* today to stay informed and engaged with the issues that matter to you most.

Please contact:

Paul Davis on +852 3796 3060 or [paul@ninehillsmedia.com](mailto:paul@ninehillsmedia.com)

## Chartered Governance Qualifying Programme (CGQP)

### Update of CGQP syllabus and recommended study materials

The syllabus and the relevant sections of the online study materials of the CGQP modules – Hong Kong Company Law and Corporate Secretaryship and Compliance, as well as the recommended readings for the Corporate Governance module – have been updated. With effect from the June 2021 examination diet and onwards, the new syllabus will be incorporated into the examinations.

For details, please visit the *Syllabus page* under the *Studentship* section of the *Institute's website: www.hkics.org.hk*.

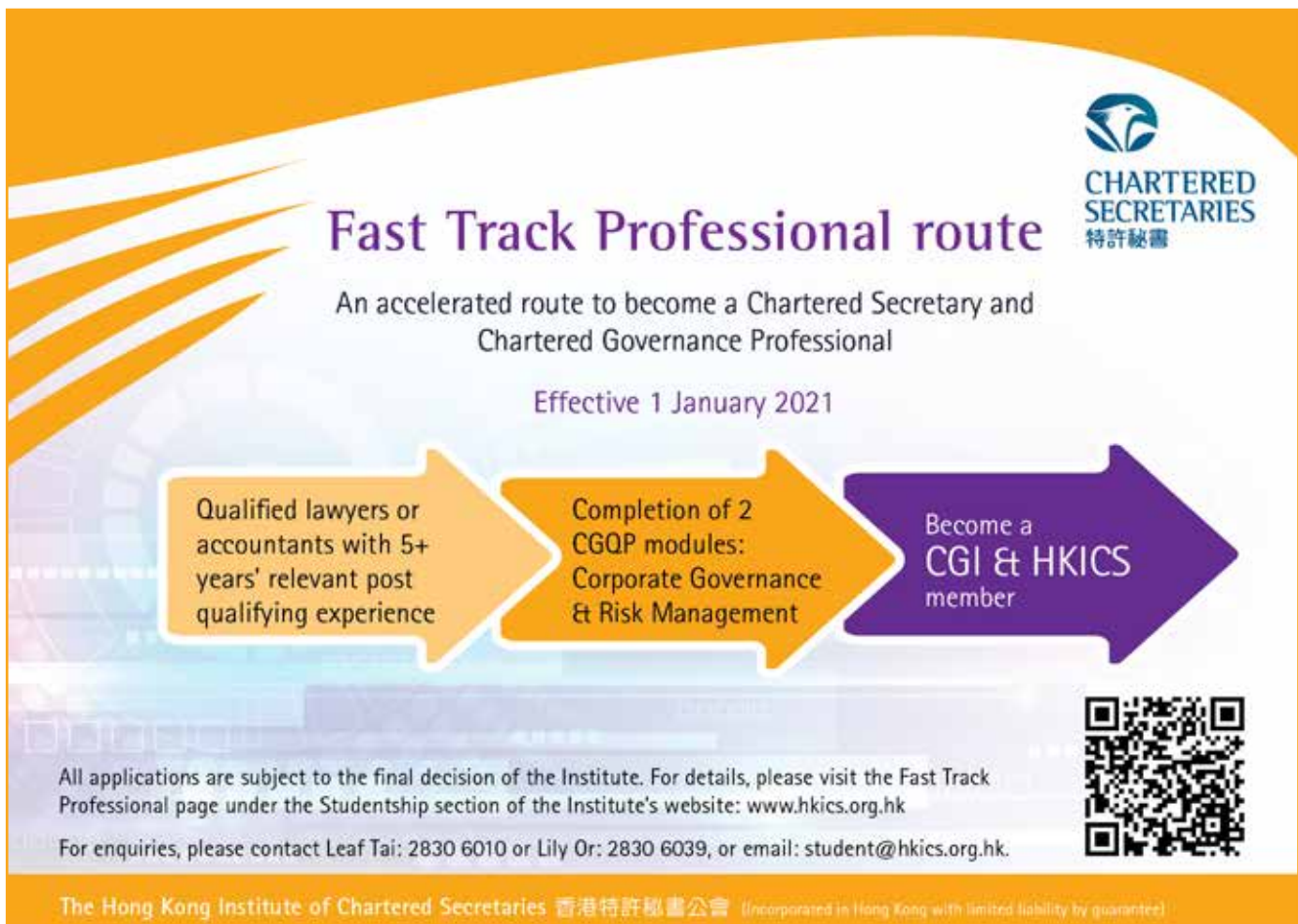
### New Fast Track Professional route to CGI and Institute membership

With effect from 1 January 2021, a new Fast Track Professional route is available for qualified lawyers or accountants who wish to become a Chartered Secretary and Chartered Governance Professional.

Qualified lawyers or accountants with more than five years' relevant post-qualifying experience may now be eligible for membership of The Chartered Governance Institute (CGI) and the Institute by completing only two modules – namely Corporate Governance and Risk Management – under the CGQP of CGI and the Institute.

For details, please visit the *Fast Track Professional page* under the *Studentship* section of the *Institute's website: www.hkics.org.hk*.

For enquiries, please contact Leaf Tai: 2830 6010 or Lily Or: 2830 6039, or email: [student@hkics.org.hk](mailto:student@hkics.org.hk).



The infographic features a white background with orange and purple accents. At the top right is the logo for Chartered Secretaries (特許秘書). The main title 'Fast Track Professional route' is in purple, followed by the subtitle 'An accelerated route to become a Chartered Secretary and Chartered Governance Professional'. Below this, it states 'Effective 1 January 2021'. A flowchart consists of three arrows pointing right: an orange arrow with the text 'Qualified lawyers or accountants with 5+ years' relevant post qualifying experience', a yellow arrow with 'Completion of 2 CGQP modules: Corporate Governance & Risk Management', and a purple arrow with 'Become a CGI & HKICS member'. At the bottom left, there is a text box with application details and contact information. At the bottom right is a QR code. The footer contains the full name of the institute in English and Chinese, along with its legal status.

**Fast Track Professional route**  
An accelerated route to become a Chartered Secretary and Chartered Governance Professional  
Effective 1 January 2021

Qualified lawyers or accountants with 5+ years' relevant post qualifying experience → Completion of 2 CGQP modules: Corporate Governance & Risk Management → Become a CGI & HKICS member

All applications are subject to the final decision of the Institute. For details, please visit the Fast Track Professional page under the Studentship section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk)  
For enquiries, please contact Leaf Tai: 2830 6010 or Lily Or: 2830 6039, or email: [student@hkics.org.hk](mailto:student@hkics.org.hk)

The Hong Kong Institute of Chartered Secretaries 香港特許秘書公會 (Incorporated in Hong Kong with limited liability by guarantee)

## Student Ambassadors Programme 2020/2021

The Institute's Student Ambassadors Programme (SAP) for the new academic year (2020/2021) has commenced, with the first SAP online gathering held on 12 December 2020. The gathering was attended by over 75 mentors and student ambassadors, and provided a good opportunity for SAP mentors and mentees to get to know each other. During the breakout sessions, mentors and mentees shared their insights and thoughts on online

learning and online networking. All participants enjoyed the gathering, which ended with everyone singing Merry Christmas to each other via Zoom.

*The Institute would like to thank the following mentors for their valuable contributions in 2019/2020 and to welcome new mentors for 2020/2021.*



### Mentors for the 2019/2020 SAP programme

|                            |                       |
|----------------------------|-----------------------|
| Ada Au ACG ACS             | Crystal Lee ACG ACS   |
| Brian Chan ACG ACS         | Simon Lee ACG ACS     |
| Caroline Chan FCG FCS      | Kitty Liu FCG FCS     |
| Mike Chan FCG FCS          | Linda Ling ACG ACS    |
| Agnes Cheuk ACG ACS        | Anna Sum FCG FCS      |
| Nick Cheung ACG ACS        | Andrew Tsang FCG FCS  |
| Daniel Chow FCG FCS(PE)    | Jerry Tong FCG FCS    |
| Professor Jay Chui ACG ACS | Patrick Wong FCG FCS  |
| Victor Ho ACG ACS          | Dr Davy Wu            |
| Anna Kong ACG ACS          | Dominic Wu ACG ACS    |
| Donald Lai ACG ACS         | Sandy Yan ACG ACS(PE) |
| Nereid Lai FCG FCS         | Margaret Yan          |
| Iris Lai ACG ACS           | Paul Yeung FCG FCS    |
| Ricky Lai FCG FCS          | Trevor Yu ACG ACS     |
| Carmen Lam FCG FCS         |                       |

### Mentors for the 2020/2021 SAP programme

|                            |                         |
|----------------------------|-------------------------|
| Caroline Chan FCG FCS      | Eddy Lin ACG ACS        |
| Douglas Chan ACG ACS       | Linda Ling ACG ACS      |
| Eric Chan FCG FCS          | Kitty Liu FCG FCS       |
| Mike Chan FCG FCS          | Tracy Lok ACG ACS       |
| Natalie Chan FCG FCS       | Christopher Lui ACG ACS |
| Willa Chan ACG ACS         | Emily Ng ACG ACS        |
| Nick Cheung ACG ACS        | Iris Ng ACG ACS         |
| Daniel Chow FCG FCS(PE)    | Edmund Ng FCG FCS       |
| Professor Jay Chui ACG ACS | Sherafin Ng ACG ACS     |
| Christine Chung FCG FCS    | Calvin Tang ACG ACS     |
| Tony Fong FCG FCS          | Jerry Tong FCG FCS      |
| Gigi Ho ACG ACS            | Patrick Wong FCG FCS    |
| Eddy Ko ACG ACS            | Jenny Wong ACG ACS      |
| Anna Kong ACG ACS          | Flora Wong ACG ACS      |
| Donald Lai ACG ACS         | Polly Wong FCG FCS      |
| Nereid Lai FCG FCS         | Dr Davy Wu              |
| Ricky Lai FCG FCS          | Dominic Wu ACG ACS      |
| Carmen Lam FCG FCS         | Sandy Yan ACG ACS(PE)   |
| Davis Lau ACG ACS          | Margaret Yan            |
| Klare Lau ACG ACS          | Paul Yeung FCG FCS      |
| Joyce Lau FCG FCS          | May Yip ACG ACS         |
| Simon Lee ACG ACS          | Trevor Yu ACG ACS       |
| Kelvin Leung ACG ACS       | Blair Zhang ACG ACS     |

## Chartered Governance Qualifying Programme (CGQP) (continued)

### Studentship activities:

December 2020

8 December

Student gatherings: session 6 – boosting emotional health and being resilient during the pandemic



### Learning support

HKU SPACE CGQP Examination Preparatory Programme – spring 2021 intake

HKU SPACE has been endorsed by the Institute to organise the CGQP Examination Preparatory Programme, which help students to prepare for the CGQP examinations. One assignment and one take-home mock examination will be provided to students. There are 36 contact hours for each module, except for Hong Kong Company Law, which has 45 contact hours. The spring 2021 intake will commence in late February 2021.

For details, please contact HKU SPACE: 2867 8317, or email: [hkics@hkuspace.hku.hk](mailto:hkics@hkuspace.hku.hk)

### Notice:

Policy – payment reminder

Studentship renewal

Students whose studentship expired in November 2020 are reminded to settle the renewal payment by Saturday 23 January 2021.

### Forthcoming studentship activities

| Date             | Time          | Event  |
|------------------|---------------|--|
| 28 January 2021  | 7.00pm–8.00pm | HKICS Chartered Governance Qualifying Programme: introduction to the Fast Track Professional route |
| 23 February 2021 | 1.00pm–2.00pm | Student Gathering: update of the CGQP and how to use the PrimeLaw online platform                  |
| 25 February 2021 | 6.30pm–7.30pm | Governance Professionals Information Session   |

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

### Featured job openings

| Company name            | Position                      |
|-------------------------|-------------------------------|
| CUHK Medical Centre Ltd | Manager, Company Secretariat  |
| Conyers Dill & Pearman  | Corporate Administrator       |
| Conyers Dill & Pearman  | Group Secretary               |
| Jardine Matheson Ltd    | Company Secretarial Assistant |

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)



## Sustainability reporting standards

The Hong Kong Institute of Chartered Secretaries (the Institute), as a stakeholder in the international development of sustainability reporting standards, has responded to the consultation issued by the IFRS Foundation to assess the need for a global set of internationally recognised sustainability standards. The IFRS Foundation, the international body behind the global accounting standards known as the IFRS Standards, published its consultation in September 2020 in the context of the increased calls for standardisation of environmental, social and governance (ESG) and sustainability reporting. The consultation seeks stakeholder input on the need for global sustainability standards and the role

the IFRS Foundation might play in the development of such standards.

The Institute welcomes the IFRS Foundation initiative to improve the consistency and comparability of sustainability reporting standards. Moreover, the Institute believes that the IFRS Foundation, given its experience and track record in setting global accounting standards, will be well placed to take up this challenge. The Institute also welcomes the proposed establishment of a Sustainability Standards Board (SSB) by the IFRS Foundation.

This should be with the aim of setting standards to reduce complexity and to achieve comparability in sustainability

reporting. It is also appropriate for the SSB to work with other frameworks and standard-setting bodies (both global and regional) on these objectives for widespread success of the standard-setting exercise,' the Institute's submission states.

Nevertheless, the Institute's submission highlights a number of challenges that should be considered – such as the fragmented expectations of investors and other stakeholders regarding ESG and sustainability reporting.

*The Institute's submission is available from the Submissions section of the Institute's website: [www.hkics.org.hk](http://www.hkics.org.hk). More information is available on the IFRS Foundation website: [www.ifrs.org](http://www.ifrs.org).*

## SFC update

### Customer due diligence requirements for open-ended fund companies

On 23 December 2020, the Securities and Futures Commission (SFC) released its consultation conclusions on proposed customer due diligence requirements for open-ended fund companies (OFCs). The SFC will implement the proposal to require OFCs to appoint a responsible person to carry out anti-money laundering and counter-financing of terrorism (AML/CFT) functions as stipulated in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. The requirements are designed to better align the AML/CFT requirements for different investment vehicles for funds in Hong Kong and are similar to those imposed on limited partnership funds under the Limited Partnership Fund Ordinance. They are

also in line with the Financial Action Task Force's principles and requirements.

### Amendments to the Code on Pooled Retirement Funds

On 18 December 2020, the SFC launched a three-month consultation on proposed amendments to the Code on Pooled Retirement Funds. Pooled Retirement Funds (PRFs) and investment portfolios are only available to occupational retirement schemes as defined under the Occupational Retirement Schemes Ordinance. The proposals would enhance the SFC's requirements for the operation of these funds and clarify the obligations of key operators including product providers, trustees, management companies and insurance companies. The consultation period ends on 19 March 2021.

### Proposals to upgrade competency standards

On 11 December 2020, the SFC launched a consultation on proposals to update its entry requirements for SFC licence applicants, as well as its ongoing competency standards for relevant practitioners. Under the proposals, the minimum academic qualification requirements would be raised and a broader range of qualifications would be recognised. In addition, applicants would have more flexibility for meeting the industry qualification and regulatory examination requirements. The closing date for responses is 10 February 2021.

*More information is available on the SFC website: [www.sfc.hk](http://www.sfc.hk).*

## HKEX update

---

### HKEX launches sustainable and green exchange

On 1 December 2020, Hong Kong Exchanges and Clearing Ltd (HKEX) launched its Sustainable and Green Exchange (STAGE).

The STAGE platform is an online product repository, which at launch features 29 sustainable-themed products from leading Asian corporates. These HKEX-listed sustainable products include sustainability, green and transition bonds from issuers across a variety of sectors including utilities, transportation, property development and financial services, as well as environmental, social and governance (ESG)-related exchange traded products.

Issuers included on STAGE must provide additional voluntary disclosures on their sustainable investment products, such as use of proceeds reports, as well as annual post issuance reports. 'This additional information will enable investors to access a trusted, easy-to-use platform for the region's fast growing "green sector". At the same time, the data will act as a benchmark for issuers seeking to raise funds for their sustainable projects, and will also contribute to the standardisation of sustainability metrics', the HKEX press release says.

STAGE is also an online repository of green and sustainable finance resources, promoting market education, knowledge sharing and stakeholder engagement in sustainable finance. This resources library provides case studies, webcast videos, guidance materials, research papers and other publications that aim to help market participants enrich their understanding of sustainable finance, green products, ESG integration and sustainable investing. HKEX is working closely with local, regional and international partners to further expand the available content of STAGE.

### Change in chief executive

Li Xiaojia, Charles, retired from his role as the Chief Executive of HKEX effective 1 January 2021. Tai Chi Kin, Calvin, has been appointed as Interim Chief Executive of HKEX to succeed Mr Li. Mr Tai will continue in his role as Co-President and Chief Operating Officer of HKEX. In addition, Mr Tai, as Interim Chief Executive, has taken up the following positions: an ex-officio member of the HKEX board, member of the Board Executive Committee and Corporate Social Responsibility Committee of the HKEX board; an ex-officio member of the Listing Committee of the Main Board and GEM, The Stock Exchange of Hong Kong Ltd; and a member of the Listing Policy Panel.

## COVID-19 measures at the Companies Registry

---

In view of the latest epidemic situation and the special work arrangements for government employees, the Companies Registry has temporarily closed the Public Search Centre on 13/F at Queensway Government Offices and will maintain limited counter services for receiving documents delivered in hard copy and collection of certificates for company incorporations.

The Registry appeals to its customers to continue to deliver documents electronically or by post. Customers should avoid visiting the Registry's office premises unless they require urgent service. The Registry's services on registration of documents and public search services will continue to be provided electronically through the e-Registry ([www.eregistry.gov.hk](http://www.eregistry.gov.hk)), Cyber Search Centre ([www.icris.cr.gov.hk](http://www.icris.cr.gov.hk)) and the website of the Registry for Trust and Company Service Providers ([www.tcsp.cr.gov.hk](http://www.tcsp.cr.gov.hk)).

The waiting time for public services provided at the Registry's offices will be longer as the provision of services has been scaled down. The Registry will also take a longer time to process the documents submitted in hard copy form.

*The new arrangement will continue until further notice. More details of the limited counter services are available on the Registry's website: [www.cr.gov.hk](http://www.cr.gov.hk). For enquiries, please call: 2867 2600, or email: [crenq@cr.gov.hk](mailto:crenq@cr.gov.hk).*



CHARTERED  
SECRETARIES  
特許秘書

# HKICS

## Video-recorded CPD seminars

### AML/CFT Series:

The Direction of TCSP Regulation and the  
Impact of the FATF Mutual Evaluation  
Report on Hong Kong

AML/CFT Risks, Compliance Standards and  
Tools

Is your Company Complying with the New  
AML/CDD Requirements?

AML/CFT - Regulations and Reforms -  
Persons with Significant Control Register/  
TCSP Regulation

Hong Kong Limited Partnership Fund  
Ordinance (NEW)

Scriptless Market Development  
(Uncertificated Securities Market "USM")  
(NEW)

Anytime anywhere at your convenience

## Register now!



More than meets the eye.  
潛能. 超越所見.

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

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

# Drive Excellence

with Nasdaq Governance Solutions



Board Portal  
Technology

Nasdaq  
Boardvantage®



Board Evaluation & Board  
Engagement Experts

Nasdaq  
Center for Board Excellence



ESG Reporting &  
Data Management

Nasdaq  
OneReport

Trusted by 4,000 client globally including public, not-for-profit and educational institutions in Hong Kong, our technology solutions, consulting resources, expert insights, and award-winning service can help you drive excellence and advance your organisation's governance practices.

Contact Nasdaq Governance Solutions to learn more.

✉ [kevin.wong@nasdaq.com](mailto:kevin.wong@nasdaq.com)

🐦 @NasdaqCorpGov

🌐 Nasdaq Governance Solutions

🌐 <https://www.nasdaq.com/hk/boardvantage>

🏠 1204-08, 12/F Man Yee Building, 68 Des Voeux Rd Central,  
Central, Hong Kong

☎ +852 5529 6312

Please contact us  
to learn more about  
special benefits for  
HKICS members