

An Alternative View

A significant number of HKICS members work for professional services companies, but how does their work differ from that of an in-house company secretary? *Company Secretary* interviews Tricor's corporate services directors to shed some light on the world of the corporate services professional.



Tricor's panelled boardroom in Prince's Building overlooks the Legislative Council building and Statue Square. The decor is a mix of old and new, prints of old Hong Kong adorn the walls in contrast to the very latest audio visual equipment. This was the venue for our interview with Tricor's corporate services directors (see photo on page 8), which got underway with the simple question: 'What is Tricor?' 'We are the leading business, corporate and investor services practice in Hong Kong, Greater China and Asia Pacific,' says Natalia Seng, joint head of Tricor's corporate services practice and an HKICS council member. 'We are the largest corporate services provider in this region. Tricor is made up of practices from three out of the big four international accounting firms – Deloitte (DTT), Ernst & Young (E&Y) and PricewaterhouseCoopers (PwC). In 2000 we took over the DTT team and then the other two businesses joined subsequently. The accounting firms were prompted to spin off these practices by concerns about auditor independence.'

Freed from such constraints, Tricor has blossomed. Tricor is majority owned by The Bank of East Asia Group, a company listed on The Hong Kong and Stock Exchange.'

Betty Yeung, a Canadian barrister and solicitor, who jointly heads Tricor's Corporate Services practice adds: 'We had 500 staff in our Hong Kong and China offices before we acquired the corporate services practice of PwC in Singapore, which added another 100, so there are now over 600 of us in the Tricor regional group. Within the Tricor group, over 200 are corporate services professionals, more than 50 per cent of whom are members of the HKICS and ICSA including graduates, associates and fellows. Another 35 per cent are students taking the HKICS and ICSA professional exams. We also have staff in the corporate services area with law degrees and a number of staff are professional accountants.' Tricor's name refers to the firm's three core practices – business, corporate and investor services. Natalia Seng elaborates: 'Business services provides accounting, payroll outsourcing, treasury, payroll and fund administration, bank signatory services and also human resources outsourcing functions to help our clients. My colleagues provide a lot of support services on trading as well. Another core area is the investor services practice. We have altogether about nine share registration companies and we act for nearly 60 per cent of the listed companies in Hong Kong (as Hong Kong has over 1,000 listed companies, our client base is over 600, so it is a big practice). We have another 80-plus share registration clients in Singapore.'

The Company Secretary's Company Secretary

So what is the difference between Tricor's corporate services practice and the secretarial department of a listed company? 'I have been appointed, on an outsourced basis, company secretary of five listed companies, four on the main board and the other an H-share company,' Susan Lo responds, 'so I know about both sides of the profession. In professional firms, such as Tricor, we handle a very wide variety of work for many clients, in many different jurisdictions, at any one time. Our work covers every single aspect from the birth to the death of an enterprise. We advise on arrangements to save on stamp duty, implementation of group restructuring plans as well as pre- and post-listing arrangements, it's very broad based'.

'It's not repetitive,' she continues, 'as we are amongst the first to know what are the changes in law and practices that impact our clients, so that we may advise them. To prepare ourselves, my colleague, Diana Chung (another HKICS council member) and I head a technical committee to keep track of the changes in law and practice. A company secretary for a listed company works for one group. He or she would have a lot of deadlines, mainly towards the financial year end, of course, as you need to announce results, you need to remind the board of directors about important matters, but you often have more time to plan and also to follow up on each matter.' Veronica Lin adds: 'I agree. Apart from compliance with the listing rules,

in-house company secretaries in listed companies also need to provide relevant information timely to the board.'

'We see ourselves as the company secretary's company secretary,' Betty Yeung says, 'as numerous listed and private clients outsource work to us.' Diana Chung echoes these remarks and goes on to say that she considers a company secretary in a professional firm to be more like a consultant or professional advisor to in-house company secretaries, assisting in compliance with the listing rules and reminding them of possible issues they are likely to encounter.

She points out that the company

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secretary's role is becoming more onerous because of the implementation of the Stock Exchange's corporate governance code: 'We are now not merely a compliance officer, but also a watchdog as well as facilitator – ensuring that companies know what they have to comply with and helping the board of directors with compliance. The Stock Exchange's new code on corporate governance will have an impact on all listed companies. They will have to publish a corporate governance report disclosing compliance with the code in their annual reports

for this year. So we are helping our clients to put this into practice. It's too late if they come to the year end and suddenly realise that something is missing. We act as an adviser, telling them in advance how best to prepare themselves.'

A Growing Industry

On the corporate services side alone, Tricor acts for about 100 listed companies in Hong Kong. 'We have seen

'We see ourselves as the company secretary's company secretary'

rapid growth in this area since we became independent from our legacy audit firms,' says Natalia Seng. 'In the past, qualified company secretaries who were employees of auditing firms couldn't be the named company secretary of listed companies. In addition, we also have recurrent

clients for whom our investor services practice provides share registration services, who may call upon us to provide ad hoc services whenever there are, for instance, legal changes. Typically this is because their existing company secretary may be too busy with his or her core work, so they like to outsource certain types of work to us. We are also often asked to help out when a company secretary has resigned and we may second somebody to work for them, or we help them out with some company secretarial matters during the period when our clients are short of staff.'

Patsy Cheng adds: 'We have seen a lot of growth in this field because the Stock Exchange also requires that company secretaries of H-share listed companies must have local qualifications and experience. We often work as a joint company secretary with the H-share board secretary who is responsible for compliance with PRC law. To perform this role, we have to communicate

effectively in Mandarin with the board of directors – who are representatives of the PRC investors – and in English with the institutional investors. We also have to write well in Chinese and English because the meetings are conducted in Putonghua and we often have to explain the differences in company law and secretarial practice here and in the Mainland.'

Tricor's client base has been expanding. 'We service a variety of clients from the international network inherited from the accounting firms,' Betty Yeung says. 'We serve a lot of listed companies and multinational corporations (MNCs) but also small and medium enterprises (SMEs) – especially SMEs who want to enter the China market. Some of our clients are introduced by other clients or have personal relationships with our directors; most of them have been in this field for many years. We currently act for over 20,000 clients and have handled many times that number at one time or another.'

With such a large and varied client base, working for a professional services firm is rarely dull. Perhaps the salient feature then of company secretarial work within a professional services firm is the variety of the work. Natalia Seng points out that often Tricor needs to go beyond the obvious services needed for setting up a business in Asia. They might need to provide employment visas for expatriate employees, or help locate suitable offices, or to introduce clients to agents or insurance brokers to buy medical insurance and third party insurance, or even set up their MPF schemes. It involves 'everything that you can think of,' she says. 'We also help clients to recruit executives



Tricor Corporate Service Directors (seated from left to right) Betty Yeung and Natalia Seng (standing from left to right) Patsy Cheng, Paul Moyes, Diana Chung, Veronica Lin, Cynthia Wong and Susan Lo

through our executive search business, so it really is the full suite of services associated with the setting up a business in the region.'

I ask Natalia Seng what is the most interesting case she has ever handled? 'It's hard to think of one, many of them are interesting,' she says. 'In my daily work, I meet lots of MNC clients who are just starting their businesses in this region and I help them understand Hong Kong and China better. I always tell our graduate recruits that I never feel bored with my work. We grow with our clients. That's why I always say that I am very lucky as I am always learning something new.'

'If I had to pick just one example, I would opt for my first appointment as the company secretary of an H-share issuer. There were quite a number of directors on the board, some were PRC nationals and some represented institutional investors. There were also senior executives who were members of the supervisory board so, when I was first appointed, I had to play a neutral role. This was a very interesting case where we had to implement good corporate governance practice and I tried as hard as possible to achieve best practice in my role as company secretary, working with other professionals such as the company's solicitors and sponsors.'

Cynthia Wong chips in: 'I have had

similar cases. When clients engage us to take minutes in their board meetings, it is often because they would like us, as neutral outsiders, to act as intermediaries at the meeting where potentially contentious issues are to be discussed. They expect us to provide instant impartial, neutral and fair comments on all matters, even if it is beyond the scope of the meeting. Company secretaries play a very important role in these situations.'

Expanding on the Mainland

Tricor has recently opened offices in mainland China. 'We have moved with our clients and will continue to do so,' says Natalia Seng. 'Because more and more companies are going into China, we have opened offices in Beijing and Shanghai, we also have an office in Macau; the next one will probably be in southern China, perhaps Shenzhen or Guangzhou. Although at this stage, we service our clients in these two cities from Hong Kong.'

'We see many SMEs and MNCs opening up in China, because of CEPA and the WTO. Since last December, we have seen more and more companies from overseas that want to set up entities in China. We can help them set up holding companies, representative offices or wholly foreign-owned enterprises in China. Some of our

clients also like to use a professional firm, such as Tricor, to outsource part of the annual compliance work in China because they are not familiar with the legal system nor with local practices. In addition to straight forward compliance, our work involves tax, customs as well as other annual registrations.'

Susan Lo adds that in her opinion Hong Kong is still the gateway to China. 'More and more European clients come to Hong Kong as they are hesitant about going directly into mainland China. Their lawyers often advise them to use a Hong Kong intermediate holding company to invest in China as Hong Kong has the advantage of a sound rule of law based on the British legal system, which is familiar to many of our clients. English is also an official language in Hong Kong so its use is more widespread here thus making communication easier.' She adds: 'I see Hong Kong retaining its special status as the stepping stone to China for at least the next 15 years or so. Tricor, through its expanding network of offices in the China and Southeast Asia, is well placed to assist clients in this regard.'

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