



NEWS RELEASE
THURSDAY, 4 SEPTEMBER 2003



Company Secretaries Play Crucial Role

Corporate governance boils down to ‘common honesty and integrity’ not excessive legislation, says Standing Committee Chairman, Justice Rogers

At a breakfast briefing jointly organized by The Hong Kong Institute of Company Secretaries and the Hong Kong Securities Institute, Chairman of the Standing Committee on Company Law Reform (SCCLR) The Honourable Mr Justice Anthony Rogers highlighted the key proposals made in Phase II of the corporate governance review consultation paper released in June. He also stressed the importance of the Company Secretary in creating a culture of corporate governance.

“To my mind, the Company Secretary plays a crucial role in any corporate governance regime. A Company Secretary should work closely with the chairman in advising directors of their duties and responsibilities under applicable rules and regulations; how these duties and responsibilities should be discharged; and ensure that board procedures are followed,” said Justice Rogers. “The chairman and Company Secretary are also responsible for educating the people appointed to the board”.

Justice Rogers also said that in order to enhance transparency of a board, a Code of Best Practice should be followed and it should include provisions for a full board meeting to be held a minimum of every three months and the disclosure of the number of board meetings attended by each director.

To avoid directors just being names on paper or by being members of too many boards, the directors of listed companies should be required to disclose the number of directorships which they hold in the annual reports. Directors’ remuneration should be fully disclosed in respect of each director in the companies’ reports.

It was suggested that an audit committee should be required for all listed companies and a retired partner of the auditing firm which had audited the company’s accounts should be prohibited absolutely from acting as chairman or member of an audit committee.

Justice Rogers also highlighted the importance of meetings “Company meetings are important”, he stated. “General Meetings should be allowed to take place at subsidiary venues and AGM should continue to be required by statute. Adequate notice and minimum information to shareholders should be required for the proposed resolutions. Views on proxy solicitation would also be of interest to the SCCLR.”

The SCCLR suggested the Listing Rules to be transferred to a statutory body, “It’s a question of fairness and structure not to allow a profit-making company to impose fines on and disqualify directors,” commented Justice Rogers.

Justice Rogers stressed that in his view ‘integrity and common honesty’ are at the root of much of corporate governance and in ensuring a culture of good corporate practice “...Rather than imposing rules and regulations...” concluded Justice Rogers.

About The Hong Kong Institute of Company Secretaries

The Hong Kong Institute of Company Secretaries, an incorporated organisation, was first established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London.

The Institute is an independent professional body with approximately 4,200 members and 2,600 students. The Institute has a local office with staff to support its interests and a Representative Office in Beijing.

The Institute promotes and advances the interests of the profession of Company Secretaries in Hong Kong and Mainland China, and is a leading contributor in debating issues of corporate governance.

About Hong Kong Securities Institute

The Hong Kong Securities Institute was officially formed in December 1997 as a professional body to raise the standards of securities and finance practitioners in Hong Kong.

The Institute provides an extensive range of SFC accredited examinations, comprehensive training programme and professional event calendar.

At present, we have over 3,000 individual members and 162 corporate members.

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