CSj

June 2013

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



Board diversity

New frontiers for the company secretary

Board secretary liabilities
Rule of law in the PRC
Taiwan update

CHARTERED SECRETARIES
特許秘書

Listco PRO™

Listco Professional Development Programme



We Promote **PROFESSIONAL** Listco Practices

Specialized CPD training programme for Listed Companies

UPCOMING CPD SESSIONS IN 2013

JUNE	What are the key accounting considerations for the CFO of listco in a M&A acquisition? Speakers: Professionals from PwC Hong Kong
SEPT	Recap on listing rules corporate governance requirements on Board Diversity and ESG Speakers: Professionals from Deloitte Touche Tohmatsu
SEPT	A general understanding of the principles and application of IFRS Speakers: Professionals from PwC Hong Kong
OCT	The most commonly misunderstood accounting treatment for listed companies Speakers: Professionals from PwC Hong Kong
OCT	M&A Workshop - Outline for the part of valuation Speakers: Mr. Eugene Liu/ Mr. Joe Yan, RSM Nelson Wheeler
NOV	HKFRSs on Business Combinations and Consolidation New HKFRS on Consolidation and Joint Arrangements and Associates Speaker: Mr. Joel Chan, Partner, Technical Department, RSM Nelson Wheeler
NOV	An update on shareholder rights and remedies with case study Speakers: Professionals from Baker Mckenzie
NOV	What is the common tax dispute with IRD under the current IFRS model? Any remedial action to mitigate the risk? Speakers: Professionals from PwC Hong Kong
DEC	An introduction on valuation of financial instruments under the HKFRS framework Speakers: Professionals from KPMG
DEC	HKFRSs Financial Reporting Updates 2013/2014 Speaker: Mr. Nelson Lam, Nelson Consulting Limited / Nelson and Company, CPA

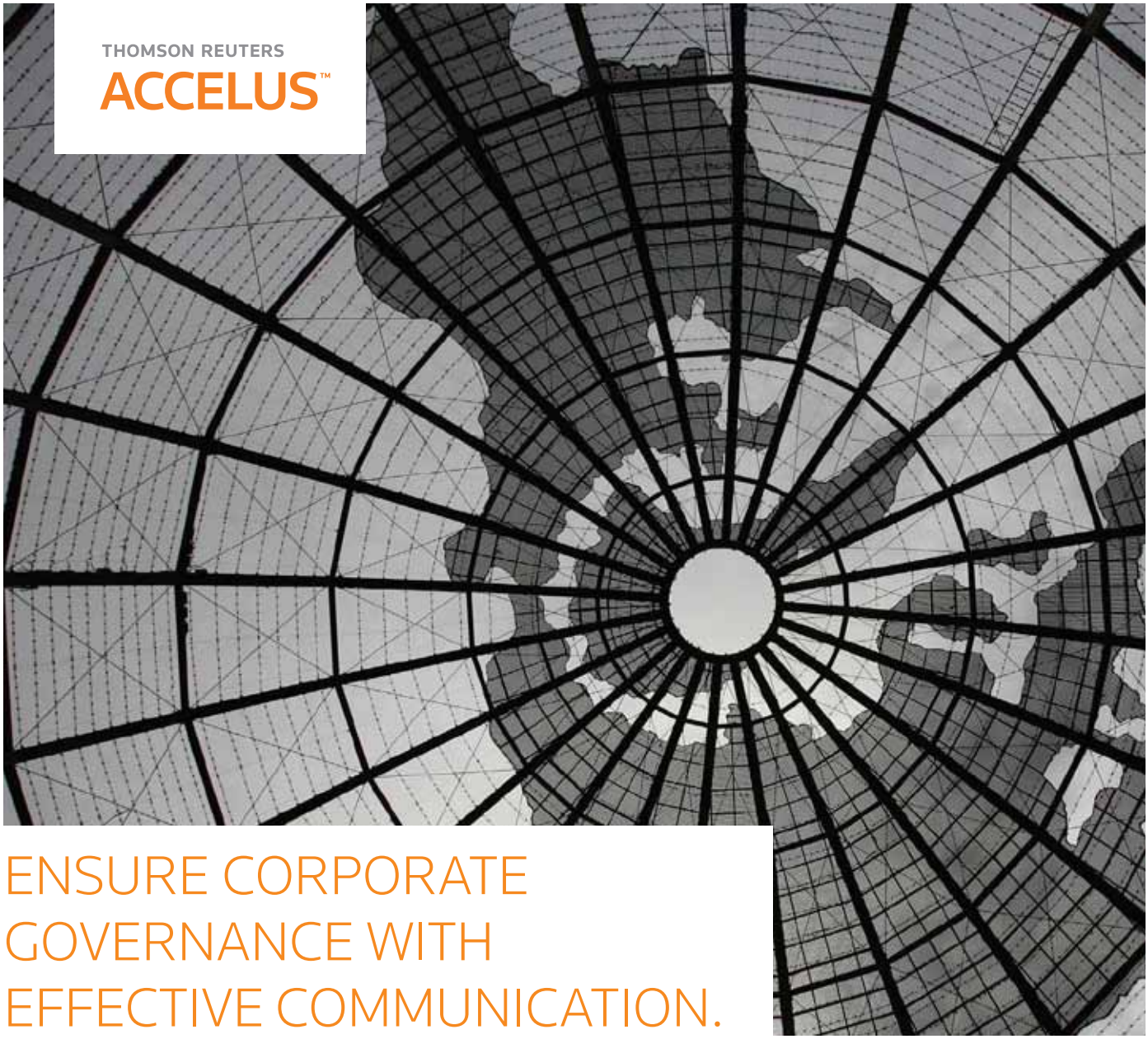
ListcoPRO is a services provider of professional services to listed companies' in Hong Kong. We are a leader in the area of professional CPD Training and development. Our group companies also provide a number of corporate services including Executive Recruitment, Corporate Governance and Compliance, Business and Transaction Advisory Services.

CPD Training • Recruitment • Governance

For more information, please visit Listco Professional Services Limited at www.listcoPRO.com

Tel : +852 3628 5700 I info@listcopro.com | Room 602, 6th Floor, AXA Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong

THOMSON REUTERS
ACCELUS™



ENSURE CORPORATE GOVERNANCE WITH EFFECTIVE COMMUNICATION.

REUTERS/Cheryl Ravelo

BOARDLINK

- The easiest, most secure solution for connecting with your Board
- Easy access for your board — anytime, anywhere
- Dedicated business consultants available 24/7
- Now with analyst reports

To register for our complimentary webcast on June 20th "Communicating with the Board" please visit **accelus.thomsonreuters.com/webcasts**

For more information on Boardlink please visit: **accelus.thomsonreuters.com/Boardlink**

© 2013 Thomson Reuters. All rights reserved. GRC00276/5-13

THOMSON REUTERS™

CSj

CHARTERED SECRETARIES 特許秘書

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 in Hong Kong and throughout China, as well as the development of the profession of the Chartered Secretary.

The HKICS was first established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London. It became a branch of ICSA in 1990 before gaining local status in 1994, and today has about 5,700 members and approximately 3,200 students.

Council 2012/ 13

Edith Shih *FCIS FCS(PE) – President*
Dr Maurice Ngai *FCIS FCS(PE) – Vice-President*
Ivan Tam *FCIS FCS – Vice-President*
Jack Chow *FCIS FCS – Treasurer*
Dr Eva Chan *FCIS FCS(PE)*
Susie Cheung *FCIS FCS(PE)*
Dr Gao Wei *FCIS FCS*
Eddie Liou *FCIS FCS(PE)*
Paul Moyes *FCIS FCS*
Douglas Oxley *FCIS FCS*
Alberta Sie *FCIS FCS(PE)*
Polly Wong *FCIS FCS(PE)*
April Chan *FCIS FCS(PE) – Ex Officio*

Committee chairmen 2012/ 13

Audit Committee:
Dr Maurice Ngai *FCIS FCS(PE)*
Education Committee:
Alberta Sie *FCIS FCS(PE)*
Human Resources Committee:
April Chan *FCIS FCS(PE)*
Membership Committee:
Susie Cheung *FCIS FCS(PE)*
Professional Development Committee:
Polly Wong *FCIS FCS(PE)*
Nomination Committee:
Neil McNamara *FCIS FCS* (Past President)

Secretariat

Edwin Ing *FCIS FCS Interim Chief Executive*
Louisa Lau *FCIS FCS(PE) General Manager & Company Secretary*
Candy Wong *Director, Education and Examinations*
Mohan Datwani *LLB LLM MBA(Iowa) Director, Technical and Research*
Cherry Chan *Director, Membership and Marketing*
Lydia Kan *ACIS ACS Director, Professional Development*
Jiang Guo Liang *FCIS FCS BRO Chief Representative*
Bonnie Chan *Financial Controller*

Membership statistics update

As of 24 May 2013, the Institute's membership statistics were as follows:

Students: 3,156
Graduates: 459
Associates: 4,762
Fellows: 470

The Hong Kong Institute of Chartered Secretaries

(Incorporated with Limited liability)
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 (general) ecpd@hkics.org.hk (Professional Development)
member@hkics.org.hk (member) student@hkics.org.hk (student)
Website: www.hkics.org.hk

Beijing Representative Office

Rm 15A04, 15A/F, Dacheng Tower, No 127 Xuanwumen West Street
Xicheng District, Beijing, China, P.C.: 100031
Tel: (86) 10 6641 9368 Fax: (86) 10 6641 9078 Email: bro@hkics.org.hk

Institute of Chartered Secretaries and Administrators

Chartered Secretaries Australia
Level 10, 5 Hunter Street
Sydney, NSW 2000
Australia
Tel: (61) 2 9223 5744
Fax: (61) 2 9232 7174
Email: info@CSAust.com
Website: www.CSAust.com

The Institute of Chartered Secretaries & Administrators in Canada
202-300 March Road
Ottawa, ON, Canada K2K 2E2
Tel: (1) 613 595 1151
Fax: (1) 613 595 1155

The Malaysian Institute of Chartered Secretaries and Administrators
No. 57 The Boulevard, Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
Tel: (60) 3 2282 9276
Fax: (60) 3 2282 9281

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

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

Chartered Secretaries 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
16 Park Crescent,
London W1B 1AH
Great Britain
Tel: (44) 20 7580 4741
Fax: (44) 20 7323 1132

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

June 2013

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: 9,100
Annual subscription: HK$2600 (US$340)
To subscribe call: (852) 2982 0559 or
email: enquiries@ninehillsmedia.com

Editorial Committee

Ken Chan
Fanny Cheng
Kieran Colvert
Mohan Datwani
Paul Davis
Edwin Ing
Lydia Kan
Louisa Lau

Credits

Kieran Colvert
Editor
Pearl Tong
China Editor
Ester Wensing
Art Director
Harry Harrison
Illustrator (cover)
Images
iStockphoto

Contributors to this edition

Rosie Halfhead
Community Business
Louis Chen
ARDCO, Taiwan
Andrew Sheng and Xiao Geng
Fung Global Institute
Cai Zongqi
Journalist
Mohan Datwani
HKICS

Advertising sales enquiries

Paul Davis
Commercial Director
Ninehills Media
Tel: (852) 2982 0559
Email: paul@ninehillsmedia.com

Ninehills Media Ltd

PO Box 9963
General Post Office
Hong Kong
Tel: (852) 2982 0559
Fax: (852) 3020 7442
Internet: www.ninehillsmedia.com

© Copyright reserved

ISSN 1023-4128

ninehills media

Contents



Cover Story

Breaking new frontiers with boardroom diversity 08

Rosie Halfhead, Programme Director, Diversity on Boards, Community Business, advises on compliance with the new Corporate Governance Code provision requiring listed companies to have, and to report on, a policy on board diversity.

In Profile

Gender agenda 14

Elsie Leung, Hong Kong's former Secretary of Justice, and Susie Cheung, General Counsel and Company Secretary of the Hong Kong Mortgage Corporation, discuss board diversity and gender equality in Hong Kong.

International Report

Professionalising the board secretary in Taiwan 20

Professor Louis Chen, Chairperson of the Association for Research & Development of Corporate Organisation in Taiwan, argues that board support and corporate compliance are better off in the hands of professionals.

Mainland Report

Building China's rule of law 24

Andrew Sheng and Xiao Geng of the Fung Global Institute argue that if China's economic rise is to advance it must develop the rule of law.

建设法治中国 27

经纶国际经济研究院的沈联涛和肖耿认为，中国经济若要进一步发展强大，就必须建设法治社会。

Responsibility without power? 28

The latest Regional Board Secretary Panel meetings in Beijing, Shanghai and Guangzhou discussed the status and liabilities of board secretaries in mainland China.

有责无权？ 32

一般认为中国内地董事会秘书的地位相对崇高，起码法例规定董秘为公司的高级管理人员。最近内地举行的地区董事会秘书小组会议，却对董秘的地位和效能提出疑问，并呼吁改善董秘责权利失衡的状况。

In Focus

Training the trainers: a pictorial essay 34

Mohan Datwani, the Institute's Technical and Research Director, tells the story through photographs of the 'Training of Trainers Pilot Programme', organised by the IFC and the CSIA, in Johannesburg, South Africa, from 6–10 May 2013.

HKICS News

President's Message 04

Institute News 38

Student News 44

Ask the Expert 07

Your technical questions answered.

Bulletin Board 47

News items and regulatory changes of relevance to members.



Board Diversity

Last year's corporate governance conference (CGC) addressed many issues which, at the time, could still be regarded as 'frontier' issues in corporate governance. Board diversity was one such issue and certainly elicited strong views on both sides of the debate.

Only six months later, how the landscape has changed. In October last year, board diversity was not on the agenda of many Hong Kong boards. Indeed, Professor Judy Tsui, Chair Professor of Accounting at The Hong Kong Polytechnic University, argued in her CGC presentation that Hong Kong had fallen well behind other jurisdictions in terms of its board diversity standards.

Professor Tsui, who authored the preface of the HKICS/ CLP research report on diversity *(Diversity on the Boards of Hong Kong Main Board Listed Companies)*, published in October 2012, highlighted the very narrow pool of talent that Hong Kong companies tend to draw on to fill board positions – both in terms of age (the average age of Hong Kong directors is 58 years); gender (only 9% of Hong Kong directors are female); and professional training (typically Hong Kong directors are accountants with experience in banking).

Six months later, the issue of board diversity is now firmly on boardroom agendas. The new code provision in the Corporate Governance Code, due to be implemented in September this year, has meant that board diversity is now a compliance issue for the boards of listed companies. If you are in any doubt as to the new compliance obligations brought in by the new code provision, or if you are looking for inspiration on how to advise your board on this issue, then this month's journal is an essential read.

In our lead cover story this month (see pages 8–12), Rosie Halfhead, Programme Director, Diversity on Boards, Community Business, argues that compliance with the new code provision is an opportunity for Hong Kong companies to catch up with stakeholder expectations in this area and start reaping the benefits of a more diverse board. Her article also has a practical focus – Rosie worked closely on the Community Business guide (*Improving Governance through Board Diversity: A Guide for Companies Listed in Hong Kong*), published in April this year, and she is therefore able to address the modalities of formulating a relevant board diversity policy and setting up appropriate internal controls to report to stakeholders on the company's progress towards achieving its diversity goals.

The board diversity theme continues in this month's In Profile interview, which, unusually, features two interviewees – Elsie Leung, Hong Kong's former Secretary of Justice and Susie Cheung, General Counsel and Company Secretary of the Hong Kong Mortgage Corporation (see pages 14–19). This dual interview format is unusual for the journal but is one which I think we should use more of in the future. The different perspectives and expertise Elsie and Susie are able to offer give the reader some very thought-provoking and interesting insights into gender equality and board diversity in Hong Kong.

Susie, who is also our Membership Committee chairperson, has considerable experience in working for high-level boards in Hong Kong and she points out that Hong Kong offers many opportunities for women with the requisite skills. She also highlights some current initiatives to raise the number of women on boards in Hong Kong, including our Institute's seminars on 'board readiness' designed to increase the number of company secretaries taking up board appointments.

Susie's comments are complemented by the perspective Elsie gives of the gradual evolution of Hong Kong's civil and political environment over the last 50 years. Elsie, who is also an Honorary member of the Institute, shows that the social values underpinning gender equality, board diversity and inclusion have changed remarkably over her lifetime. It may be hard to believe that it was only in 1971 that concubinage was abandoned and men and women were given equal rights of succession.

Social values change over time and yesterday's 'frontier' issues often become today's standard practice. Companies wishing to stay ahead of the curve of stakeholder expectations, therefore, need company secretaries capable of thinking ahead and advising the board on the changing landscape in which the company operates.



Edith Shih *FCIS FCS(PE)*

董事会成员多元化

去年公司治理研讨会研讨了若干当时被认为相当「前卫」的公司治理课题；其中一项是董事会成员应否多元化，当时支持和反对双方分别表达了不同的强烈观点。

事隔仅六个月，情况已经截然不同。去年10月，董事会成员应否多元化尚未出现于一般香港公司的董事局的会议议程内。香港理工大学会计学讲座教授徐林倩丽在研讨会发言时指出，在董事会成员多元化的水准方面，香港远远落后于其他地区。

徐教授为公会与中电合作的董事会成员多元化研究报告（《香港主板上市公司董事会成员多元化》，2012年10月出版）撰写序言，她指出香港公司往往从范围相当狭窄的人才库中物色董事人选，包括在年龄（香港董事的平均年龄是58岁）、性别（香港董事中只有9%是女性）和专业训练（香港董事通常是会计师，有银行经验）方面。

六个月后，董事局成员多元化的议题，已成为董事局普遍关注的事项。《企业管治守则》的新守则条文将于今年9月实施，意味着董事局成员多元化将成为上市公司董事局须符合的规定。假如您对新守则条文的合规要求有疑问，又或希望得到启发，探讨如何就此事向董事会提供意见，请不要错过今期月刊的内容。

在今期的封面故事中（见第8至12页），社商贤汇的董事会成员多元化计划总监Rosie Halfhead指出，遵守新的守则条文是个机遇，让香港公司满足利益相关人士在这方面的期望，并且透过董事会成员更趋多元化而取得裨益。文章也重点讨论相关的实务：Rosie积极参与草拟今年4月出版的社商贤汇指南（《建立多元董事会优化企业管治：香港上市公司适用指南》），因此能介绍订定董事会成员多元化政策的各种方式，以及如何制定适当的内部管控措施，向利益相关人士汇报公司在实现多元化目标方面的进展。

今期的人物专访，也是以董事会成员多元化为主题。专访罕有地访问两位会员，分别是香港前律政司司长梁爱诗，以及香港按揭证券公司法律顾问及公司秘书张秀芬（见第14至19页）。这种同时有两位受访者的形式，对本刊来说是新尝试，但我认为将来应多采用这种形式。梁爱诗和张秀芬的不同观点和专长，可刺激读者思考，让读者对香港两性平等和董事会成员多元化的情况有新认识。

张秀芬同时是公会会员委员会主席，在香港公司高层次的董事会有多年工作经验。她指出，香港为具备所需技能的女性提供许多机会；她又介绍现时增加女性出任香港董事会成员的一些工作，包括公会有关「董事会是否已经准备就绪」的研讨会。研讨会的目的，是增加受任加入董事会的公司秘书数目。

张秀芬的见解，与梁爱诗的意见互相补足。公会荣誉会员梁爱诗介绍过去50年间香港的社会和政治环境如何逐步改变，并指出她经历了有关两性平等、董事会成员多元化和包容性等社会价值的重大转变。说来令人难以置信，香港到了1971年才废除妾侍制度，男女才有平等的继承权。

随着时间过去，社会价值会有所转变，昔日的「前卫」，往往成为日后的惯例。公司若希望能适时掌握利益相关人士的期望，就需要高瞻远瞩的公司秘书协助，由他们向董事会提供意见，解释公司营运环境的转变。



施熙德

CHARTERED SECRETARIES
特許秘書

Happy Friday for Chartered Secretaries






應用於商業之「中式道德觀念」(Chinese Ethics in Business)

所謂中式道德觀念是指中國數千年以來的道德倫理觀念。 中國道德倫理之基礎建於儒、釋、道三家之上，而當中儒家思想佔有重要的位置。

儒家思想如何在優化公司管治時發揮作用？是次 Happy Friday 邀請得李國輝博士 (Dr Davy Lee) 在一個配有美酒及美點的輕鬆環境下，為大家分享「應用於商業之中式道德觀念」 (Chinese Ethics in Business)，誠邀大家踴躍參與！

詳情	
日期	： 2013年6月21日 (星期五)
時間	： 晚上6時30分至8時
地點	： 中環雪廠街16號西洋會所(Club Lusitano)27樓
費用	： 港幣100元 (配有美酒及小食)
語言	： 粵語

強制持續專業發展學時: 1 分
MCPD Point: 1 Point

資深會士專享優惠
- 可於 2013 年 5 月 31 日前優先報名留位

嘉賓講者

李國輝博士
Dr Davy Lee FCIS FCS(PE)

- 本公會前任會長
- 力寶集團公司秘書
- 中國人文學科文學士(一級榮譽)
- 投資管理碩士
- 工商管理博士





程序

晚上6時30分	- 6時45分	會員登記及交流
晚上6時45分	- 6時50分	歡迎辭
晚上6時50分	- 7時10分	李博士就「應用於商業之中式道德觀念」的分享:



(一) 概說儒家思想的主要理念和破除一些誤解
(二) 討論儒家思想與公司管治的關係
(三) 擴闊大家對中國人文通識之視野
(四) 增加和豐富與人交談的話題

晚上7時10分	– 7時20分	問答時間
晚上7時20分	– 7時50分	歡樂時光及會員交流
晚上 7 時 50 分	– 8 時正	結語

若需更多資訊，請登入公會網址： www.hkics.org.hk 或致電2881 6177聯絡秘書處

與其他公會會員分享！

活動贊助:

ASCENT PARTNERS
LIPPO GROUP

Ask the Expert

If you would like to ask our experts a question, please contact *CSj* Editor Kieran Colvert: kieran@ninehillsmedia.com

Q: *We currently prepare paper board packs and want to keep control of sensitive board information in-house. If we switched to a board portal how could we control who sees what?*

BoardVantage

A: A good board portal supplier takes strong measures to ensure that sensitive data is managed and stored securely. The range of threats to confidential online communication is broad, and a board portal must protect data against all of them. To address these threats, a security-conscious portal is protected by full strength encryption, multi-factor authentication, and is hosted in a highly secure site.

Our viewpoint is that a board portal supplier must maintain a strong perimeter defence using multiple layers of security and constant monitoring. Considerable resources should be allocated to continuously improving security with the latest technologies.

A good board portal supplier will encrypt all data using strong ciphers, both during network transport and while residing on computing platforms. In addition, it should ensure that each customer's content is segregated into an individual repository and encrypted with a unique key. Only authorised users can access protected data – barring even the supplier's system administrators.

A big part of board communication is about who sees what and when they see it. Our view is that a board portal should have the functionality to allow administrators to target content to one set of users while simultaneously restricting access to another set. Since you are currently using a paper process, you have the ability to distribute different materials based on the particular board member. This process works despite the fact that it may be slow and inefficient. Customers need the assurance that they will not lose this control when implementing a board portal solution.

Our solution to this challenge is a 'permissions' system that gives administrators the ability to restrict access to certain security-sensitive areas and documents. Every folder and file has its own permissions for greater control over content. Permissions include the ability to view, print, edit, or own the document. Role-based security allows the administrator to grant document access including print and save options by committee, group or individual.

In addition to content segregation, a good board portal must have a system to ensure that all content, including directors' notes, remains under the central control of the administrator. Essentially it must allow administrators to perform the same practice of collecting board books and shredding their contents after the meeting.

Erin Ruck, BoardVantage
eruck@boardvantage.com
tel. +852 2293 2698
www.boardvantage.com

Your chance to ask the expert...

The challenges company secretaries face in their work tend to be much broader in scope than those faced by other professionals. Their remit goes from technical areas of corporate administration up to providing high-level corporate governance advice to the board. While this certainly adds to the variety of company secretarial work it does mean that practitioners need to be competent in a wide range of fields.

CSj's 'Ask the expert' column is designed with this in mind, providing you with the opportunity to ask our experts questions specific to the challenges you are facing.

If you would like to ask our experts a question, simply email CSj Editor Kieran Colvert at: kieran@ninehillsmedia.com.

If you would like information about how your company can join our expert panel then please contact Paul Davis at: paul@ninehillsmedia.com, or telephone: +852 2982 0559.



Breaking new frontiers with boardroom diversity

The clock is counting down to 1 September 2013 when Hong Kong's new Corporate Governance Code provision on board diversity becomes effective. Rosie Halfhead, Programme Director, Diversity on Boards, Community Business, urges companies and company secretaries to seize this opportunity to demonstrate progressive and enlightened thinking that will be a catalyst for long-term positive change in the boardroom and beyond.

From 1 September 2013, listed companies will need to either comply or explain any non-compliance with the new code provision in Hong Kong's Corporate Governance Code requiring them to have and report on a policy on board diversity. As a non-profit focused on corporate responsibility, diversity and inclusion, Community Business is certainly hoping for more compliance than explanation. We are also hoping for what we are terming 'meaningful' compliance. Namely, the development and implementation of focused and sustainable board diversity policies that are relevant for each individual issuer and that can be a catalyst for long-term positive change in the boardroom and beyond.

An increasing body of research points to the benefits of board diversity – greater innovation, increased creativity, better decision making, and more informed risk-taking are just some of those that are frequently mentioned. Since directors are compelled to make decisions in the best interests of their companies while taking the viewpoints of multiple stakeholders into account, it stands to reason that having a broad diversity of perspectives is preferable to what is commonly referred to as 'groupthink'.

Imagine a scenario where a group of like-minded individuals who have similar ages, backgrounds and experience need to deal with an unexpected, highly complex and/ or disruptive event that requires timely board guidance and decisions. They are likely to be in uncharted territory way beyond their comfort zone and may therefore be unable to foresee possible outcomes and consider how best to manage and mitigate the issues and risks involved.

At its simplest, a diverse board should be made up of the right people and should harness their unique and individual skills and experiences in a way that collectively benefits the company and the business. This approach may take time and effort, but companies that make this investment will undoubtedly reap the benefits. We are not yet there in Hong Kong. From research published by the HKICS last October *(Diversity on the Boards of Hong Kong Main Board Listed Companies),* we see that the 'typical Hong Kong director is male, aged 58, is an independent non-executive director and an accountant with experience in banking'.

The decision of Hong Kong Exchanges and Clearing Ltd (HKEx) to introduce a new code provision on board diversity was a bold and enlightened move for a market that, until recently, has been conservative, entrenched and, as noted above, male-dominated in its approach to board composition. Fortunately, combined with the impact of other recent changes to the Corporate Governance Code, notably the requirement for all boards to comprise one third independent non-executive directors (INEDs), mindsets are beginning to change. Companies need to look beyond the current stock of directors to find new blood. The code provision is not prescriptive and there is no such thing as a 'diversity standard' or a 'right or wrong' way. Nor are there any specific targets or quotas in place. In the spirit of Hong Kong and its free-market thinking, HKEx is deliberately leaving companies to define diversity in a way that is relevant for them.

Company secretaries are, and should be, at the heart of the changes underway. They can provide an effective bridge from the traditions of the past to a more modern and forward-looking 21st century. As HKICS President Edith Shih said in the foreword to the research report on the *Significance of the Company Secretary in Hong Kong Listed Companies*, published last November, what better way to add 'real, tangible value to an organisation… (than to) be seen to do so by our peers, our boards, the regulators and especially the shareholders of our company?'

Changes are made to the Corporate Governance Code on a regular basis, but the amount of publicity and attention given to the topic of board diversity is interesting. Perhaps because it is time for Hong Kong to catch up with other jurisdictions around the world with a little 'encouragement' from the regulator? Perhaps because there is a real market desire to strengthen corporate governance

Highlights

- the new code provision on board diversity in Hong Kong's Corporate Governance Code should be seen as an opportunity rather than a compliance burden
- there is a growing realisation that diversity makes sense because it leads to better decision making and risk management
- those advising boards, including company secretaries, can play a visible and influential role in encouraging relevant and meaningful board diversity

and Hong Kong's competitive positioning as a listing destination? Or perhaps because in the boardrooms and corridors of power of Hong Kong's corporations, there is a growing realisation that diversity makes sense because it reflects the increasingly globalised economy and multicultural workplace, and therefore a diversity of background, thought and experience in the boardroom is essential to good business?

Diversity and inclusion

There are many different ways to define diversity. At its broadest, diversity is about 'differences'. A diversity model reflects an increasingly globalised economy and multicultural workforce where value is placed on a diversity of background, thought and experience. Enlightened organisations will benefit from the dynamics that come from embracing different perspectives shared from individual standpoints. Board diversity is about board members bringing diverse perspectives to the board. Diversity of board members can be achieved through appointment of board members from different backgrounds and can be achieved through consideration of a number of factors that combine demographic, experiential and personal attributes. However, diversity in itself is not enough. What is required is inclusion – a culture and environment where individuals have both a seat at the table and a full voice in the conversation. A company should therefore strive to be both diverse and inclusive.

So, as a company secretary, legal counsel or other adviser, how do you get the boardroom diversity discussion underway? Demonstrating that you are aware of current thinking and best practice is a good place to start, combined with suggesting a concrete and practical course of action that makes sense for your company. Whatever approach you take, it is essential to engage with the board chairperson from the outset, as experience shows that this type of cultural change needs to be led from the top, even if the chairperson delegates the responsibility for follow-through to the nominations committee, CEO, company secretary or other executives.

A four-step plan for action

Having a considered and structured way to tackle the topic is preferable to an *ad hoc,* one-off approach. Here are four steps that reflect best practice from around the world and that can work across all business sectors. The steps are relevant for listed companies as well as any other type of organisation that has a board of directors.

1. Starting the conversation

This entails looking at your business strategy and any diversity policies and processes that already exist; determining the level of diversity in your business; and reviewing your current board composition within this context. Questions to consider include:

- Do we have any written policies on diversity or HR policies relating to equal opportunity and human rights? How do they/ could they apply to the board?
- To what extent do we want to use this opportunity to address/ align our company's diversity strategy with our approach to boardroom diversity?

> "this is, therefore, an excellent opportunity to communicate and demonstrate considered, progressive and enlightened thinking that could set your company apart from its peers"

- What is the make-up of our workforce today – how do we expect that to change in the near, medium and long term?
- Who are our key stakeholders and to what extent is diversity important to them, now and into the future (stakeholders can include shareholders, customers, partners, suppliers and other key influencers)?
- What skills are essential to our business for a meaningful policy and strategy on diversity?
- What board director attributes/ skills are most important to us? How do these reflect the current composition and skillset of our board?

2. Articulating the board diversity policy

This is a requirement of the new code provision if your company plans to comply. In writing your policy you will define what diversity means to your company and its board. It will also be an essential framework for action by your board, your executive and others



as required. And it will be a declaration of intent to your shareholders and stakeholders and to the general public.

This is, therefore, an excellent opportunity to communicate and demonstrate considered, progressive and enlightened thinking that could set your company apart from its peers. It can also be a means to attract and retain customers and employees, as well as investors.

If you are doing this for the first time, it makes sense to start with the basics rather than over-promise, but your discussion with the board could lead you to 'think big' even if you 'start small'. Having a vision for your approach to diversity and recognising that it will take time to achieve it is preferable to restricting the thinking to the bare minimum from the outset. If you need inspiration, there are many companies in the world that are already leading the way in diversity and being very transparent about their ambitions and their progress.

Ideally, your policy should make reference to your company's mission and values, its approach to board nominations and appointments, the means by which it plans to measure board effectiveness, as well as specific timelines for implementation and what support structures are in place to help throughout this process.

3. Evolving your board

With a policy in place, you can now consider specific actions that will support your ambitions for board diversity. This is an opportunity to reconsider your nominations and appointments process, making sure that you have clear and transparent criteria and processes in place that align with your policy. It is also an opportunity to review how you recruit and how you can diversify your recruitment channels and seek external expert support in this process; and it is also an opportunity to develop director training and evaluation programmes and processes. Evolving the board does not only mean appointing 'new' people, it can also be achieved through training existing directors. Questions to consider include:

- What are our existing nominations and appointments processes? How effective are they? How do we know?
- Are our review panels diverse enough? How is our diversity policy communicated to them?
- How do we ensure that any third parties involved in our recruitment process (such as executive search firms) understand and act in accordance with our board diversity policy?
- How many candidates we have considered were previously unknown to us?
- How do we evaluate the impact from the training and education we offer to our board directors?
- Do we conduct regular board and/or director evaluations? How are the outcomes of these shared and actioned?

4. Staying on track

Reporting is another requirement of the new code provision. It makes sense to plan this from the outset and put in place mechanisms that will help a reporting process as well as a tracking and monitoring process to enable long-term, sustained progress.

Where possible, include specific goals and targets; as the old adage goes 'you can't manage what you don't measure'. Objectives can be measured through procedural and structural objectives (for example setting up internal review and reporting procedures or a diversity committee, etc); targets (for example specific diversity characteristics that you have identified as priorities for future board composition such as language skills, geographical experience, gender, age, etc); and dedicated initiatives or progammes



(for example awareness training for directors on relevant diversity topics).

You may have a mix of measures that you track internally within the board along with others that you will include in your corporate governance reporting for your shareholders and the general public.

As with any new initiative, it will be important to agree how you plan to review progress and evolve your strategy and plans as necessary. Consider how often this should happen, who should initiate it and who should be involved in the process.

> "company secretaries are, and should be, at the heart of the changes underway"

New frontiers for the company secretary

Those advising board chairs, including company secretaries, can play a visible and influential role in encouraging relevant and meaningful board diversity. This should not be a box-ticking or cut and paste exercise to simply 'comply' with a new requirement. This can be opportunity to plan for and influence change within a boardroom that has a real impact on the company's organisational and business models and ultimately on business performance. For company secretaries who aspire to contribute more to top management activities (as suggested in recent research) then we would suggest that board diversity is certainly a new 'frontier' topic to embrace. It offers a unique blend of corporate governance, regulatory change and best practice – which can only play to the strengths of the 21st century corporate secretary.

Rosie Halfhead

Programme Director, Diversity on Boards, Community Business

Board diversity guide

On 18 April this year, Community Business released a 'how to' guide that offers practical advice to help companies formulate a relevant board diversity policy and to create the right environment and mechanisms for impactful and sustainable implementation that delivers tangible business benefits. *Improving Governance through Board Diversity* is based on Community Business' considerable knowledge and experience of diversity that is derived from many years of working with companies who are leading the way in diversity and inclusion. This article reflects the thinking in the guide which is available to download in English and Chinese at: www.communitybusiness.org/DOB.

Community Business is a non-profit organisation whose mission is to lead, inspire and support businesses to improve their positive impact on people and communities. As a thought leader in corporate responsibility in Asia, Community Business conducts research, facilitates events and networks, leads campaigns and provides consultancy and advice. Its major areas of focus include: corporate responsibility strategy, diversity and inclusion, work-life balance and community investment. Founded in 2003 and based in Hong Kong, Community Business works with leading organisations across the Asia region. For more information, visit www.communitybusiness.org.

The HKICS reports mentioned in this article ('Significance of the Company Secretary in Hong Kong Listed Companies', and 'Diversity on the Boards of Hong Kong Main Board Listed Companies') are available at the 'Publications' section of the HKICS website (www.hkics.org.hk).

HKUSPACE
香港大學專業進修學院
HKU School of Professional and Continuing Education

CHARTERED SECRETARIES
特許秘書



中國企業實務重點課程系列

香港大學專業進修學院 (HKU SPACE) 與香港特許秘書公會 (HKICS) 合辦之"中國企業實務重點課程系列" (Programme Series in PRC Corporation Practices)，涵蓋以下課程，旨在推動良好企業管治理念，加強對中國法規理論及實踐之了解，並提升公司秘書的國際視野及國內專業知識。

	中國公司治理 MS 42-081-17 (31)	中國公司行政 MS 42-081-19 (31)
講者簡介	任志宏先生 • 廣東省社會科學院開放經濟研究所副所長 • 為廣東省社會科學院研究生部主講經濟學、管理學等課程	劉娟博士 • 華南農業大學勞動與社會保障系副教授 • 11年教學經驗，主講社會保障、人力資源管理、公司法、勞動合同法等課程
上課時間及地點	課程為期一個月 授課時間：4堂, 每堂6小時，共24小時 上課時間：逢週六或日上課一堂，下午(2:00-5:00) 及晚上(6:00-9:00) 授課地點：港島區其中一所教學中心	
授課日期	2013年 (逢週六) 7月6日 7月13日 7月20日 7月27日	2013年 (逢週日) 7月7日 7月14日 7月21日 7月28日
學　費	港幣3,500元*	港幣3,500元*

*註：學費或會向上調整，將另行通知。

課程查詢

電話：2867 8481 (黃小姐) / 2867 8473 (李小姐)
電郵：prcprogramme@hkuspace.hku.hk

每個單元課程出席率達75%或以上之香港特許秘書公會會員，可以獲得18個ECPD學分，但有關實際可帶往下年之ECPD學分詳情，請個別與公會聯絡。
電話：28816177　電郵：ecpd@hkics.org.hk



Gender agenda

Elsie Leung, Hong Kong's former Secretary of Justice, and Susie Cheung, General Counsel and Company Secretary of the Hong Kong Mortgage Corporation, picked up awards at the latest 'Asia Women in Business Law Awards'. In this interview with *CSj*, they discuss board diversity and gender equality in Hong Kong.

Congratulations on your awards at the 'Asia Women in Business Law Awards'. Why do you think there is a significantly lower number of women than men in leadership positions in Hong Kong?

Susie Cheung: 'It is true that the proportion of women sitting on the corporate boards and executive committees, not just in Hong Kong, but across Asian countries, is strikingly low compared with Europe and the US, even though women remain under-represented in those regions too. An international comparison of some of the developed countries shows that the Nordic countries continue to lead the developed world in their percentage of female directors - in Norway the figure is 36.1%. Currently in Hong Kong 9.5% of directors are female and in mainland China the figure is 8.4%. This puts us above average in Asia - Japan has a mere 1.1% of women representation on its boards!

This narrow representation of women at the top of the corporate hierarchy is due partly to the lower rates of female labour participation at the senior level. The higher up the hierarchy you go, the less visible women become. This means that it can be difficult even to begin feeding women into the pipeline for senior positions. China, for example, has one of the world's highest female labour participation rates (about 74% of women aged 15-64 are engaged actively in the labour market), but women account for only 8.4% of its corporate board members.

While Hong Kong has not fared too badly compared with some of its neighbouring countries, there is no reason for complacency as globally many governments and corporations are moving in the direction of actively promoting board diversity. The UK, the US and other major economies have undergone corporate governance reforms in this area, and there is an urgent need for Hong Kong to align itself with the best international practice in order to maintain Hong Kong's position as a major international financial centre.

The question therefore is what has held women back from participation in corporate boards or senior management roles? The barriers are manifold but most obvious perhaps is the "double burden" syndrome, where many women have to balance their work and domestic chores since, culturally, women are expected to take sole responsibility for family and household duties. Despite the prevalence of domestic helpers in middle-class households in Hong Kong, women still struggle to balance the demands of work and family. Their representation in the labour force drops dramatically after marriage and by implication child bearing, which indicates that women incur large opportunity costs when starting families.

The second biggest barrier is probably the "anytime, anywhere" performance model where a manager's performance is gauged by the level of his or her availability to work on assignments. This makes it difficult for women who want to balance their work with family responsibilities to succeed. Lack of pro-family public policies/ support services such as child care and flexible working hours by the government and employers is a major barrier to increasing gender representation in senior positions. Flexible working time, which is quite a common work arrangement in the West, is seldom adopted by employers in Hong Kong.

A third barrier is gender stereotyping where women's promotional prospects are limited by the "glass ceiling" (meaning the vertical sex segregation in organisations), the "glass walls" (meaning the occupational segregation), and the "sticky floors" (meaning there may not be any career movement beyond the initial job entry) that still persists even after the passing of the Sex Discrimination Ordinance in 1995. These represent hidden obstacles for women to be promoted to senior positions due to the often unspoken deep-rooted gender bias against women in business.

The absence of female role models who can inspire and encourage other women, and a lack of networks that can be crucial to the advancement of women's career, can be seen as another barrier. Programmes such as sponsorships and mentorships designed to nurture the talents of potential women leaders are crucial to assist women to advance up the corporate hierarchy.'

Elsie Leung: 'I agree with Susie, women have traditionally been in an inferior position to men. In 1842 when Captain Elliot landed in Hong Kong it was announced that Chinese law would continue to apply to Chinese residents. So for many years the Qing law which is quite inequitable to women continued to apply in Hong Kong, although the Qing dynasty ceased to exist from 1911. This was particularly the case in family law. Men could have as many concubines as they could support and could oust their wives on several grounds including not bearing a son, being disrespectful to their parents-in-law and even talking too much! It was only in 1971 that there was an extensive amendment of the law, concubinage was abandoned and men and women were given equal rights of succession.'

I'm sure there will be many readers surprised to learn that such basic reforms were so recent.

Elsie Leung: 'I was admitted in 1968 so in my student days I still had to know about the Qing law. Under Qing law the widow had



> “boards make decisions and policy and if you have contributions from the best of both men and women then you will make better policy”
>
> Elsie Leung, former Secretary of Justice, HKSAR Government

no right of succession, only the right of administration of the family assets. Married daughters had to move out of the house and unmarried daughters upon marriage were entitled to a dowry suitable to the standing of the family. As you can imagine, this caused a lot of disputes. Widows would try to keep the power of administration while sons would want the money in their hands as soon as possible. There were also disputes between the main wife and the concubines.

In 1976 the International Covenant on Civil and Political Rights (ICCPR) was extended to Hong Kong, but international conventions have no legal effect until implemented by local laws, so women were only given the same statutory rights as men in Hong Kong when the Hong Kong Bill of Rights Ordinance was passed in 1991. After that we had the Sex Discrimination Ordinance enacted in 1995 and the setting up of the Equal Opportunities Commission.

But the big change came with education. Traditionally, if a family could only afford to educate one child then the boy would be prioritised. Even where families could afford to educate their girls, some still opted not to do so because they were opposed to girls learning too much. Having nine years compulsory education for boys and girls only started in 1978.

Another factor was the development of legal aid and the Comprehensive Social Security Assistance scheme (CSSA). All this was developed in the 1970s. Before that women were forced to tolerate their husband's cruelty as they had no means to support themselves outside the family. The availability of social services supported such women.'

Why then do you think, despite the availability of education and better equality, are we still seeing such a disparity in the ratio between men and women in senior positions?

Elsie Leung: 'Traditions are hard to change. Many women still feel that they should not be better than men, for example. In the 1980s there was a survey comparing women's attitudes in Hong Kong, Beijing and Guangzhou. The respondents were asked whether they would be afraid of doing better than their spouses. In Beijing the answer was no. This was probably because, since the establishment of the PRC, everyone in mainland China as a state worker got the same wages per month and there were no distinctions between males and females. In Guangzhou the response was 50/50, but in Hong Kong a majority of women said they would be afraid to do better than their spouses for fear that it would harm their marital relationship. I think this is still a factor now – sometimes women do not want to be promoted as it might hurt their family relationship.'

Susie Cheung: 'According to a World Bank report published in 2012, there were more women than men studying in universities in 60 countries it researched. Recent statistics released by the European Union in 2012 showed that 60% of the graduates from universities in the EU's 27 states are women.

In Asia too, women account for half of all graduates, but they still remain under-represented at senior levels of corporations. Some commentators argue that it will simply take time for these women to get to the top, but research and experience elsewhere suggests that this is unlikely to be the case. A rise in female graduates in Europe has had only a marginal effect on women's representation on boards. In the case of Hong Kong, research undertaken by management consultants McKinsey in 2012 showed a significant attrition rate for women as they progress through the corporate pipeline: university graduates (54%), mid-to-senior management (23%), board (9%) and CEO (2%). The same pattern applies throughout Asia. Thus, if companies want to see more women in their leadership teams, they will have to address the cultural and organisational issues identified above.'

What should businesses do to make workplaces more family friendly?

Susie Cheung: 'Progress towards higher representation of women in senior positions is likely to require action by governments, the wider business community and individual companies. The initiative taken by Hong Kong Exchanges and Clearing (HKEx) introducing a code provision in Hong Kong's Corporate Governance Code requiring all listed issuers to have and to disclose a policy on board diversity, effective 1 September 2013, is definitely a step in the right direction. While regulators and the government clearly have an important role to play in focusing the community's attention on this issue, initiatives to promote and implement gender diversity in board and senior management positions should also be taken up by companies. A commitment by companies to implement all or some of the initiatives covered by McKinsey's *Women Matter* 2010 report – such as options for flexible working conditions and support services to help reconcile work and family life – would go a long way to providing a conducive environment to groom more women leaders for the future.'

Elsie Leung: 'Some big companies like HSBC now have crèche facilities, but this is rare in Hong Kong.'

Should Hong Kong consider imposing quotas to raise the number of women on boards?

Elsie Leung: 'I think things will evolve without a revolution. Better education leads to better opportunities. In Hong Kong we also have the benefit of domestic helpers. This has enabled women who want to work to do so. I think the best way to achieve equality is through equal competition rather than a quota system which would risk elevating people who are not the best candidates for the job.'

Susie Cheung: 'I agree with Elsie's comment that, ultimately, the advancement of women to board and senior management positions should be determined by merit. The issue of whether or not to impose quotas for women on boards was extensively considered by HKEx during the consultation which led to the latest amendment to the Corporate Governance Code concerning board diversity. The reasons given by HKEx for not imposing quotas on issuers' boards included, firstly, that diversity should not be restricted to gender. It was considered that a diversity of perspectives could be achieved by ensuring a broad spectrum of characteristics and attributes are represented, such as age and directors' cultural, educational and professional backgrounds. Secondly, a quota system might encourage the appointment of family members or recruiting "token women" who might lack independence. Moreover, selecting board members on the basis of gender or other specific characteristics was precisely the kind of stereotyping that society should be seeking to avoid. Thirdly, measures relating to board diversity are relatively new to the Hong Kong regulatory regime and making any new board diversity requirements subject to our "comply or explain" regime gives issuers the time and flexibility to work out their own approach.

I think these represent cogent and sensible arguments against the imposition of quotas. That said, in countries where the business environment is strongly male-dominated the imposition of quotas could kick-start the process of increasing the participation of women in boardrooms.'

What do you think of the argument that there are not enough suitably qualified women available for board positions?

Elsie Leung: 'Another government initiative has been to compile a list of women who have indicated an interest in being nominated for appointments, but few women know about this list.. The other thing is directors' induction courses. These will help prepare women for directorships.'

Susie Cheung: 'As I mentioned earlier, women graduates both in Hong Kong and around the world, now account for half or more of the total number of university graduates. There is therefore no shortage of female graduates entering the labour pool. Due to the many barriers mentioned above, however, few women make it to the top of the corporate hierarchy. I think the business community in Hong Kong should adopt initiatives to promote the supply of board-ready women in Hong Kong.

The Women's Foundation, formally established in 2004, has been working with institutional investors in Hong Kong to encourage investors to take an active part in supporting more diverse boards in their portfolio companies. The Foundation is also working with executive search firms to develop a voluntary code of conduct for board searches to ensure that companies are presented with a diverse range of candidates. A community of female directors is being built to provide a platform for networking and mutual support to help sponsor and mentor aspiring women directors. The Foundation is also partnering with local and international organisations to deliver professional development and training for experienced and aspiring female directors. In addition, Community Business has published a guide entitled *Improving Governance through Board Diversity.*

The HKICS, too, is in the process of launching its own gender diversity initiatives, such as organising "board-ready" seminars with speakers drawn from a panel of women role models, executive search firms and professional consultants who can share their views and experiences on gender diversity with fellow members of the Institute who may aspire to become board directors. Members should look out for such seminars on the HKICS website since they will provide them, not only with the knowledge they need, but also with a platform for networking and support in the future.'

Do women have a different leadership style from men?

Elsie Leung: 'I don't want to generalise and say that women are better than men, but boards make decisions and policy and if you have contributions from the best of both men and women then you will make better policy. If women don't have the same opportunities to contribute as men, you lose the benefit of their input.'

Susie Cheung: 'Based on academic research and other empirical studies, there is little doubt that women's leadership style is different from that of their male counterparts. Research conducted by McKinsey indicates five leadership qualities that women tend to excel in (namely, people development, expectations and rewards, role model, inspiration and participative decision making). Men, on the other hand, are generally strong in other leadership behaviours such as taking individual decisions and corrective decisions when things go awry.

Women's leadership qualities are likely to have an influence on the organisational health of companies. In a study by NASA on the impact of mixed-gender crews, it was found that crew members reported a general sense of "calmer missions" when women were on board. Also, 75% of male crew members noted a reduction in rude behaviour and improved cleanliness – no bad thing when packed into a confined space for a long period of time! In short, the participation of women on boards could lead to a better mix of leadership skills.

Better board diversity could also lead to better corporate governance. Following the scandals at several large corporates in the late 1990s, the Sarbanes-Oxley Act of 2002 in the US and the Higgs Review of Corporate Governance in 2003 in the UK called for greater balance on boards to offset the relative lack of independent advice and to reduce the homogeneity of directors. A study of Canadian companies showed that boards with three or more women performed much better in terms of governance than companies with all male boards. The study found that more gender-diverse boards were more likely to focus on clear communication with employees, prioritise customer satisfaction, and consider diversity and corporate social responsibility.

Most interestingly, studies have also shown that there is a correlation between female management and risk aversion. A report compiled by Professor Nick Wilson at Leeds University Business School showed that having at least one female director on the board appears to reduce a company's likelihood of becoming bankrupt by 20%, and that having two or three women directors lowered the likelihood of bankruptcy even further. Another study showed that companies with women at board level are more likely to have lower levels of debt gearing than their peer group where there are no women on board. Lower relative debt levels have been a useful determinant of equity market outperformance over the last few years.'

Finally, can I ask you both to talk about your own personal background. We often have feedback from readers that learning about senior members' careers can be an inspiration to those on the way up.

Susie Cheung: 'I studied law in London in the late 1970s and obtained both my bachelor's and master's degrees at University College, London. On graduation, I was offered articled clerkship with a leading law firm in the City of London – an enviable good fortune as in the early 1980s, graduates of non-English origin would be offered articled clerkship typically only with very small or suburban law firms.

I returned to Hong Kong and have been with the Hong Kong Mortgage Corporation (HKMC) as its General Counsel and Company Secretary since its establishment in 1997. The HKMC is owned by the Hong Kong government through the Exchange Fund, but operates as a commercial entity, and the Financial Secretary serves as its Chairman. To date, I have served under five successive Financial Secretaries of Hong Kong as my Chairman, and two Chief Executives of the Hong Kong Monetary Authority as my Deputy Chairman in a sizeable board ranging between 16 to 18 members.

This can be a daunting experience. The greatest challenge comes when one has to point out at board meetings that certain of the proposals under discussion may be untenable. That truly requires confidence in one's legal competence, as well as the courage of conviction to do what is ultimately in the best interest of the HKMC. In order to ensure that the "dose of medicine" will be well received by the board, you need to decide how best to present



> **"there is an urgent need for Hong Kong to align itself with the best international practice"**
>
> Susie Cheung, General Counsel and Company Secretary of the Hong Kong Mortgage Corporation

your advice. Hence, this is not a job for the faint-hearted and you will need to keep honing your legal skills and competence all the time. On the other hand, there can be tremendous satisfaction when a job is professionally done.

"Few things are impossible to diligence and skill,"said that great man of letters Dr Samuel Johnson. "Great works are performed not by strength, but perseverance". So, keep your dreams alive and reach for the stars: you will soon find that there is a lot you can achieve!'

Elsie Leung: 'When I matriculated in early 1968 there was only one university in Hong Kong at the time – The University of Hong Kong – and there was no law school. None of my family was in the legal profession, but a university entrance qualified you to enter into articles of clerkship with a solicitor and I looked around for a law firm to take me on. Many solicitors said that girls are not serious about studying law, they just want the qualification. They said women will just go to the ladies room to powder their noses and disappear for shopping! They didn't believe I was serious about it.

After going around from firm to firm for six months, I was taken on by a very senior solicitor. In those days many clients could not communicate with the solicitors as they could not speak English. So they communicated with Chinese-speaking clerks and those clerks could take a commission on the business they brought in. So I got a lot of cases.

Anyway, I completed my clerkship and started my practice in 1968. In those days less than 10% of lawyers were female and many of those women were confined to conveyancing and were not going to court. I tried to do everything in order to get experience and at one time I had 400 cases in hand, all related to a defunct bank. In those days there were a lot of tenancy disputes, landlords would often try to drive out tenants to raise the rent. For me, law is not really about winning cases, it's about resolving disputes. In fact law is the oldest form of social service and that was the goal I tried to fulfill when carrying on my practise.

In 1997 I joined the government, I was 58 at the time. The Attorney General, now called the Secretary of Justice, was not Chinese and had to be replaced so I was asked by the first HKSAR Chief Executive to join the government as the first Secretary of Justice. I found myself heading a department of 300 lawyers and about 1000 staff. luckily I had very good colleagues and I did not need to take care of the administration side of the job. Also, before the handover I had organised a working group to study legal issues relevant to the transition, that gave me some knowledge of what the transition was all about. I was also helped by the fact that my career had given me experience of the basics of legal practise, so my staff could not tell me that this or that could not be done.

Nevertheless it was quite a challenge. In private practise all you need to do is satisfy your client, but now six million people were my boss and it is difficult to satisfy six million people. Having been born and brought up in Hong Kong, though, I believed that if you are faced with a challenge, you must not run away from it but rise to it. In many ways, it turned out to be more difficult than I thought it would be. Everyone was working to ensure the transition worked. We had the basic law which could not be altered and gave a very solid foundation and then we had the common law which is very versatile. Our task was to make them work together. This turned a new page for the development of our legal system.

On the one hand it was very challenging but on the other it was fascinating. Anyway, I stayed with the government for eight years and, after a period of "sanitisation" as they call it, I returned to private practise. Currently, I am a consultant for Iu, Lai & Li, and deputy director for the Hong Kong Basic Law Committee, in which capacity I attend Standing Committee meetings in Beijing.' CSj

Elsie Leung received the 'Lifetime Achievement' award and Susie Cheung received the 'Outstanding Achievement' award at the 'Asia Women in Business Law Awards 2012'.



Professionalising the board secretary in Taiwan

In Taiwan, while there are regulations concerning the need for board support, there are no regulations concerning the officers carrying out that function. Professor Louis Chen, Chairperson of the Association for Research & Development of Corporate Organisation in Taiwan, argues that the role and responsibilities of board secretaries should be defined more explicitly in Taiwan's rule books.

The operation of the corporate board is fundamental to corporate governance. In Taiwan, many companies lack professional and full-time board secretaries to assist boards of directors which damages the interests of shareholders if the boards fail to perform their duties in corporate governance and the companies fail to comply with regulations. In order to ensure the performance of boards and corporate compliance, the establishment of a company secretary is a critical issue.

There are laws and regulations that require companies to appoint a qualified corporate secretary in a number of jurisdictions including the UK, the US, Hong Kong, Singapore, and mainland China. The Institute of Chartered Secretaries and Administrations (ICSA) was established in 1902 in the UK and it conducts its 'International Qualifying Scheme' (IQS) to ensure that Chartered Secretarial professional standards are maintained. There are ICSA divisions in Singapore, South Africa, Canada, mainland China, Malaysia, New Zealand, Australia, Zimbabwe and Hong Kong.

In Taiwan there are regulations concerning the need for board support. For example the Financial Supervisory Commission (FSC), Taiwan's financial markets regulator, has set out in *Regulations Governing Procedure for Board of Directors Meetings of Public Companies* that public companies must appoint a designated unit responsible for board meetings. The functions of this designated unit are similar to the typical corporate secretarial board support functions, but there are no rules setting out the required qualifications and training of those working in the designated unit, which may result in deficiencies in board meetings.

Developing the board secretary role in Taiwan

1. Roles and functions of the board secretary

The effectiveness of the board is a critical subject since companies are facing a complex business environment, both in terms of increased regulation and tougher risk management challenges. The Association for Research & Development of Corporate Organisation, Taiwan, recently sent a survey questionnaire *The Applications of Board Secretary* to all listed companies in the Taiwan Stock Exchange (TWSE) and Gre Tai Securities Market (GTSM – Taiwan's over-the-counter and bond trading board). Of the total 1,483 listed companies contacted, there were 672 effective responses, giving an overall response rate of 45.31%. An impressive 81.85% of respondents agreed that the role of the board secretary in corporate governance and board support is increasingly important. However, most respondent companies do not have a full-



> “given the lack of recognition of the board secretary in Taiwanese enterprises and society, the definition of the role and responsibilities should be developed more explicitly”

time board secretary unit. Only 17.86% of respondents serve as a full-time position and 81.40% of respondents serve in dual roles – usually the finance department or the chief executive officer's clerk or the general administrative department are responsible for the operation of the board.

Given the lack of recognition of the board secretary in Taiwanese enterprises and society, the definition of the role and responsibilities should be developed more explicitly. Moreover, in order to enhance the recognition of board secretaries within enterprises and increase the appeal of this profession to students, the authorities should promote the profession both within college educational institutions and enterprises.

The potential roles that board secretaries can play in listed companies are set out below:

- providing advice to the board
- managing corporate governance matters
- managing regulatory compliance
- liaising between management and the board
- liaising between the listed company and the authorities, and
- maintaining shareholder relationships.

2. Regulatory recommendations – FSC
Defining more explicitly the roles and responsibilities of the board secretary in Taiwan's corporate legislation and regulation would be a huge step forward. This ideally would mean some statement regarding board secretaries' functions in Taiwan's Company Act or Securities and Exchange Act, but since the evolution of the board secretary profession is in its infancy in Taiwan, this legislative reform will have to be a long-term goal.

Highlights

- in the current business environment it is more important than ever for corporate boards to have professional and full-time board secretaries
- the role and responsibilities of board secretaries should be defined more explicitly in legislation and regulation
- professional training courses and certificates are essential to maintain the professional standards of board secretaries in Taiwan

> “we should provide [professional training] courses and certificates, as well as university level courses, to those interested in this field in Taiwan so that the professional standards of board secretaries are maintained”

Initially, a more realistic and resource-efficient initiative would be to revise the *Regulations Governing Procedure for Board of Directors Meetings of Public Companies* issued by FSC. Article 5 of these regulations states that 'The board of directors of a company shall appoint an agenda working group, which shall be specified in the rules of procedure. The agenda working group shall prepare agenda items for board of directors meetings and provide comprehensive pre-meeting materials, to be sent together with the notice of the meeting'. While this article goes some way towards defining the board support functions of the agenda working group within public companies, the functions described are quite limited and there are no requirements relating to the qualifications and training required for those working in the agenda working group. It would be a huge step forward if the authorities could integrate the job functions of the agenda working group with those of the board secretary and define the qualifications and training required for those taking on these functions.

3. Regulatory recommendations – TWSE/ GTSM

Depending on the scale of the company and the complexity of its operations, many listed companies in TWSE and GTSM would profit from having a dedicated board secretary. Therefore, it would be helpful if the TWSE and boards would make explicit requirements regarding board secretaries in their regulations.

Require the appointment of board secretaries in the Best Practice Principles – *The Corporate Governance Best Practice Principles for TWSE/ GTSM Listed Companies (Best Practice Principles)* are the main rules for listed companies regarding corporate governance. It would reinforce the corporate governance role of the board secretary if the appointment of a full-time board secretary and the main job functions of the board secretary were to be added to the *Best Practice Principles*.

Reward the appointment of board secretaries in corporate governance assessments – In this initial stage and before the placement and qualifications of board secretaries are legislated for, bonus points could be awarded to companies appointing professional board secretaries in corporate governance assessments, particularly the assessment made by the Taiwan Corporate Governance Association.

Define the qualifications required for board support officers in the TWSE/ GTSM listing rules – As mentioned above, Article 5 of the *Regulations Governing Procedure for Board of Directors Meetings of Public Companies* issued by FSC requires listed companies to appoint an agenda working group to provide support for board meetings. If the TWSE/ GTSM boards were to define the qualifications of officers working in these agenda working groups as a requirement of listing in its *Rules Governing Review of Securities Listings*, this would be a step towards the professionalisation of the board secretary. However, this might raise legislative terminology issues for the authorities to consider.

Certifications and Courses – 89.14% of respondents to our survey questionnaire *The Applications of Board Secretary* agreed that the board secretary should take CPD courses to maintain professional standards. In addition, 94.79% of respondents stated that they have experienced difficulties specifically in regulatory compliance issues. Moreover, 96.43% of respondents indicated that they have insufficient working knowledge specifically in listed company-related regulations and the Securities and Exchange Act.

The work of the board secretary requires knowledge of the issues faced by both management and the board, and board secretaries need to continually update their knowledge of relevant laws and regulations to maintain their professional standards. Many jurisdictions, including the UK, Hong Kong, Singapore, and mainland China provide training courses leading to professional certificates to ensure the professional standards of corporate secretaries. We should provide such courses and certificates, as well as university-level courses, to those interested in this field in Taiwan so that the professional standards of board secretaries are maintained and the corporate governance role of board secretaries is enhanced.

Conclusion

Facing a diversified and globalised business environment and dealing with complex laws and regulations, corporate boards require professional and full-time board secretaries to ensure regulatory compliance and board performance and to avoid damaging shareholder interests.

However, the degree to which the board secretary functions are professionalised in Taiwan will depend on authorities such as the FSC, TWSE and GTSM. In order to get the benefit that board secretaries can bring to corporate governance practice, there needs to be better role recognition and promotion in legislation. In addition, professional training courses and certificates are essential to maintain the professional standards of board secretaries in Taiwan.

Professor Louis Chen

Chairperson of the Association for Research & Development of Corporate Organisation, Taiwan

Professionalising board support – the global trend

Where there are boards you would expect to find board secretaries – the individuals or departments responsible for ensuring that the board meets regularly and is properly informed. In Hong Kong this work is carried out by the company secretary, but elsewhere the individuals performing board support work do not always go under this name. As Professor Chen's article explains, in Taiwan the board support team is referred to in legislation as the 'agenda working group' and in most companies the finance department or the CEO's clerk or the general administrative department are responsible for the board support function.

Despite the diversity of approaches to the core corporate secretarial functions (board support; regulatory compliance; liaison between between board and management; and advising the board on governance matters) there are several global trends driving the increasing professionalisation of this role. Stakeholders expect a high standard of corporate governance and this has incentivised companies worldwide to ensure that the board has access to the advice and services of an appropriately qualified company secretary.

In Hong Kong, recent regulatory developments have highlighted the fact that one stakeholder in particular – regulators – are particularly keen to ensure that the company secretary function is effectively carried out. From 1 April 2012, a new section in the Corporate Governance Code defines the role and responsibilities of company secretaries as: supporting the board; ensuring good information flow within the board; ensuring board policy and procedures are followed; advising the board on governance matters; and facilitating induction and directors' professional development.

Other regulatory changes which have helped to promote the value of company secretaries in Hong Kong include the Corporate Governance Code provision requiring the dismissal of the company secretary to be the subject of a physical board meeting rather than by written resolution; that the company secretary should report to the chairman and/ or chief executive; and the new requirements relating to the qualifications, experience and training of company secretaries (including the requirement for company secretaries to attend 15 hours' of professional training per financial year).

Practitioners in Hong Kong have welcomed these regulatory developments since their effectiveness as advisers to the board can be hampered where directors are not aware of the value that an appropriately qualified company secretary can bring.

Building China's rule of law



Andrew Sheng and Xiao Geng of the Fung Global Institute argue that if China's economic rise is to advance it must develop the rule of law. This means institutions and practices consistent with representative government must be created. It's a long road ahead and the journey has only just begun.

A consensus is rapidly emerging within China that the rule of law is the single most important precondition for inclusive, sustainable, and long-term peace and prosperity. So it is worth considering how the rule of law differs from China's current institutional arrangements.

The rule of law has been defined in a variety of ways, but most authorities agree on certain key characteristics. As Kenneth W Dam of the University of Chicago formulates it in his book *The Law-Growth Nexus*, the rule of law excludes secret law and legal impunity, while protecting individuals from legal discrimination and enforcing rules that favour them to their benefit.

Thomas Bingham, former Lord Chief Justice and Senior Law Lord in the UK, proposed a somewhat more expansive, though clearly compatible, definition. For Bingham, the law must be accessible and – insofar as possible – intelligible, clear, and predictable. Everyone should be governed according to law, insulated from the personal discretion of those in power, and legal disputes should be resolved without prohibitive cost or inordinate delay. There should be equality before the law, together with adequate protection of fundamental human rights.

Moreover, state power should be exercised reasonably, in good faith, and for the purposes for which it was conferred, with independent courts and judicial review of legislation ensuring that government does not exceed the limits of its authority. The courts and other official adjudicative bodies should provide fair procedures. And the state must comply with its obligations in international law.

The rule of law cannot be built overnight. In England, the common law tradition evolved over hundreds of years through thousands of legal cases in which local lawyers, judges, and juries played key roles. In Continental Europe, meanwhile, the rule of law appeared in the form of the civil law tradition, which originated from Roman and Napoleonic codes that were revised periodically in response to regime change and revolution.

Under both traditions, the rule of law requires a living body of rules and practices that adapts to changes in values, institutions, practices, expectations, and behaviours in a complex social system. This may be why Alexis de Tocqueville's *The Old Regime and the Revolution* is widely read today in Beijing.

Over the last 30 years, China, which adopted the civil law tradition, has advanced rapidly along the path of rule by law, enacting laws and regulations similar to those in the West. It now enforces rules, regulations, and property rights for real estate and other assets, for starting a business, for employment, and for international trade and investment – all of which has made China's economic rise possible.

But, as China's economy and society advance, engagement with global markets and growing awareness of rights have caused expectations to change faster than the law and judicial practices. The Chinese people are no longer satisfied with rule by law and are demanding an end to systemic corruption, inadequate land rights, discrimination against migrant workers, state-owned enterprises' privileged position, and weak protection of intellectual property.

Will China be able to establish the rule of law as it is understood and practiced in the West and elsewhere in Asia?

In the absence of an independent judiciary, legal disputes in China are often resolved administratively, which means that discretion and lack of due process are a constant danger: as the Chinese saying goes, it is easy for someone to catch fish in muddied waters. This is why a key Confucian principle holds that one cannot rule the state without exercising discipline over oneself.

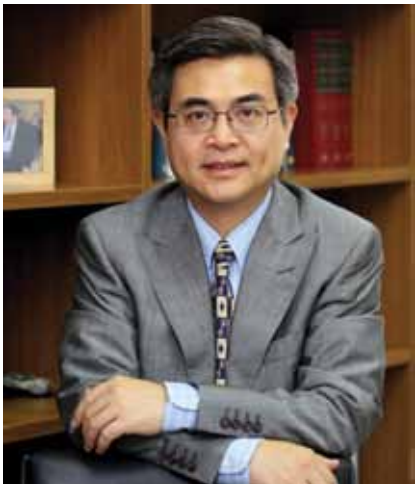
Highlights

- over the last few decades, the Chinese Communist Party has succeeded in building the hard physical infrastructure of a modern state, but the creation of the soft infrastructure – institutions and practices consistent with the rule of law and representative government – is only beginning
- in the absence of an independent judiciary, legal disputes in China are often resolved administratively, which means that discretion and lack of due process are a constant danger
- reform in China involves changing the oldest, largest and most complex bureaucracy in the world

> “a consensus is rapidly emerging within China that the rule of law is the single most important precondition for inclusive, sustainable, and long-term peace and prosperity”



Andrew Sheng



Xiao Geng

Indeed, it is unclear whether a judiciary that is independent of the Chinese Communist Party (CCP) can be developed, or how the CCP should separate itself from the government machinery. As Peking University law professor He Weifang has asked, should the CCP first subject itself to the Chinese constitution?

China faces a long journey in building the rule of law, and sequencing that journey requires a holistic understanding of the role of the CCP. That role partly reflects the CCP's birth in 1921 out of the violence and chaos that followed the collapse of the Qing Dynasty nine years earlier, as well as the three decades of civil war and Japanese colonisation that intervened before the party took power in 1949.

That legacy has shaped a deep aversion to the chaos arising from war and civil strife, and drove the CCP under Zhou Enlai to seek growth and stability through the 'Four Modernisations' of agriculture, industry, national defence, and science and technology. Over time, the CCP has demonstrated its willingness to change its institutions, policies, style of operations, and short-term objectives in order to advance its core mission of building a modern China.

Outside observers often forget that reform in China involves changing the oldest, largest, and most complex bureaucracy in the world. Over the last few decades, the CCP has succeeded in building the hard physical infrastructure of a modern state, but the creation of the soft infrastructure – institutions and practices consistent with the rule of law and representative government – is only beginning.

Given China's past experience, we are likely to see a period of institutional innovation, characterised by marginal changes leading to a system of checks and balances on the exercise of state power. This will require orchestration from the top and experimentation at the bottom.

Nowadays, the proliferation of social media both facilitates that task and makes it more urgent. Successful models and effective policies can be shared and emulated more easily than ever, which will persuade more people than ever that there is no alternative to the rule of law if China's modernisation is to continue.

Andrew Sheng
President, Fung Global Institute
Xiao Geng
Director of Research, Fung Global Institute

The Fung Global Institute (www.fungglobalinstitute.org) is an independent think-tank producing research on global issues from Asian perspectives that are relevant both to business leaders and policymakers.

Andrew Sheng is a former chairman of the Hong Kong Securities and Futures Commission and is currently an adjunct professor at Tsinghua University in Beijing. A review of his presentation at the HKICS Member's Luncheon held on 18 July 2012 at the Foreign Correspondents Club is available in September 2012 edition of CSj (see 'A crisis of values' on pages 24–25).

Copyright: Project Syndicate, 2013

建设法治中国

经纶国际经济研究院的沈联涛和肖耿认为，中国经济若要进一步发展强大，就必须建设法治社会。

香港——中国社会正在迅速形成一个共识： 法治建设是实现包容、可持续、及长久和平与繁荣的一个最重要的前提。因此，我们有必要思考中国现行体制与法治之间的差距。

法治的定义多种多样，但多数权威已经就某些关键的特征达成共识。芝加哥大学的肯尼斯· 达姆在其新著《法律与增长的关系》中指出：秘密法和有罪不罚违反法治精神，法治保护个人免遭法律歧视，并对有利于当事人的规则如实执行且允其受益。

英国前首席大法官兼上议院司法委员托马斯· 宾厄姆曾提出过一个涵盖范围更广的类似的定义。在宾厄姆看来，法律必须为芸芸众生提供保护，并尽可能做到简单明了、可以预测。所有人都必须接受法律的管辖，并免遭当权者个人裁量权的影响，解决法律纠纷的时间和物质成本也应在可以承受的范围之内。法律面前应当人人平等，同时必须对基本人权给予充分的保护。此外，必须善意合理地行使国家权力，并符合授予其权力的本来目的，同时建立独立法院与立法审查制度，确保政府不能越权操作。法院和其他正式裁决机构应确保程序的公平。国家必须履行其按国际法应当承担的义务。

法治建设不能一蹴而就。英国的普通法传统经历了数百年的发展，地方律师、法官和陪审团在数以千计的司法案例中发挥了关键的作用。同时，在欧洲大陆，法治沿袭了民法传统，其最初起源于罗马及拿破仑法典，并随着政权变更与革命时常被修订。

在这两种传统下，法治都需要因时而变的规则和惯例，以适应复杂社会体系中价值观、制度、惯例、预期和行为的变化。也正因如此，亚历西斯· 托克维尔的《旧制度和大革命》最近在北京被广为传阅。

过去30年来，采纳民法传统的中国沿着法制（而不是法治）道路快速发展，制定了与西方相似的法律和规则。中国已落实房地产及其他资产领域的法律、法规及产权规定，创业、就业、国际贸易和投资领域也同样受到规范——正是这些法制（而不是法治）造就了崛起的中国经济。

然而，伴随中国经济社会的进步，其融入全球市场和不断觉醒的权利意识已经导致对法治预期的变化速度超过法律和司法实践。中国人已不再满足于法制，而是要求法治，即结束体制性腐败、土地权利缺失、农民工歧视、国企特权地位和知识产权保护不力的现状。

中国能否建立起西方和亚洲其他国家所理解并实行的法治？

因缺乏独立司法制度，中国的法律纠纷常需要行政解决，这就意味着自由裁量和缺乏既定程序的风险一直存在着：中国有句古话——浑水摸鱼正是形容这种情况。因此才有一条重要的儒家原则：修身才能治国。

事实上，能否在中国建立独立于政党的司法制度，或政党如何与政府机器分离目前尚难明确。正如北大法学教授贺卫方所问，党是否应该受到宪法的规范？

中国的法治建设长路漫漫，规划法治之旅需要对党的作用有全面的认识。回顾历史，经历清王朝垮台后长达9年的暴力混乱后，中国共产党于1921年诞生；三十年的内战和日本入侵之后，1949年中共掌权。中共的诞生和成长，也部分地体现出其历史角色与重要影响。

过去的历史使得人们对战争和混乱局面深恶痛绝，并促使中国在共产党的领导下通过农业、工业、国防和科技的“四个现代化”来追求稳定与发展。随着时间的推移，中国共产党已向世人表明它为建设现代化中国的核心目标而改革其体制、政策、行事风格和短期目标的意愿。

外界观察家往往忘记中国改革所面对的是世界上历史最悠久、规模最庞大、最复杂的官僚体系。过去几十年来，中国共产党已成功建立了现代化国家的硬件基础设施，但在建设符合法治精神与代表性政府的制度和惯例方面，即软件设施的建设——还只是刚刚起步。

参考中国过去的经验，我们很可能见证一个体制改革创新的新时期，其特点是以渐进的谨慎改革推进建设国家权力的制衡体系。这需要自上而下的顶层设计和自下而上的地方试验相互配合。

如今，随着社交媒体影响力的不断扩散，这项任务变得更为容易，也更为迫切。分享及模仿成功模式和有效政策比以往任何时候都更加容易。这就是为什么越来越多的人相信如果中国的现代化建设要继续下去，除进行法治建设外别无选择。

沈联涛
院长，经纶国际经济研究院
肖耿
研究总监，经纶国际经济研究院

版权所有: *Project Syndicate 2013*



Responsibility without power?

The board secretary dilemma

It is often assumed that board secretaries have a relatively high status in mainland China – they are, after all, required by law to have the status of senior management. The latest Regional Board Secretary Panel meetings on the mainland, however, raised doubts about the status and effectiveness of board secretaries. Participants called for a better balance between their responsibilities, powers and rights.

The HKICS organised three Regional Board Secretary Panel (RBSP) meetings in Beijing, Shanghai and Guangzhou on 27 and 28 February and 5 March 2013 respectively, on the theme of 'The governance role and professionalisation of the board secretary'. Participating board secretaries of listed companies held in-depth discussions on the current status and effectiveness of board secretaries in mainland China.

At the meetings, a representative of the China Association of Public Companies (CAPCO) also presented CAPCO's major initiatives and achievements in 2012 and the organisation's work schedule for 2013. A representative of the Accounting Regulatory Department of the Ministry of Finance announced the arrangements for the phased implementation of the *Basic Standard for Corporate Internal Controls*, analysed the disclosures in internal control reports of listed companies in 2011, and presented the future focus of work on the implementation of internal controls.

Under-remunerated and overburdened?

Participants at the RBSP meetings discussed developments in corporate governance and the board secretary role in mainland China. One delegate said that although there have been marked improvements in the governance structure and governance standards of listed companies in China in recent years, the current development is not balanced and the governance framework of listed companies is not sound. Governance in most companies exists in form but not in substance.

Specifically, there are great imbalances between the responsibilities, powers and rights of board secretaries. They are subject to great liabilities. However, despite the requirement in the company law and listing rules that they should be senior officers of the company at the level of deputy general manager, they are often marginalised in practice. Board secretaries are members of senior management in name but not vested with corresponding powers nor appropriately remunerated, they are hence unable to fully discharge

Highlights

- there are great imbalances between the responsibilities, powers and rights of board secretaries in mainland China
- board secretaries are held liable for any failures in information disclosure and compliance while in most other jurisdictions responsibility for these areas are ultimately the responsibility of the board
- the 'board secretary' name should be changed in the company law and securities law to 'board secretary-general', 'corporate governance director' or 'compliance director'

> “governance in most companies exists in form but not in substance”



the functions vested in them by law and regulations.

This situation is caused by a number of complicated factors. One delegate appealed to the regulatory authorities to establish a good macro environment for the practice of board secretaries and for a change of the name 'board secretary' in the company law and securities law to 'board secretary-general', 'corporate governance director' or 'compliance director' so that the position is properly labelled and the title is easily understood by members of the public. This would facilitate the practice and discharge of functions of the board secretary and pave the way for professionalisation. The delegate hoped that CAPCO and the HKICS, as administrative and representative bodies of the profession, would actively promote these developments.

At the meetings there was also the view that the responsibilities and sanctions imposed on the board secretary by regulatory authorities are too heavy. According to the rules of the Shanghai and Shenzhen stock exchanges, many duties including the disclosure of information are the responsibility of the board secretary. Currently, the board secretary is the key point of contact for regulatory authorities in China like the China Securities Regulatory Commission (CSRC), local regulatory bureaus of the CSRC, and the stock exchanges.

It was pointed out that information disclosure and compliance are ultimately the responsibility of the board, but boards will not take this to heart if the board secretary continues to be held responsible for any failures. It was suggested that the regulatory authorities should follow the practice of the Hong Kong market to hold the board and the directors responsible for information disclosure and compliance so that they will fulfill their duties and the board secretary will not be burdened with too much liability.

The professionalisation of board secretaries and how to discharge their functions effectively in fulfilment of their corporate governance role were also discussed at the meetings. Participants were of the view that professionalisation, standardisation, market-oriented development and internationalisation should be the direction to go in the development of the board secretary profession. Professionalisation and standardisation are basic requirements, whereas market-oriented development and internationalisation are future goals. To achieve these, it is essential to set up an accreditation system for the board secretary qualification and to establish a pool of qualified board secretaries. The speakers appealed to all board secretaries to bear in mind that status only comes with competence. They should continue to learn as they practise, keep on improving their skills and qualities and strengthening their ability to fulfil their duties. They should proactively enhance their own professionalism.

CAPCO's goals for 2013

Delegates at the meetings were also eager to hear CAPCO's representative present CAPCO's work schedule for this year. The



> board secretaries are members of senior management in name but not vested with corresponding powers nor appropriately remunerated

representative said that CAPCO will seek to facilitate the development of listed companies in China, promote the merger and acquisition of listed companies in line with market developments, and promote the innovative development and establishment of internal control systems in listed companies.

CAPCO will also enhance the quality of information disclosure and raise corporate governance standards. Major programmes include improving information disclosure by enhancing the disclosure of non-financial information such as core competencies, major risks and substantial events. CAPCO is also working on a number of guidelines, such as the:

- *Guidelines on the Conduct of Independent Directors of Listed Companies*
- *Cases of Best Practices of Independent Directors and Supervisory Board of Listed Companies, and*
- *Guidelines on the Work of the Supervisory Board of Listed Companies.*

CAPCO is also compiling and issuing the *White Paper on the Governance of Listed Companies in China* in collaboration with the two stock exchanges; collaborating with the regulatory authorities to facilitate the amendment of the *Standards of Corporate Governance (2002)*; and promoting corporate governance and the development of a market regulatory mechanism for listed companies.

Finally, CAPCO will also strengthen its own infrastructure; organise a large-scale annual function; set up five committees; enhance its organisational structure and management; strengthen communication with members; and promote international exchanges.

Internal controls

The disclosure of internal control systems of listed companies was also an issue of concern to the participants at the RBSP meetings. A representative of the Accounting Regulatory Department of the Ministry of Finance said that the Ministry has analysed and evaluated the disclosures of listed companies that put in place internal controls in 2011. Only 7% of listed companies disclosed the defects in their internal controls, lower than the 13% of the US.

The representative questioned why fewer defects in internal control systems are being disclosed in China than in the US. He suggested that it was unlikely that Chinese companies are outdoing their US counterparts in internal controls and concluded that the information disclosed is not accurate. Some defects that were not major were disclosed as major defects and some issues that should not have been disclosed were disclosed. He suggested that companies should consult the Ministry of Finance if they are not able to judge what should or should not be disclosed.

Cai Zongqi
Journalist

有责无权？

董秘的困局

一般认为中国内地董事会秘书的地位相对崇高，起码法例规定董秘为公司的高级管理人员。最近内地举行的地区董事会秘书小组会议，却对董秘的地位和效能提出疑问，并呼吁改善董秘责权利失衡的状况。



香港特许秘书公会于今年2月27日至3月5日期间分别在北京、上海和广州三地举办了主题为“董事会秘书（董秘）的治理作用与专业化发展”的董秘执业经验座谈会。中国上市公司协会代表介绍了中上协2012年开展的主要工作与取得的成绩及2013年工作思路与重点任务；财政部会计司代表通报了《企业内部控制基本规范》的分步实施计划安排、2011年度上市公司内控报告披露状况分析及今后内控实施工作的重点，针对三次座谈会“董事会秘书（董秘）的治理作用与专业化发展”这一主题，参会的诸多上市公司董秘则结合工作进行深入探讨。

待遇欠佳，责任过大？

会议上有发言嘉宾表示，近几年来尽管我国上市公司的法人治理结构和治理水平有了长足的进步与改善，但目前发展还不平衡，存在着上市公司治理机制尚不健全，多数公司的治理还处于“形备而实不至”的状态，特别是还存在董秘责权利严重失衡的状况。当前董秘法律责任重大，虽然《公司法》和《上市规则》规定董事会秘书为公司的高级管理人员或副总经理级的高管，但地位却被边缘化，名义上是高管，实际没有获得相应的职权与待遇，不能充分发挥法律法规赋予其的职权。

摘要

- 内地董事会秘书的责权利严重失衡
- 董秘须为信息披露和合规负上责任，而在其他国家，这些最终都是董事会的责任
- 《公司法》和《证券法》中“董秘”的称谓应改为“董秘长”、“公司治理总监”或“合规总监”

而造成这种局面的因素是多方面的，原因复杂，强烈呼吁有关监管机构为董秘营造良好的宏观执业环境并将董秘职位改名，建议有关监管部门在《公司法》和《证券法》修改时，将“董秘”称谓改为“董事会秘书长”或“公司治理总监”、“合规总监”等便于标识和社会容易理解的职衔，为董秘执业履职及其职业化创造条件，并希望中上协和公会作为董秘行业管理组织和专业机构代表董秘行业加以积极推动。

会议上还有嘉宾指出，当前监管机构给予董秘的责任过大，处罚太多。按照上交所及深交所相关规定，信息披露等的大部分工作都是董秘的职责。现在国内的一些监管机构，像证监会、证监局、交易所很多事情都是找董秘，如果公司做得不好，将在董秘的考核里扣分，实际上许多工作确实是董事会的责任，若只考核董秘，董事长根本不关心。建议内地监管机构参照香港市场的作法，将信息披露和合规的责任归于董事会及董事，让他们担负起自身的责任，不要给予董秘过多的责任。

董秘的专业化与职业化发展以及如何更有效履职，发挥公司治理作用都是会议的重要议题。会议认为董秘的发展要做到四化，即专业化、规范化、市场化及国际化。专业化和规范化是基础，市场化和国际化是目标。要实现“四化”，建立董秘的专业资格认证体系，形成董秘专业人才库是必要途径。会议呼吁全体董秘在现有的环境下要树立“有为才有位”的意识，做到实践中持续学习，不断提升自身的技能与素质，强化履职能力，自觉地向专业化方向发展。

中国上市公司协会2013年的工作目标

针对会议呼声，中国上市公司协会代表做出回应，她介绍了协会2013年的重点工作，其中“一项重要任务就是促进上市公司治理与发展环境的改善”，并推动上市公司市场化并购重组，推动上市公司创新发展和内控建设。

> “多数公司的治理还处于“形备而实不至”的状态”

此外还将促进提高公司信息披露质量，提高公司治理水平，主要内容包括改善信息披露，加强公司核心竞争能力、主要风险、重大事项等非财务信息的披露；编写多种指引，探索制订《上市公司独立董事行为指引》，编制发布《上市公司独立董事、监事会最佳实践案例》，探索制定《上市公司监事会工作指引》，联合两个证券交易所编制发布《中国上市公司治理白皮书》，配合监管部门推动《公司治理准则（2002）》的修订完善工作；并推进公司治理，推进上市公司治理市场化约束机制的形成。

最后加强协会自身建设，搞好年度大型活动，组建“五个委员会”，加强协会内部组织建设和管理工作和会员联系工作，加强国际交流。

内部管控

上市公司内控披露也是参会嘉宾的关注重点，财政部会计司代表则在座谈会上透露，财政部已对2011年实施内控的上市公司内控披露情况作了分析评价，发现上市公司披露内控缺陷的比例比较低，只有7%，而美国为13%，“中国企业披露的内控缺陷比美国还低，这显然不合理，中国企业的内控不可能比美国做得还好。”此外，内控披露并不准确，有的不是重大缺陷缺披露成了重大缺陷，并对不该披露的问题进行了披露，他建议，如企业把握不住那些该披露那些不该披露，可向财政部咨询帮助分析判断。

蔡宗琦
〈记者〉



Training the trainers: a pictorial essay

Mohan Datwani, the Institute's Technical and Research Director, tells the story through photographs of the 'Training of Trainers Pilot Programme', organised by the World Bank Group's International Finance Corporation and the Corporate Secretaries International Association, in Johannesburg, South Africa, from 6–10 May 2013.





Experiential learning cycle (ELC) explained

ELC is a system of adult education through behavioural changes based on the work of David Kolb and Bernice MacCarthy. It is a mix of theory and reality. The processes involved are abstract conceptualisation, concrete experience, active experimentation and reflective observation. Juxtaposed on these are the broad personality types of: imaginative, analytical, strategic and dynamic.

To bring about behavioural changes in adults, there is a need to adopt training to engage and motivate, inform and share, strategise and problem solve, and perform and apply. In short, on any subject matter, dealing with the issues of why, what, how and what now, in a way that engages the person to self-reflect and share experiences.

The trainer must be competent to deliver both theory and experiences and to be facilitative of a peer-to-peer sharing of experiences, for participants' ownership of and buying into the training.



Clockwise (left to right) Grace Tan (Singapore), Ghita Alderman (IFC), Brenda Bowman (Facilitator), Stephen Sadie (South Africa, Host), Alison Dillon Kibirige (Facilitator).



Itrat Husan (Bangladesh), Mohan Datwani (Hong Kong)

World-class faculty

The faculty was excellent and showed true professionalism. Since 2008, 500 people have been trained to become trainers under the pilot programme. The trainers are joined as a community through a blog, with training materials supplied by the World Bank Group's International Finance Corporation (IFC) and by the organisations the IFC works with such as the Corporate Secretaries International Association (CSIA). CSIA's training materials included the *Corporate Secretary Governance Manual* and *Corporate Secretary Toolkit*.

The limit is your imagination

ELC uses many techniques to engage adults, including role play, voting and moving around. Carina Wessels (President of Chartered Secretaries South Africa and Vice-President, CSIA) and Pious Manamike (Institute of Chartered Secretaries and Administrators in Zimbabwe) used the drawing of a tree to explain the concept of board empowerment. The tree turns the traditional model of authorisation upside down (from top down to bottom up). Using such an image can make this model of authorisation much more comprehensible and memorable.



Carina Wessels (South Africa) and Pious Manamike (Zimbabwe).



Join the circle

The 'Samoan circle' was a simple but highly successful element of the proceedings. It involves a circle of chairs with experts occupying some of the chairs and other participants entering the circle to ask questions of the experts. You can only ask a question when you occupy an empty chair. Once you have asked your question, you have to vacate the chair for others to have a chance to ask the experts a question. The Samoan circle produces a lively and engaging debate.

The ELC processes at play are thus really powerful. All participants were immersed in the processes by having to prepare and come up with activities to satisfy the ELC cycle and through such immersion became trained as trainers themselves under the pilot programme.

Diversity works!

The four days of training passed by very quickly – there was never a boring moment. This was in part because of the engagement and constant moving around, and also because of the diversity of the perspectives that were shared by the diverse participants. ELC is especially powerful where there are people from diverse backgrounds and experiences to share their reflections and thoughts on the issues discussed. This is the same for board diversity which we support.

> “ELC is especially powerful where there are people from diverse backgrounds and experiences to share their reflections and thoughts on the issues discussed”



(Front right) Stephen Sadie (South Africa) hosts a dinner for all participants.



(Front row) Gradislava Akhmetova (Kazakhstan), Nina Kapezi (Malawi), Ghita Alderman (US), Grace Tan (Singapore), Andy Cowe (UK), Rita Kabatunzi (Uganda), Asif Mahmood (Pakistan), Ambrish Maharahaje (Mauritius), Giselia Da Silva (Brazil), Brenda Bowman (US), Carina Wessels (South Africa), Pious Manamike (Zimbabwe), Itrat Husain (Bangladesh).

(Back row) Sutanu Sinha (India), Mohan Datwani (Hong Kong), Stephen Sadie (South Africa), Phillip Armstrong (US), Chai Foong Chia (Singapore), Alison Dillon Kibirige (Uganda), Tatiana Ivanova (Russia) and Foo Seong Cheah (Malaysia).



Whetting your appetite for your next vacation – a bird's eye view of the City of Johannesburg.



Mandela Square, Johannesburg. Mandela spent a large part of his life in a six-by-nine-foot prison cell at Robben Island. He is a hero for bringing about the end of apartheid.



This is the Southern-most tip of Africa. Ships too large to get through the Suez Canal pass this point. They are now serviced by helicopters and boats.



Street view, Cape Town. The town has a Mediterranean influence.



Kalk Bay Station – the signage says 1883.



The famous lighthouse at the Cape of Good Hope, Cape Town.



A baboon casually strolling down the road in a reserve area of Cape Town.



A fond farewell. The setting sun bids a fond farewell to the trip, but not the knowledge gained and friends made which will be cherished.

A review of seminars: March – April 2013

26 March 2013



Alberta Sie (Chair) and Mohan Datwani

From Alberta Sie FCIS FCS(PE), Company Secretary, EFA Secretarial Ltd, and chair of the seminar delivered by Mohan Datwani, LLB LLM MBA (Distinction) (Iowa) Solicitor & Accredited Mediator, Director, Technical and Research, HKICS, on ***'Insider dealing/ inside information – parts XIII, XIV and XIVA of SFO (re-run)'.***

'The re-run of this seminar presented by Mohan still attracted a sizeable audience. The presentation was informative and interactive as he provided up-to-date materials and several cases to let the attendees better understand the subjects of insider dealing/ inside information. Mohan gave important guidance to practitioners about handling the issues relating to the respective ordinances.'

10 April 2013



Lily Chiong (Chair) and Ludwig Ng

From Lily Chiong FCIS FCS, Senior Manager, Corporate Secretarial Division, KCS Hong Kong Ltd, and chair of the seminar delivered by Ludwig Ng, Senior Partner, ONC Lawyers, on ***'Corporate insolvency law and practice for officers'.***

'Mr Ng is experienced in insolvency law and restructuring practice and is an excellent speaker and extremely organised. He highlighted the essential features of winding-up and restructuring, and directors' and employees' personal liabilities in winding-up. With his practical experience, he captured the attention of the attendees and held it throughout the seminar. It was informative and inspiring with good coverage of the material. It was also well illustrated with leading cases, which helped the attendees have a deeper understanding of the topic.'

12 April 2013



Dr Davy Lee (Chair) and Allan Lee

From Dr Davy Lee FCIS FCS(PE), Group Corporate Secretary, The Lippo Group, and chair of the seminar delivered by Allan Lee, Director, Allan Lee Professional Solutions Ltd, on ***'Money laundering risk management'.***

'This is an important topic presented by a very experienced professional practitioner. The seminar was very well received.'

16 April 2013



Eddie Liou (Chair) and CK Poon

From Eddie Liou FCIS FCS(PE), Director, TMF Hong Kong Ltd, and chair of the seminar delivered by CK Poon, Executive Director, Huabao International Holdings Ltd, on ***'Due diligence – Hong Kong IPO'.***

'CK delivered an informative and well-organised seminar. He is highly experienced in this area and managed to explain the key issues and concerns regarding due diligence. His practical and lively presentation manner and the quoted cases helped the audience have a better understanding of the topic.'

18 April 2013



Gloria Ma (Chair) and Sherman Yan

From Gloria Ma FCIS FCS(PE), Director-Corporate Secretarial, KCS Hong Kong Ltd, and chair of the seminar delivered by Sherman Yan, Managing Partner, Head of Litigation & Dispute Resolution, ONC Lawyers, on ***'Disclosure of price-sensitive information: Securities and Futures (Amendment) Ordinance 2012 and its implications on insider dealing (re-run)'.***

'Sherman gave a very informative seminar on the topic and highlighted the three ingredients of "inside information" with various case studies. He also reminded attendees about civil sanctions - especially the regulatory fine under the Securities and Futures (Amendment) Ordinance 2012. The seminar was well received by the attendees.'

22 April 2013



Eric Chan (Chair) and Richard Leung

From Eric Chan FCIS FCS(PE),Chief Consultant, Reachtop Consulting Ltd, and chair of the seminar delivered by Richard Leung FCIS FCS, FCPA, Barrister-at-Law, Des Voeux Chambers, FCIS FCS, FCPA, Former President of HKICS, on ***'Minority shareholders' rights and the reform under the new Companies Ordinance?'***

'Richard used only one and a half hours to present a great deal of useful information and tips concerning minority shareholders' rights. The audience stayed focused throughout the seminar in order not to miss any piece of valuable information or advice.'

23 April 2013



Lydia Kan (Chair), Jack Lee and Cobe Tsang

From Lydia Kan ACIS ACS, Director, Professional Development, HKICS, and chair of the seminar co-delivered by Cobe Tsang, Managing Director and Jack Lee, Head of Business Development, EOS Hong Kong Ltd, on ***'Effective accounts receivable and debt management for international trade'.***

'Especially applicable to members working in the trade sector, Cobe and Jack shared many practical tips and insights with cases on account receivables and data management. The audience demonstrated great interest in the topic by raising many questions at the end of the presentation. Overall, it was a very useful and practical seminar.'

New Associates

Au, Jeanne	Chung Wai Kwong, Anthony	Man Choi Ha
Chan Ching Nga	Chung Wai Yee	Mo Wai Yan
Chan Fai Ho	Fok Chung Fai	Ng Wai Fun
Chan Hoi Yan	Fu Fung Yau	Or Miu Ling
Chan Ka Ting	Fung Yip Ying	Pak Yuen Yu
Chan Luen Luen	Hui Wai Ling	Poon Pak Lun
Chan Man Kit	Kan Hon Yan	Seto Shiu Mei, May
Chan Chor Wah, Selina	Lai Ka Kei	Sit Lo Yan
Chan Sheung Man	Lam Ka Lai	Suen Yiu Hung
Chan Tsz Yan	Lam Siu Man	Tong Suet Fong
Chan Wing Sze	Lam Yi Ching	Tong Yu Sheung
Chan Yu Hing, Ely	Law Yin Nee	Wong Chi Yan
Chan Yu Wong	Lee Hiu Ning	Wong Kam Sau
Cheng Chung Man	Lee Sze Nga	Wong Kwun Yu
Cheng Ga Sui, Florence	Lee Tat Yeung	Wong, Quentin T
Cheng Kwan Tsz	Leung Lok Hang, Daniel	Wong Sau Yi
Cheng Pui Ying	Leung Yuk Lan	Wong, Vivien
Cheng Wai Hei	Li Wai Ching, Veronica	Wong Wai Chi
Cheung Lai Sha	Ling Ka Lun	Wong Wai Ting, Teresa
Cheung Man Kuk	Liu Mui Lan, Peon	Woo Sui Ling, Charaine
Cheung Wai Lun	Lo Man Ying	Yang Chau Ming
Chiang Sheung Lin, Lily	Lo Tsz Ying	Yeung Kin Wang
Choi Lai Ching	Lui Nga Man	Yip Siu Kee
Choi Siu Fong	Lung Hoi Tang	Yip Zodia Wang
Chow Ka Yan	Ma Wan Loi	Yiu Tsang Ping, Darry

New Graduates

Cheng Tak Tai	Ng Wing Yan	Wan Pun

Newly appointed company secretaries

The Institute would like to congratulate the following members on their appointments as company secretaries of listed companies:

Company secretary	Listed company	Date of appointment
Yam Suk Yee, Celia *ACIS ACS*	Ka Shui International Holdings Ltd (Stock code: 822)	11 April 2013
Leung Yim Yu *ACIS ACS*	Top Form International Ltd (Stock code: 333)	25 April 2013
Yung Mei Yee *FCIS FCS(PE)*	L'Occitane International S.A. (Stock code: 973)	25 April 2013

Fellowship benefits

Fellows are leaders of the profession. These highly qualified and respected role models are crucial in maintaining the growth of the Institute and the Chartered Secretary profession.

As per Council's direction, the promotional campaign to increase the number of Fellows continues. Act now and enjoy a special fee rate for the Fellowship election fee of HK$1,000 and the exclusive Fellowship benefits below:

- Invitation to attend two Institute annual events following your Fellowship election – annual dinner and convocation
- Eligibility to attend Fellows-only events
- Priority enrolment for Institute events with seat guarantee, and
- Speaker or Chairperson invitations at ECPD seminars (extra CPD points are awarded for these roles).

Application requirements:

- At least one year of Associateship
- At least eight years' relevant work experience, and
- Engagement in company secretary, assistant company secretary or senior executive positions for at least three of the past 10 years.

For enquiries, please contact Adrian Wong or Cherry Chan at the Membership section at 2881 6177, or member@hkics.org.hk.

Mandatory CPD

MCPD programme in-house training policy update

With effect from 1 January 2013, course providers applying to contribute to in-house mandatory CPD training courses should send in their application form signed by a Fellow who is also a holder of the HKICS Practitioner's Endorsement (PE).

Mandatory CPD requirements

Members who qualified between 1 January 2005 and 31 July 2012 are required to accumulate at least 15 mandatory continuing professional development (MCPD) or enhanced continuing professional development (ECPD) points by 31 July in each CPD year.

The Institute has randomly selected 129 members who qualified between 1 January 2005 and 31 July 2011 for audit checking for CPD compliance during 2011/2012. Up to April 2013, 122 (95%) have supplied the requested evidence.

Members are reminded to fill in the MCPD Form I - Declaration Form and submit it to the secretariat by fax (2881 5755), or by email (mcpd@hkics.org.hk) by 15 August 2013.

Members who work in the corporate secretarial (CS) sector and/ or for trust and company service providers (TCSPs) have to obtain at least three points out of the 15 required points from the Institute's own ECPD activities.

Members who do not work in the CS sector and/ or for TCSPs have the discretion to select the format and areas of MCPD learning activities that best suits them. These members are *not* required to obtain ECPD points from HKICS (but are encouraged to do so) nevertheless they must obtain 15 MCPD points from suitable providers.

Submission of declaration form

Once the MCPD requirement of 15 CPD points has been fulfilled during the 2012/13 CPD year (that is, 1 August 2012 to 31 July 2013), please fill in the MCPD Form I - Declaration Form and submit it to the secretariat by fax (2881 5755) or by email (mcpd@hkics.org.hk) by 15 August 2013.

Exemption from mandatory CPD requirements

Exemption from MCPD requirements is available to retired members and honorary members. Members in distress or with special grounds (such as suffering from long-term illness or where it is impractical to attend or access CPD events) may also apply for exemption from MCPD to the Professional Development Committee and are subject to approval by the committee at its sole discretion.

Enhanced CPD programme

The Institute cordially invites you to take part in our ECPD Programme, a professional training programme that best suits the needs of company secretaries of Hong Kong listed issuers who need to comply with the mandatory requirement of 15 CPD hours every year. The Institute launched its MCPD programme in August 2011 and, from January 2012, its requirement for Chartered Secretaries to accumulate at least 15 CPD points each year has been backed up by a similar requirement in Hong Kong's listing rules.

More information on the Hong Kong Exchanges and Clearing (HKEx) requirements can be found in the consultation conclusions to the 'Review of the Corporate Governance Code and Associated Listing Rules' on the HKEx website (www.hkex.com.hk). To learn more about Institute's ECPD Programme, please visit the Institute website (www.hkics.org.hk).

Membership application deadlines

Members and Graduates are encouraged to advance their membership status once they have obtained sufficient relevant working experience. Fellowship and Associateship applications will be subject to the approval of the Membership Committee on a regular basis. If you plan to apply, please note the following submission deadlines and the respective approval dates (subject to receipt of completed application and supporting documentation):

Submission deadlines	Approval dates
Saturday 22 June 2013	Tuesday 16 July 2013
Saturday 7 September 2013	Tuesday 8 October 2013
Tuesday 5 November 2013	Late November 2013

For details, please contact the Membership section at 2881 6177.

Membership activities

Fellows-only events

As part of the exclusive benefits to the Institute's Fellows - and following the great success of 'Picasso Exhibition' guided tour in July 2012 - a guided tour to 'The Wonders of Ancient Mesopotamia' and some tailor made programmes for Le French May 2013 had been arranged for Fellows.

Lippo Group was the title sponsor of these events.

The Wonders of Ancient Mesopotamia

The guided tour to this exhibition, on display for the first time in Hong Kong and its only venue in Asia, was held on 20 April 2013 at the Hong Kong Museum of History. About 20 Fellows and their companions enjoyed the tour during which the guide explored the mystery of Mesopotamia which stimulated our appreciation for this 'cradle of human civilisation'.



Group photo taken at the exhibition

Le French May 2013

Le French May has presented more than 500 world class programmes since its inception in 1993 to promote French art, culture and creativity. The Institute selected some spectacular and interesting events uniquely for Fellows.

Splendour of the French Table – Heritage and modernity of tableware across the centuries

Fellows and their companions joined this exhibition at Elements on 4 May 2013. The French curator explained the development of decorative arts and contemporary creations through French tableware from the 18th century to the present day.



The curator introducing French tableware



Group photo with the curator (fourth from the left)

Jean Cocteau – Spirit of the 20th century Parisian scene

A unique tour guided by the French curator was held on 8 May 2013 at the Hong Kong City Hall. Fellows and their companions enjoyed getting a better understanding of the spirit of the 20th century Parisian scene through the masterpieces of Jean Cocteau and his friends including Picasso, Matisse and Andy Warhol.



French curator introducing masterpieces of Jean Cocteau



Group photo at the exhibition

More photos of the above events are available at the gallery section on the Institute's website.

Members' networking – visit to Eco Fish Farm

A visit to Eco Fish Farm was held on 1 May 2013 with over 55 participants attending. Members not only learned about the development of sustainable aquaculture of giant grouper (花尾龙趸), they also enjoyed tasty giant groupers and other seafood at Lau Fau Shan. Lippo Group was the title sponsor of this well-received event.



Group photo at the Eco Fish Farm



(Second from left to right) Dr Davy Lee, HKICS Past President and Group Corporate Secretary of Lippo Group; Susie Cheung FCIS FCS(PE), Council Member and Membership Committee Chairman; Eddie Liou FCIS FCS(PE), Council Member and Membership Committee Vice-Chairman; and Edmund Fu ACIS ACS, Membership Committee Member meeting at the event



Guided tour of the Fish Farm



Dr Albert Lung FCIS FCS, Membership Committee Member (Fifth from right) and participants enjoying tasty giant grouper and seafood

Grooming for Leadership series – preparing an impressive CV & successful interviews

The Institute is pleased to launch a new series of workshops called 'Grooming for Leadership' for members to learn practical tips from experts on different work-oriented topics in preparation for their career advancement. The inaugural workshop was held on 20 May 2013. Details with photos will be published in the next issue of *CSj*.

Happy Friday for Chartered Secretaries

Join us for networking and views sharing at these warm and friendly members' gatherings after-work on Fridays!

Date	Topic
Friday 21 June 2013	'Chinese ethics in business' by Dr Davy Lee *FCIS FCS(PE),* HKICS Past President and Group Corporate Secretary, Lippo Group (Please refer to the flyer on page 6 for details)
Friday 19 July 2013	'Eye care for professionals' by Vincent Chui, Registered Optometrist (Part I) and Former Associate Consultant Optometrist, School of Optometry, The Hong Kong Polytechnic University, and Edwin Wong, Private practitioner in Chinese medicine specialised in ophthalmology

For details, please refer to the Institute's website or contact the Membership section at 2881 6177.

IQS examination – policy on submitting applications for examination postponement

Examination postponement is only allowed if a candidate is sick and upon the provision of a satisfactory medical certificate. Students should submit the examination postponement application within three calendar weeks after completion of the entire examination diet (that is by 21 June 2013 for the May 2013 examination diet). The examination postponement application form can be downloaded from the website.

Student Ambassador Programme (SAP) – annual general meetings of listed companies

The secretariat arranged for its student ambassadors to attend the annual general meetings of the following listed companies:

- CLP Holdings Ltd (30 April 2012)
- Sing Lee Software (Group) Ltd (10 May 2013)
- Hutchison Whampoa Ltd (21 May 2013)
- China Mobile Ltd (30 May 2013)

The Institute would like to thank the companies for their support and arrangements.



At CLP Holdings Ltd annual general meeting



At Sing Lee Software (Group) Ltd annual general meeting



At Hutchison Whampoa Ltd annual general meeting

The Open University of Hong Kong – orientation of the Master of Corporate Governance programme

The Institute organised an orientation for Master of Corporate Governance (MCG) students from The Open University of Hong Kong (OUHK) on 15 April 2013. 21 students attended the orientation and were given an introduction to the Institute and its studentship requirement. Simon Lee *ACIS ACS*, an OUHK MCG graduate, was invited to share his study experience with the MCG students.



Sharing from Simon Lee

Academic Advisory Panel luncheon

The Institute held an Academic Advisory Panel luncheon on 30 April 2013 at the American Club with representatives from local universities. Alberta Sie *FCIS FCS (PE),* HKICS Executive Committee Chairman and Ivan Tam *FCIS FCS,* HKICS Vice-President, updated the attendees on the latest developments of the Institute.

Academics attending this event included (in alphabetical order):

- Dr Derek Chan, Associate Professor in Accounting, Accounting Discipline Coordinator, School of Business, The University of Hong Kong
- Professor Chan Koon Hung, JK Lee Chair Professor of Accountancy, Lingnan University
- Dr Samuel Chan, Associate Professor, School of Accounting and Finance, The Hong Kong Polytechnic University
- Professor Ip Yiu Keung, Dean, Lee Shau Kee School of Business and Administration, The Open University of Hong Kong
- CK Low, Associate Professor in Corporate Law, School of Accountancy, The Chinese University of Hong Kong
- Alfred Ma, Assistant Professor, Department of Accountancy, City University of Hong Kong
- Dr Arthur McInnis, Professional Consultant, Faculty of Law, The Chinese University of Hong Kong
- Dr Mark Ng, Assistant Professor, Department of Business Administration, Hong Kong Shue Yan University
- Professor Lynn Pi, Associate Professor of Business Education, Department of Finance, The Hong Kong University of Science and Technology
- Claire Wilson, Lecturer, Department of Law and Business, Hong Kong Shue Yan University



Group photo of the Academic Advisory Panel

Upcoming Activities

IQS information session

This free seminar will include information on the International Qualifying Scheme (IQS). A member of the Institute will share his/ her valuable experience and discuss career prospects after acquiring the Chartered Secretarial qualification.

Date	Monday 22 July 2013
Time	19:00 – 20:30
Venue	Joint Professional Centre (JPC), Unit 1, G/F, The Center, 99 Queen's Road, Central
Enrolment Deadline	Monday 15 July 2013 [on a first-come-first-served basis. Participants will receive an email confirmation]

Members and students are encouraged to recommend this information session to any friends or colleagues who may be interested to learn more about IQS and the Chartered Secretarial profession.

For enquiries, please contact the Education & Examinations section at 2881 6177.

'PRC Corporation Practices' by HKU SPACE

The programme series 'PRC Corporate Practices' has commenced in collaboration with College of Business & Finance, HKU SPACE. This advanced training programme aims to strengthen professionals' understanding of PRC corporate practices and its legislation. Up to 18 HKICS ECPD points will be awarded to participants who have attained 75% attendance.

The following modules will be offered in July:

- Corporate Governance in the PRC
- Corporate Administration in the PRC

For enquiries, please contact Ms Wong (Tel: 286 78481) or Ms Chung (Tel: 2867 8407) of HKU SPACE.

Policy update

Full exemption application – Collaborative Course students

Students who are going to graduate from the collaborative courses in the coming months should submit the CCA full exemption applications together with certified transcripts and exemptions payment to the Institute within a period of six months upon graduation. The full exemption fee is HK$1,000 per subject (valid until 31 July 2013).

HKEx unveils its Women's Exchange

Hong Kong Exchanges and Clearing Ltd (HKEx) has launched the Women's Exchange which aims to promote the development of policies and programmes within the company that support women in leadership roles. Among the first initiatives launched with the support of the Women's Exchange is the 'Back to Work Programme', which will provide a route back to the workplace for professional women who have been out of corporate life for an extended period for family reasons.

More information is available on the HKEx website: www.hkex.com.hk.

Regulating retail payment products and services

The Financial Services and the Treasury Bureau and the Monetary Authority have launched a public consultation on new government proposals to enhance the regulatory regime for stored value facilities and retail payment systems in Hong Kong. The rapid development of retail payment products and services in the past few years has changed how goods and services are paid for and how money is transferred between individuals. Typical products and services include: stored value payment cards; online stored value payment facilities; and mobile and internet payment services. Further products and services are expected to emerge as a major means of paying small value transactions which are currently paid in cash.

While the current regulatory regime for multi-purpose stored value cards under the Banking Ordinance (Cap 155) has so far been effective in regulating device-based stored value products, there is an increasing need to expand the current regime to cover non-device based stored value products and services in light of growing acceptance of such products and services by the public. Against this backdrop, the government proposes a new regime for regulating both device-based and non-device based stored value facilities as well as retail payment systems. The proposed amendments will include empowering the Monetary Authority to designate important retail payment systems to be subject to its oversight. Other additional provisions include powers of the Monetary Authority to perform ongoing supervision of stored value licensees and oversight of designated retail payment systems; and offences, sanctions, and appeals under the proposed regulatory regime.

The consultation paper, available on the FSTB and the Monetary Authority's websites (www.fstb.gov.hk and www.hkma.gov.hk), closes 22 August 2013.

The professional investor regime – new proposals

The Securities and Futures Commission (SFC) has launched a three-month consultation on proposals concerning the professional investor regime and the client agreement requirements in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. The SFC proposes to require intermediaries to comply with all Code of Conduct requirements (including the Suitability Requirement which requires intermediaries to ensure that the suitability of a recommendation or solicitation for a client is reasonable in all circumstances) when dealing with all investors who are individuals.

The consultation aims to identify those investors who require full protection under the Code of Conduct and those who don't. 'The Suitability Requirement is a cornerstone of investor protection which is why we believe that no individuals, regardless of wealth, should be classified as "professional investors" under the Code, depriving them of this vital safeguard', said the SFC's Chief Executive Officer, Ashley Alder.

The consultation, available on the SFC website (www.sfc.hk), closes 14 August 2013.

Careers

To advertise your vacancy, contact Paul Davis:
Tel: +852 2982 0559
Email: paul@ninehillsmedia.com

上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

Shanghai Industrial Urban Development Group Ltd. invites high caliber professional to fill the following position:

Company Secretarial Manager

Responsibilities:

- Assist the Board Secretary/Legal Counsel in handling all company secretarial duties of the company which involves occasional work in legal affairs.
- Preparing interim/annual reports and other listing rules-compliance documentation
- Maintain proper statutory records including minutes of meetings, and assist in preparing other documentation for corporate governance and reporting purposes

Requirements:

- Degree holder and member of HKICS or ICSA
- Minimum 10 years post qualification experience preferably gained with listed issuers and with experience in handling general legal matters.
- Solid knowledge of Hong Kong Listing Rules, Companies Ordinance and SFO
- Well-organized and proactive with ability to work independently without supervision
- Good communication skills
- Fluency in both written and spoken English and Mandarin
- Proficiency in computer skills

We offer attractive remuneration package to the right candidate. Interested parties please send full CV and expected salary to our **Human Resources Department, Shanghai Industrial Urban Development Group Limited at chany@siud.com.** For more company information, please visit our website at http://www.siud.com

Personal data provided by job applicants will be used strictly for recruitment purposes.



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

Each issue is distributed to over 8,500 members of HKICS, and read by approximately 20,000 individuals.

CSj is the most effective way to source your future Corporate Secretarial colleagues.

To advertise your vacancy in the Careers section, please contact Paul Davis: paul@ninehillsmedia.com

ninehills media

SANTA FE

Your Records Management Partner



Reliable records management services



Information management & digital imaging services



Dedicated service team for all your needs



Emergency service 24 / 7 / 365 support

Call our Records Management specialist and ask for our free brochure with CD full of records solutions now!

+852 2833 2595 (HK)

+853 6673 9683 (Macau)

SANTA FE

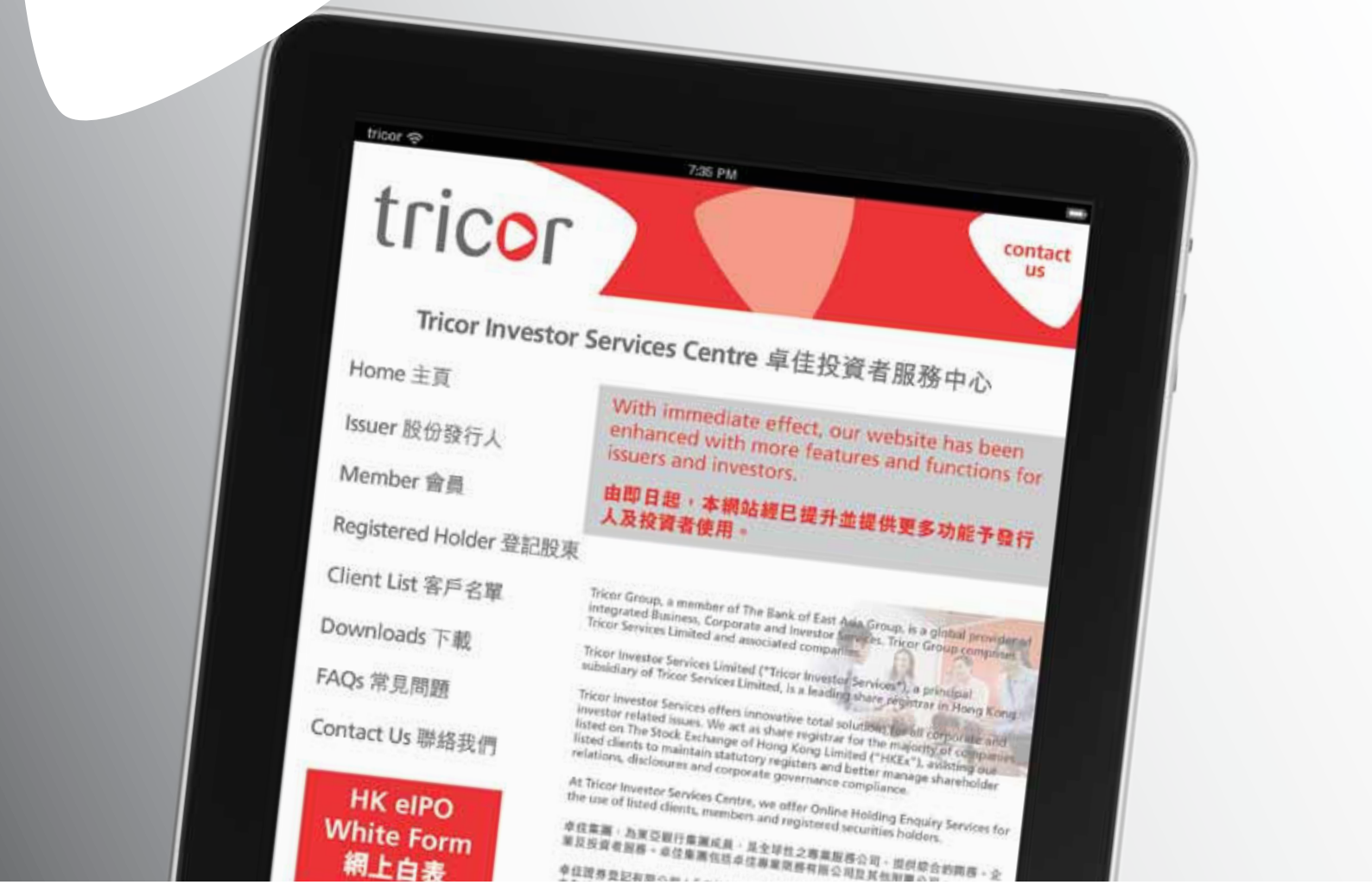
Records Management Solution available:
*| Beijing | Shanghai | Guangzhou | **Hong Kong** | **Macau** |*
Malaysia | Singapore | Philippines | Indonesia

E-mail : rm@santafe.com.hk Website: www.santafe.com.hk

tricor

The Business Enablers

Your Registrar of Choice



Total Investor Solutions

Tricor Investor Services offers seamless multiple solutions for all corporate and investor related issues.

Our superior value-added services include, among others, an eIPO white form application service, RMB-denominated IPO arrangement and a Web-based holding enquiry platform. Our cumulative professional experience and state-of-the-art technology ensure that issuers, shareholders and investors alike have access to personalized premium services.

Our expert share registration services are supported by:

- Experienced professionals
- State-of-the-art information technology
- Efficient securities application service via electronic and physical means
- One-stop professional services for corporate business such as company secretarial and others.

Tricor Investor Services is part of the Tricor Group global network offering professional services in 28 cities across 15 countries / territories.

Tricor's listed clients include some 790 companies whose shares, warrants and/or REIT units are listed on the Hong Kong Stock Exchange.

Tricor Investor Services Limited

Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong
Tel: (852) 2980 1888
Fax: (852) 2861 0285
Email: info@hk.tricorglobal.com

Share Registration Public Office

26/F Tesbury Centre
28 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

www.hk.tricorglobal.com
www.tricoris.com
www.hkeipo.hk

Member of BEA Group