APERCU

DECEMBER 2019

www.bdo.com.hk

JOHNSON KONG WAS ELECTED AS THE PRESIDENT OF THE HKICPA

Managing Director of Non Assurance Johnson Kong was elected as the President of the Hong Kong Institute of Certified Public Accountants at its 47th annual general meeting (AGM) on 12 December 2019.

Johnson has served on the Institute's Council since 2015 and was vice-president in 2018 and 2019. He has been actively involved in the development of accounting profession through his leadership and participation in a wide range of HKICPA committees. He is the chairman of the Greater Bay Area Committee, Professional Conduct Committee, Small and Medium Practices Committee and Ethics Committee. He has also involved in the Nomination Committee and the Education Standards Committee.

BDO'S STRATEGY ACCELERATES THE ORGANISATION'S FINANCIAL GROWTH YEAR ON YEAR

BDO is pleased to announce a total combined fee income of US$9.6 billion/€8.5 billion, for the year ended 30 September 2019, representing a year on year growth of 10.1% at constant exchange rates. Total headcount is also up by 10%, with 88,120 people working out of 1,809 offices in 167 countries and territories.

Strategic approach delivers financial strength:

Choosing to be LEADERS IN OUR MARKETS

BDO firms aim to be leaders in their markets and as these markets are subject to continual technological transformation, the organisation continues to diversify in order to provide new digital solutions. This allows BDO to bring its clients insight and opportunities.

This approach is empowered by strategic merger activity and relevant business-critical acquisitions - in cybersecurity and digital solutions, for example. Firms such as BDO in Austria and in Belgium have made bold moves in acquiring other future-fit services. In 2019, key mergers included BDO in Australia merging with boutique cloud accounting and business advisory firm Consolid8, and one of BDO's biggest-ever mergers with Moore Stephens in the UK.

Choosing to lead in INNOVATION

BDO sees innovation driving value for clients and improving business efficiency and profitability.

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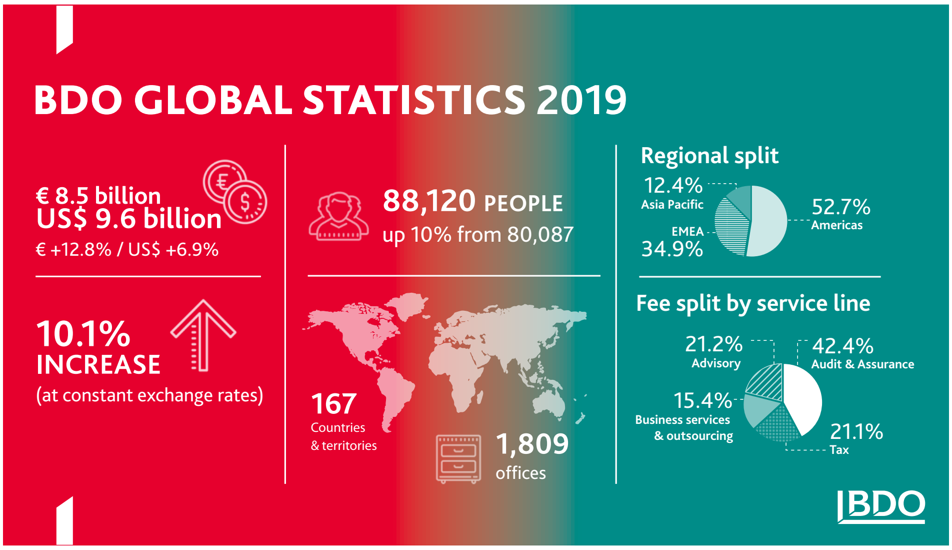
BDO's culture of innovation is spear-headed by the increasingly influential BDO Innovation Hub, which promotes innovative projects and encourages collaboration. It has accelerated the co-creation of new ideas and the development of products, services and tools which benefit both clients and BDO firms.

The shining example in BDO's drive for innovation is their bespoke software, APT Next Gen (APT). Working in collaboration with Microsoft, BDO has invested heavily in designing a globally scalable and secure platform. APT includes all the digitally enabled processes, methodologies and connected platforms to meet BDO partners' and their clients' specific business needs. Powered by leading technology, APT and other BDO platforms such as the Global Portal and Digital Suite are driving efficiency, streamlining the exchange of information and ensuring an improved digital experience and enhanced data analytics capabilities.

Choosing to lead as ADVISERS OF THE FUTURE

BDO's people make the difference – and they are embracing AI and technology to improve the service and value they can create for their clients. There has been a strong focus on enhancing the digital quotient (DQ) mindset of all of our 88,000-plus professionals: but the importance of human interaction has not been neglected. The BDO difference lies in remaining a people business, one that combines digital skills with relationships built on trust and a deep understanding of clients. BDO people share a common objective: the proactive creation and implementation of business solutions and creating value for our clients.



To conclude the 2019 financial results, Global CEO Keith Farlinger comments: "This year, all BDO firms have evidenced the power of sharing the same global dream as leaders, proactively advising our clients with future-oriented solutions. In creating new ways to interact with our clients and with each other, we are shaping ourselves for the BDO of tomorrow."

ENHANCED EMPLOYMENT PROTECTION: EMPLOYERS' RIGHTS AND RESPONSIBILITIES

In 2018, several amendments were made to the Hong Kong Employment Ordinance. Articles published in the September 2018 and January 2019 issues of APERCU provided updates on the most recent employment-related legislative amendments, which gave staff better employment protection and benefits. Nevertheless, given the number of labour disputes handled by the Labour Department in recent years, it seems that Hong Kong employees are still at risk of inadequate protection.

According to the Labour Department, they handled 13,781 labour dispute claims in 2018 (the number of claims from 2014 to 2018 is shown in Table 1). Over 70% of these claims were settled through conciliation services provided by the Labour Department's Labour Relations Division, without the need for a Labour Tribunal or a decision from the Minor Employment Claims Adjudication Board. Statistics from the Labour Department show that over 80% of these claims in 2018 were about the termination of contracts, wages, or statutory entitlements (such as holiday pay, annual leave pay, rest day pay or sickness allowance). Labour disputes can be time-consuming and costly for a company. It can also damage the company's reputation, especially in the era of social media, when information is spread quickly and widely. Given that amendments to the Hong Kong Employment Ordinance are ongoing, it's worth reminding employers that in order to avoid or minimise labour disputes, they should keep abreast of these changes and comply with the employer's obligations – particularly in unexpected situations or in times of potential economic downturn.

Table 1: Labour dispute claims from 2014 to 2018

Year	Number of labour disputes claims handled by Labour Department	Percentage of labour disputes claims resolved through conciliation
2018	13,781	Over 70%
2017	14,666	71.7%
2016	14,672	72.9%
2015	14,388	Not available
2014	15,764	Not available

Source: Data obtained from the Labour Department's Annual Reports, 2014–2018

Setting up a business continuity plan

Employers should set up a business continuity plan (BCP) as soon as possible (if they do not already have one) and constantly have it reviewed to cope with the emergency situation. Having a BCP in place helps managers and employees to take any action that may be necessary in unexpected circumstances. By following the processes and procedures set out in the BCP, managers and employees can eliminate the threat of business disruption and reduce risks to employees' safety at work.

After setting up the BCP, employers should carry out regular 'drills' to test the smoothness of the running order when the BCP is used. They should revise processes and procedures to address any concerns that the key BCP board members have.

Ensuring employees' safety at work

Under the Hong Kong Occupational Safety and Health Ordinance, employers have a duty to provide and maintain a safe and healthy work environment for their employees. As part of this duty, employers must ensure that employees are

safe at work, which includes providing safe access to and exit from places where the company does business and employs people. This also includes safe access to places outside the company's office premises; for example, if employees are performing their duties outdoors or at venues where others with whom the company has business relationships are operating.

Employers should provide practical and reasonable work arrangements by taking into account any contingent circumstances that employees may encounter in unexpected situations. If the company has a BCP, employers should communicate clearly the detailed processes and procedures for invoking the BCP so that employees know what to do before they are faced with an emergency. This allows employees to plan how to work safely (eg by working at home) if the office premises or nearby areas are affected by unforeseen problems.

Employers must strictly adhere to the statutory requirements of the Employees' Compensation Ordinance to provide full cover for all employees (full-time and part-time) who may be involved in an accident at work.

Employees arriving late

In addition, employers are concerned about discipline at work during an emergency situation. For example, employees have been arriving late due to the recent traffic problems.

Under the Employment Ordinance, an employer may deduct wages from an employee for any absence or late arrival that violates the company's terms of employment. These terms are set out in the employment contract or the Employee Handbook.

However, in spite of the guidance set out in the provisions of the Employment Ordinance, from time to time the Labour Department communicates with employers to encourage them to allow flexibility in employees' work arrangements during an emergency situation. Examples include releasing employees early or allowing them to come in late due to difficult traffic conditions caused by an emergency. Employers can check the Labour Department's website for the latest press releases and take appropriate action on employees' work arrangements. This helps to maintain good relationships between employers and employees and ensures that employees are safe.

Employees who are absent from work without reasonable cause

If an employee is absent from work without reasonable cause, an employer may determine if the employee's absence constitutes unauthorised leave. If it does, the employer may consider not paying the employee for their unauthorised leave.

If an employee is habitually absent from work without giving notice and a reasonable cause to their employer, it is likely that the employee has breached their contract of employment. In this case, the employer may consider taking disciplinary action against the employee, including sending warning letters to request that the employee improves their performance. If the employee makes no improvement and repeats their misconduct after receiving these warnings, the employer may consider summary dismissal. The employer should investigate and seriously consider all the surrounding factors, give careful consideration to employees' clarifications, and seek professional and legal advice before concluding that summary dismissal is appropriate.

Summary dismissal is a serious disciplinary action, as the employer may terminate an employee's contract without notice or payment in lieu of notice. Therefore, it should be treated as a last resort.

It is difficult to obtain sufficient evidence to prove whether or not an employer's termination of an employee was reasonable and lawful, and the Employment (Amendment) No. 2 Ordinance 2018 specifies that employees can claim for reinstatement or re-engagement of their employment due to unreasonable and unlawful dismissal. The Labour Tribunal may order the employer to pay compensation to the employee. Therefore, employers who are considering terminating an employee's contract under summary dismissal should be very careful. (For details of the definitions of unreasonable and unlawful dismissal, please see the January 2019 issue of APERCU. The article provides updates on the employment-related legislative amendments to the Employment Amendment (No. 2) Ordinance 2018, which became effective on 19 October 2018 and provide additional employment protection).

Avoiding disputes with employees

As mentioned above, if an employee who has been summarily dismissed believes that the employer's action was not justified, the employee may make a claim against the employer for unreasonable and unlawful dismissal.

It is crucial that employers strictly adhere to the requirements of the Employment Ordinance. These include (but are not limited to) calculating wages and the seven statutory entitlements (holiday pay, annual leave pay, sickness allowance, maternity pay, paternity pay, end of year payment, and payment in lieu of notice) accurately in accordance with the computation of wages and entitlements. They also include statutory requirements upon the termination of an employee's contract. The purpose of this is to avoid labour disputes with employees in which employers may have to pay penalties or face prosecution if they are convicted of non-compliance with the requirements of the Employment Ordinance.

We believe that the Labour Department will continue to introduce amendments and reforms to enhance employment protection and employee benefits. It is therefore important for employers and employees to keep up to date with the upcoming changes in the Employment Ordinance, as these will have an impact on employers' and employees' actions in various respects.

Speak to our payroll professionals

Feel free to get in touch to find out how we can help you with a tailored payroll outsourcing solution.

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NON-ARM'S-LENGTH PRACTICE AND SOCIAL BLAMEWORTHINESS

When a multinational enterprise (MNE) does not follow the arm's-length practice in its cross-border transactions, it not only erodes a country's national tax base but also damages the country's social framework. By imposing the arm's length principle, transfer pricing legislation polices an MNE's corporate behaviour, both economically and socially. This article first explains why it is important for an MNE to comply with the arm's length principle in its transactions. The article then explores how non-arm's-length practice leads to unethical corporate behaviour that damages social structures. MNEs that behave in this way are considered to be blameworthy for certain detrimental social effects of the negative tax consequences.

Compliance with the arm's length principle

Transfer pricing is a process of trading property and exchanging services between related legal entities or subsidiaries within a single MNE group. These group entities are known as 'related parties'. Within the broader framework of globalisation, transfer pricing is used to allocate – or reallocate – profit and loss in the countries where an MNE operates. According to the Organisation for Economic Cooperation and Development (OECD) Transfer Pricing Guidelines, the price of a transaction between related parties should be significantly the same as the price of a similar transaction between independent parties. This is known as the 'arm's length principle' of transfer pricing. To protect their tax base, many countries, including Hong Kong, have established regulations that prevent MNEs from carrying out non-arm's-length transactions. Specifically, transfer pricing legislation is designed to monitor an MNE's behaviour in its inter-company transactions and to ensure that taxable profit is not being unreasonably shifted through non-arm's-length practice.

As pointed out in the OECD Transfer Pricing Guidelines, the arm's length principle is relatively straightforward for transactions involving the transfer of goods and services between related parties. But transactions involving the transfer of intangibles (such as technology, propriety know-how, brands, goodwill or business processes) are more complicated. Regardless of the nature of the transaction, a proper transfer pricing method or valuation technique must be used in order to prevent cross-border mispricing within the MNE.

The recently proposed OECD Base Erosion and Profit Shifting (BEPS) Action Plan 2.0 sets out the expectation that tax practices must be more transparent. As such, an MNE must adopt inter-company pricing mechanisms in all the jurisdictions that it operates in. Furthermore, the BEPS Action Plan 2.0 aims to address the proper taxing rights for cross-border activities, based on an MNE's nexus and profit allocation in accordance with its global value chain.

Here, the arm's length principle is the key to preventing any skewed distribution of profit within the MNE.

Globalisation has led to new trends in international taxation, as MNEs can establish various tax-planning mechanisms that manipulate asymmetries in taxation systems around the world in order to arbitrage. Inappropriate transfer pricing mechanisms have been developed to shift tax liabilities from high-tax to low-tax jurisdictions. Although transfer pricing can enable corporations to optimise global tax strategy, the use of abusive tax practice is increasing to shift profits. In response to such harmful transfer pricing practice, members of the BEPS Inclusive Framework join forces to combat tax avoidance resulting from cross-border transactions between related parties.

On a different note, arm's length practice in transfer pricing has been especially important for developing countries in recent years, as they have less experience in dealing with abusive transfer pricing practice. In their 2010 research, Fofack and Ndikumana estimated that in developing countries about 25% of illegal capital flight loss is due to transfer pricing-related activities, including trade mis-invoicing and other non-arm's-length transactions carried out by MNEs.[1] To address the transfer pricing issues in developing countries, the OECD has assembled the Task Force on Tax and Development to support these countries to strengthen their domestic transfer pricing regulations. This programme intends to establish a level playing field as MNEs expand their operations across developed and developing countries. The programme also guides developing countries on how best to use tax revenues collected from transfer pricing investigations. Such guidance assists the tax authorities in these countries to create tools for monitoring transactions between related parties and to prevent leaks in national tax revenue. Regardless of a country's level of development, transfer pricing regimes must be implemented in order to formalise these international standards.

Misconstruing policy on related-party pricing is nothing new. When an MNE abuses cross-border transactions and causes the loss of national tax revenue, it is undisputedly blameworthy for such deliberate and harmful transfer pricing practice. Beyond this, non-arm's-length practice has an indirect effect for which the MNE is culpable. This is discussed in the next section.

Non-arm's-length practice and social issues

Economics Nobel Laureate Joseph Stiglitz stated that when an MNE does not comply with the arm's length principle, it not only erodes the local tax revenue but also substantially deprives foreign investment in health, education and other social programmes. He claims that misalignment in transfer pricing "undermines the social and economic fibre of a country".[2] As such, it is important to address how non-arm's-length practice affects public services and living standards in the countries where an MNE operates.

As mentioned earlier, there are increasing concerns about the illegal outflow of capital and funds that result from non-arm's-length transactions within MNEs. The loss of national tax revenue has led to negative social outcomes, such as decreases in public spending on social programmes. This tells us that non-arm's-length pricing is the cause of far wider social harm; in particular, the damage to social goods and services that happens when a country is disadvantaged by illicit capital flight due to transfer mispricing.

One of the main purposes of the BEPS Action Plan is to prevent tax avoidance and harmful tax practice. However, aside from tax enforcement, there is an ethical aspect. After all, the OECD itself is deeply ingrained in the business ethics arena. Complying with transfer pricing regulations is not just about corporate accountability; it is also a manifestation of the MNE's social conscience with regard to its social stakeholders. Effectively, such social responsibility puts the MNE's institutional value on the line. While the primary aim of transfer pricing compliance is to prevent tax avoidance, it also enables government authorities to use tax revenues to provide social commodities (such as education, healthcare and social security) in their jurisdictions.

Cross-border operations have direct social and economic implications, as socially responsible behaviour is closely connected with tax regulations. An MNE that has obtained the right to operate in different jurisdictions also has a duty to protect and enhance social and environmental wellbeing in those jurisdictions. When an MNE complies with the arm's length principle, it makes direct and indirect contributions to the provision of social goods. This means that transfer pricing compliance enhances the MNE's corporate reputation, brand and institutional value because its socially responsible action is recognised by society.

Many jurisdictions look to curb insidious corporate behaviour by imposing standards that require MNEs to improve working conditions, protect the environment or follow other social practices. To be good corporate citizens, MNEs need to be incentivised to actively engage in socially responsible behaviour. MNEs must recognise that they can further their technological innovations, optimise their value chains and maximise profit by securing social and environmental wellbeing. In other words, improving social and civil wellbeing could bring about financial and economic benefits for MNEs and allow them to develop various aspects of institutional values.

In light of the above, businesses that behave in a socially responsible way will accumulate social goodwill. Social goodwill includes the MNE's brand image, corporate reputation, and access to social and community resources, among other things. From a corporate strategy perspective, social responsibility actively considers the wellbeing of employees, customers, communities, other stakeholders and the environment. Therefore, social goodwill and social value play an important role in an MNE's business development, financial sustainability and profit maximisation. MNEs should account for all socioeconomic factors when evaluating their inter-company pricing policies. As well as preventing an MNE from underpaying tax in the jurisdictions where it operates, complying with the arm's length principle precludes it from being blameworthy of depriving those nation-states of social welfare.

In conclusion, adhering to the arm's length principle both manifests proper corporate conduct in taxation and implies that a company has fulfilled its social duties. Tax compliance, therefore, creates a harmonious social structure in which MNEs are seen as good corporate citizens. When an MNE does not comply with the arm's length principle in transactions between related parties, it is blameworthy for eroding the national tax base and it is culpable for the deprivation of social wellbeing. This is because tax avoidance and harmful transfer pricing practices are detrimental to public and social expenditure, which can damage the overall social structure. In other words, when citizens are deprived of health, education and social benefits due to international tax avoidance, the MNE is to blame for the damage, even if it has done so indirectly. Thus, to be socially responsible, an MNE must avoid harmful social repercussions by complying with transfer pricing regulations.

At BDO Tax, our experienced global transfer pricing economists can assist you to navigate cross-border tax matters when complex socioeconomic factors are muddling your corporate objective and strategy.

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[1] Fofack, H., & Ndikumana L., (2010), "Capital Flight Repatriation: Investigation of its Potential Gains for Sub-Saharan African Countries", African Development Review, 22(1), P. 4-22
[2] Stiglitz, J. E., (2007). Making Globalization Work. W. W. Norton & Company; Reprint edition (September 17, 2007)

HOW RULE CHANGES MAKE HONG KONG A PRIME IPO-DESTINATION FOR BIOTECH LISTINGS

Early results from Hong Kong's rule changes for listing biotech companies, as well as secondary listings for technology companies, indicate a growing appetite for biotech IPOs on both the company and investor side. A little over a year after the new rules took effect, several biotech companies have listed under the new regulatory framework with more companies primed to follow in their footsteps.

However, both companies and investors face a range of challenges, necessitating further development of infrastructure, collaboration and the knowledge base, if the early success is to continue.

The easier way to a rich market

Hong Kong is in a unique position. In many ways, it bridges the divide between China and financial markets around the world – not to mention Hong Kong's own vibrant TMT (technology, media and telecommunications) market. The Hong Kong Stock Exchange has a strong track record as a dynamic force that draws in investors and companies from near and far.

Biotech as an industry has, however, not been particularly active when compared with other areas; something that is true for both IPOs and M&A. M&A data (**Figure 1**) shows that interest in acquiring biotech companies has remained relatively stable over the last five years, with deal value rising. In the same period, only two Hong Kong biotech companies have been acquired.

Global funding and valuations for biotech have also been robust, with several new unicorns (companies valued at more than HK$1 billion) appearing over the last couple of years[1].

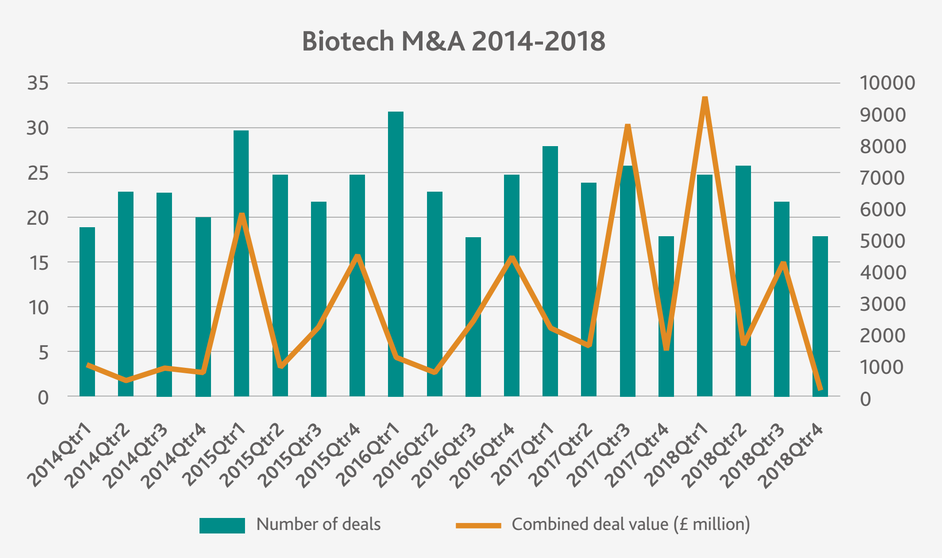
That being said, biotech companies often struggle to secure funding early on in their development. In part due to the industry's high R&D costs and time-to-market.

This is also the case for Hong Kong. To increase biotech companies' access to funding and give investors better opportunities to back early-stage companies, the Hong Kong Exchange launched a revised set of regulations in April 2018.

The first years' results are impressive[2]. From April 2018 to April 2019, nine companies IPO'ed under the new regulations, raising a combined HK$3.8 billion.

Not all listings have seen subsequent growth in share price, though. In part because several issues still exist within the space.

Figure 1



Data: MergerMarket Graph: BDO Global

How companies need to prepare

In short, a biotech company looking to list under the new laws can take advantage of lower demands for financial reporting and proven revenue streams to gain access to funding. The new rules do, however, include several demands, including:

- The company must have a core product beyond the concept stage
- Registered patents or intellectual property relating to its core products
- Cornerstone investor on board at least six months before the listing
- Expected market capitalisation of a minimum of HK$1.5 billion
- Working capital to cover at least 125% of costs for at least 12 months

The company must also be able to disclose relevant information such as:

- Strategic objectives
- Core product details
- Descriptions of any approved products
- Details of the company's R&D
- Service agreement details
- Risks
- Operating cost estimates
- Financial reports

Each point comes with specific responsibilities and challenges. For example, when securing one or more cornerstone investors. Evaluation is done on a case-by-case basis and includes looking at assets or assets under management, as well as the investor's understanding of the field. Being able to document both is a requirement that can, in some cases, prove problematic and lead to delays. The same applies to striking the best balance between lower financial reporting requirements and presenting relevant information to investors that make them positive about the potential of your company and products. Furthermore, although financial reporting requirements are lower, they still exist. They, along with audit and taxation issues, may be unfamiliar territory for not only companies but also potential investors.

Investors face new risks

Audit and tax issues are weighty risks, but they are far from the only ones facing investors looking at biotech with increased interest.

Clinical trials are pivotal for biotech companies, and unsuccessful or faulty tests may lead to significant delays – or competitors beating a company to market. Regulatory oversight and approval processes are also lengthy, and new companies may not have the necessary expertise to expedite the process on their own.

Once a product reaches the market, it is still not a guarantee for success. Market acceptance by physicians and patients, as well as third parties, requires an in-depth understanding of the industry's ins and outs.

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1 31+ Healthcare Startups Valued At $1B+ In One Market Map, https://www.cbinsights.com/research/healthcare-unicorn-market-map/

2 New Listing Regime Marks 1st Anniversary, https://www.hkex.com.hk/News/Media-Centre/Special/New-Listing-Regime-Marks-1st-Anniversary?sc_lang=en

Before getting to trials and markets, an investor must evaluate a company based on a limited data set. Most companies looking to take advantage of the new Hong Kong rules and regulations have a limited operating history, making it difficult to evaluate the business and predict future performance.

The remedy to many such risks is better knowledge and understanding of the biotech industry, particularly the Hong Kong and Mainland China scene. This applies to scientific and financial aspects of the industry, as well as the listing process.

Innovent Biologics HK$3.8bn (US$485 million) listing[3] provides an excellent case study. The company secured ten cornerstone investors who combined for 58% of the float. Even though demand was overwhelming, the company offered its shares as slightly below top-level to help boost secondary performance. Its subsequent performance validated the approach.

Bright future for Hong Kong's biotech

When the new regulations were introduced, the goal was to attract new companies, including from mainland China, to list on the exchange. That goal has - so far - been successfully achieved. Several of the companies who have IPOed in the first year after the rule changes are from mainland China. Considering current demographic and economic developments, such as increased number of elderly and the rising Asian middle class, it is no surprise that entrepreneurship, innovation and investment are growing.

In other words, the future for biotech listings in Hong Kong is bright – but there are a few clouds on the horizon. Some new listings have struggled to maintain their stock price, which could make investors reticent to back new listings. At the same time, both companies looking to list and investors face challenges due to the novel aspects of their undertakings. Much work remains to be done in relation to injecting new knowledge about biotech technology and companies, as well as the associated opportunities and risks, into the investor community.

In all instances, risks for both companies and investors are varied. Audit, transfer pricing issues for tax issues, registrations and compliance are all areas where assistance may be required. Connecting with industry experts and insiders will stand any potential investor – and company looking to list - in good stead.

BDO in Hong Kong – the perfect partner

BDO in Hong Kong works in an advisory capacity for companies in the biotech industry, as well as companies across the TMT sphere. Our position as on-the-ground experts backed up by a truly global team (BDO has offices in over 165 countries and territories) enable us to offer a wide range of services – something that also applies to companies looking to IPO in Hong Kong. Our IPO-related services include:

- Buy-side advisory and due diligence
- Sell-side acquisition and merger advisory
- Taxation and audit
- Transfer pricing
- Risk advisory
- Financial reporting advisory
- Business consulting
- Investor contact and securing cornerstone investors

Contact us to hear more about specific services and how we can assist with optimising your company's performance.

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[3] Asia-Pacific IPO: Innovent Biologics' HK$3.8bn IPO, https://www.ifre.com/story/1515639/asia-pacific-ipo-innovent-biologics-hk38bn-ipo-90cplvyclj

GREEN BUILDING – ONE WAY TO ATTAIN SDG #13 CLIMATE ACTION

Fossil fuels are among Hong Kong's main sources of energy, and their use produces extensive air pollutants and greenhouse gas emissions. Many scientific researchers have already proven the vulnerability of greenhouse gases to climate change issues. In order to address the problem, the Hong Kong Government has stepped up to issue strategic plans for sustainable development in the city. The Climate Action Plan 2030+ sets a target of reducing carbon intensity by 65% to 70% by 2030 compared with the base year (2005), while the Energy Saving Plan aims to reduce energy intensity by 40% by 2025 in comparison with the same base year.

Buildings undoubtedly play an important role in the consumption of energy and resources, especially in modern cities like Hong Kong, whose main economic activities do not lie in the industrial sector. More than 90% of the electricity used in Hong Kong is consumed by buildings, which account for over 60% of carbon emissions[1]. Energy is used in air-conditioning, cooking, lighting, water heating and refrigeration inside buildings. Moreover, as we spend most of our time indoors, our daily life is highly affected by the quality of the environment in buildings.

The concept of green building incorporates sustainable features into not only environmental enhancements but also improvements in the quality of our lifestyle and health. Responsible use of materials, energy efficiency, water saving, quality of the indoor environment, environmental management practices and other innovative measures are all concerned with improving the overall performance of buildings.

Both new and existing building development projects, including residential buildings, commercial buildings, shopping malls and hotels, can benefit from green building initiatives. New buildings offer more flexibility for improving the building's performance, whereas existing buildings tend to consume a lot of energy due to outdated equipment and a less environmentally conscious design. Renovation or retrofitting can help to improve their energy efficiency and resolve other environmental issues in these buildings.

Recently, the Hong Kong SAR Government established the green bond framework to support environmental policies and provide funding for local green projects. Green building projects with certifications such as BEAM Plus and LEED (Gold rating or above) are eligible to benefit under this framework. Successful examples include One Taikoo Place by Swire Properties Limited, which achieved a provisional certification of Platinum for LEED, BEAM Plus and WELL; and The Quayside by Link REIT, which achieved provisional certifications of Platinum for LEED and BEAM Plus and Gold for WELL.

Green building initiatives usually cover the following areas:

Environmental management
- Environmental system implementation
- Operation and maintenance strategy

Sustainable sites
- Greenery
- Pollutant emissions
- Light pollution
- Availability of amenities

Materials and waste
- Procurement of materials
- Use of resources
- Waste management

Energy
- Energy performance and control
- Energy-efficient technology
- Renewable energy

Water
- Water quality
- Water and wastewater recycling
- Conservation of water resources

Indoor environmental quality
- Comfortable living environments (eg thermal, acoustic)
- Indoor air quality (eg air pollutants, ventilation)

[1] Source: Environment Bureau (2017) Hong Kong's Climate Action Plan 2030+

For businesses that desire more sustainable buildings and seek green building certification and green bond issuance, BDO can provide professional advice to identify opportunities at the early planning stage and evaluate the feasibility of the green aspects of projects. With proactive strategic planning, you can incorporate measures correctly into building development by thoroughly considering the environmental implications. We can also provide guidance to organisations on identifying the best options available for putting in place green building initiatives.

Our Process

We stand at the forefront of identifying the latest technologies in the industry and performing qualitative and quantitative analysis of the whole life cycle of the green building assessment, with reference to the green building rating tools.

Assessment methods	Approaches
• Performance review	We will analyse the baseline condition of the building by collecting information on its design, standards and performance data.
• Benchmarking	We will carry out research on industrial practices and benchmark the overall performance against similar buildings. This information will facilitate the goal-setting process.
• Feasibility study	We will review all the criteria in the green building rating tools against the baseline condition of the building and conduct a preliminary analysis to determine the rating of green building certification that could be achieved.
• Solutions and suggestions	We will present all the limitations of implementing the green features and identify opportunities for you to make a decision. We will also formulate an action plan.

Case Study – One Taikoo Place

About One Taikoo Place

One of the green buildings with a green bond issued by Swire Properties Limited participated in the BEAM Plus for New Building and achieved a provisional rating of Platinum. As shown in its green bond report, the building is estimated to reduce annual energy consumption by about 30% by implementing measures such as energy-efficient fans, an optimised chiller system and energy efficient lighting and control systems. One Taikoo Place will also be installing a photovoltaics (PV) system and a waste-to-energy generation system, which reuses waste cooking oil from tenants and converts it into fuel. Furthermore, the proposed water efficiency measures can reduce the consumption of freshwater by more than 40%. These include the use of a rainwater harvesting system, greywater recycling facilities and water-saving sanitary fittings.

Is there a need for green building certification?

Green building rating tools like BEAM Plus can provide a more robust and transparent framework for organisations that want to assess and quantify the environmental performance of their buildings. They can ensure that significant environmental performance has been achieved (ie BEAM Plus with a rating of Gold or above) and that comparable results can be obtained across the industry (ie consumption reduction percentages and certification ratings). Furthermore, as explicitly mentioned in the green bond framework launched by the Hong Kong SAR Government, projects require a green building certification with a higher rating in order to be eligible under the framework.

Implementing green building initiatives

Adopting green building initiatives improves a building's sustainability performance, which in turn can lower the inherited operational cost. In addition, adopting renewable energy systems further reduces energy consumed from the grid, in addition to carbon emissions.

However, all green initiatives under consideration should be reviewed as early as possible to identify any risks and challenges that may be encountered during the implementation process. For example, a waste-to-generation system may be suitable only for buildings that contain restaurants. Factors that would be reviewed in this case include the potential energy generated, the amount of waste oil needed to keep the system operating, and the size of the system. If the proposal is not feasible, other renewables may need to be explored. Thorough consideration of all green initiatives can help to meet the company's goals and targets.

Moreover, evaluating potential ratings can identify the limitations and opportunities of the project and the actions required to attain the green building certification. For instance, to reduce water use by 40% in One Taikoo Place, rainwater harvesting and greywater recycling were considered for the project. Combining these with other water-efficient technologies, such as drip irrigation and water leakage detection, could also be considered. The extent to which these options are adopted can be recommended on project-by-project basis.

For more details, please contact Ricky Cheng, Director and Head of Risk Advisory at rickycheng@bdo.com.hk or +852 2218 8266.

RICKY CHENG
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KENNETH YEO WAS RE-ELECTED TO THE EXECUTIVE COMMITTEE OF RESTRUCTURING & INSOLVENCY FACULTY OF HKICPA

Kenneth Yeo, Director and Head of Specialist Advisory was re-elected for a two-year term on the Executive Committee of the Restructuring & Insolvency Faculty (RIF) of Hong Kong Institute of Certified Public Accountants (HKICPA), commencing on 1 January 2020.

Kenneth is currently the Deputy Chair of RIF and the convener for their Technical sub-committee. His professional knowledge and solid experience in insolvency work will certainly be a valuable asset to HKICPA.

VALISE, BDO'S EMPLOYEE SELF-SERVICE PLATFORM – WHAT'S NEW SINCE ITS OFFICIAL LAUNCH?

Background

At the heart of our company values is the drive to provide exceptional services to our clients. We see clients' businesses as important as our own; and we always aim to identify innovative and value-adding solutions for our clients while maintaining a strong focus on quality, compliance and risk management.

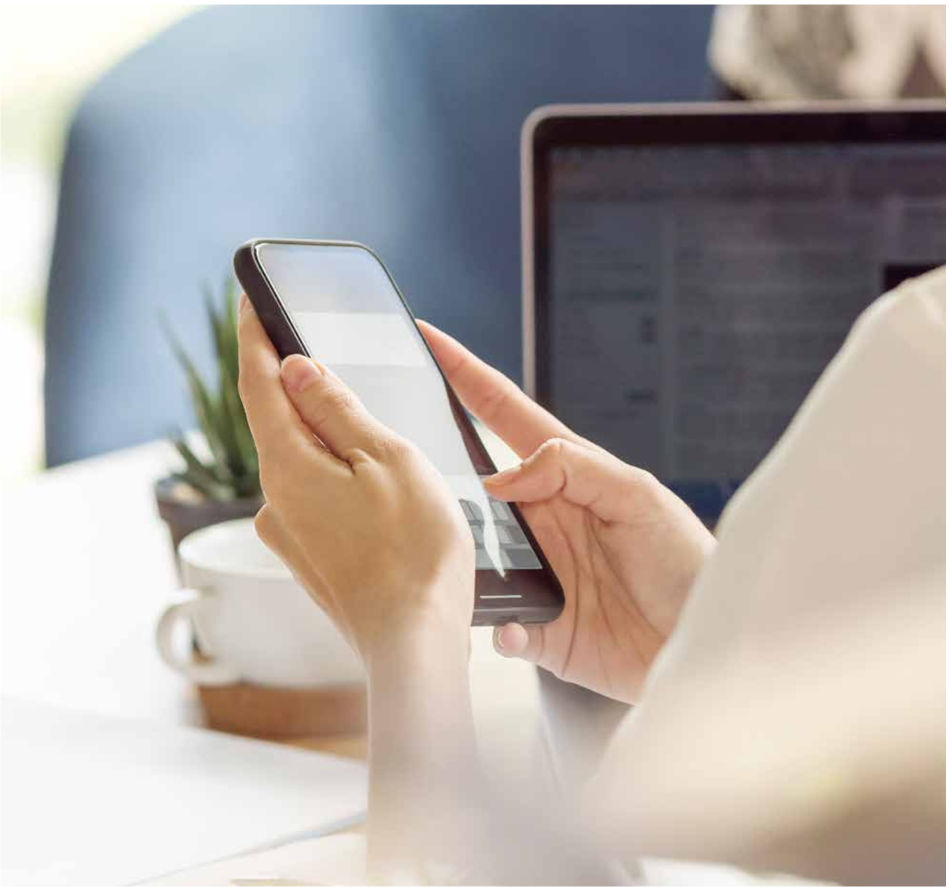
As a fully-fledged professional firm, we provide one-stop-shop services to our clients and are courageous enough to step outside our comfort zone to react to market demands. As an innovative industry leader, we are the first professional firm in Hong Kong to develop an online employee self-service (ESS) solution for our clients. This ESS platform, officially launched in 2017, was named **Valise**.

Valise is a French word that means 'small suitcase'. It is an all-in-one ESS platform that's available for use anytime, anywhere, on a browser or via the app. We developed Valise to complement our existing business services and outsourcing offerings, such as payroll & HR administration or finance and accounting. The idea is that within this small but nimble platform, employees can perform all their administrative duties while they are on the go. It creates operational conveniences – just as one would experience when using a small case that has multiple and expandable functions.

Valise's key functionalities:

1. e-Payroll: retrieving monthly payslips and employer's annual tax returns
2. e-Leave: applying and approving various leave entitlements
3. e-Expense: making and approving expense reimbursement claims
4. e-Rental Reimbursements: facilitating the application, submission and approval of tenancy agreement and rental receipts to substantiate the rental reimbursement claims
5. e-Accounts Payable (e-AP): facilitating the payment requisition workflow and the approval process for making payments
6. Generates real-time data and reports that enable HR and finance professionals and management teams to perform analyses and make business decisions in a timely manner

On top of that, the platform supports multiple languages and can be configured to ensure compliance with local laws and regulations. As well as the Hong Kong version, which is widely used by our clients, the mainland China and Macau versions are both being used by a small number of multinationals that have employees working in these two places. What's more, Valise's functionalities and workflow can be customised to meet the requirements of individual clients and company policies.



Timeline and major developments

The first Valise users came on board when the platform merely served as an electronic distributor of payslips and employers' tax returns. Eighteen months later, the e-Leave and e-Expense management modules were developed, tested and introduced. These new functionalities became available for our client users in late 2016. In March 2017, the platform was officially named Valise. Meanwhile, the Valise app for iOS and Android was made available for clients to download and use 'off the shelf'.

Ever since then, we have seen significant growth in the use of Valise. As of today, there are nine times more Valise client users since the official launch in March 2017. Over the last two financial years, the number of payslips that we handle has a consecutive growth of more than 50% each year. Valise is also one of the key engines driving revenue to our payroll and HR-related services. We have achieved a double-digit year-on-year growth in revenue over the last couple of years, even reaching an impressive 30% on one occasion. As well as the significant increase in local users, we are seeing an increasing number of multinationals with a regional or global presence or expansion plans coming to us for Valise, as the platform can support their cross-entity and cross-country ESS needs.

Meanwhile, the development of Valise has never stopped. We continue to make improvements based on client feedback, and we perform updates in accordance with the latest changes in employment law and the related requirements for statutory compliance. In 2018, we launched the e-Rental Reimbursement and e-AP functions, which together with e-Expense, enhances our finance and accounting functionality in Valise. The e-AP function facilitates and automates the workflows in the provision of our accounting and treasury services. In addition to these new functionalities, we introduced several enhancements, such as task delegation and deputising, for our clients to use.

Next on the stage, we will be welcoming three new functionalities: e-Appraisals, e-Roster, and e-Overtime Management. We expect to launch these in 2020 and 2021. All these functionalities are under development thanks to a large number of similar requests from our clients. Having done some careful research on upcoming trends, we moved this work to the top of our development pipeline.

How is Valise benefiting our clients?
Being an industry pioneer in the development and roll-out of Valise was a smart move – we have now successfully deployed Valise to over 50% of our payroll and HR administration outsourcing clients. The rest of our clients are using our other ESS portals, which have been tailored to their specific requirements.

Offering Valise has helped us to retain existing clients and attract many new ones, who have engaged us for our fully managed payroll and HR administration services, including the various e-HR administration functions. Our clients chose us because we are continuously enriching the range of HR outsourcing services that we offer.

In recent years, many of our clients (regardless of size) have been undergoing transformations, including automation and digitalisation. This requires them to make significant initial investments (on upgrading infrastructure and systems) and engage vendors for different types of services. By engaging BDO as a one-stop-shop, they have been able to minimise upfront investments and resolve any problems in one go. The enhanced comprehensive service offerings have been able to satisfy most, if not all, of their needs when undergoing a transformation.

Our clients also enjoy peace of mind when it comes to information security, as our systems and platforms are periodically upgraded and tested to ensure that client data is properly safeguarded and that potential data leakage, hacking and cybersecurity issues are prevented. The security and confidentiality measures that protect our clients' data on Valise are backed by our in-house IT team, which invests in resources and infrastructure as required, without hesitation. We give our multinational and finance clients the strongest confidence that we are well equipped to meet the most stringent compliance requirements and policies that they require us to adhere to.

Every client can benefit from Valise, especially those that:

- have between 30 and 1,000 employees;
- require support with or outsource various HR administration procedures (eg leave, expense claims and rental reimbursement administration);
- are looking for streamlined and automated administrative processing and approval workflows;
- operate in three or more offices that are geographically separate but whose administrative operations are interlinked; and
- have a sizeable number of employees who work offsite or travel.

All in all, by developing and offering Valise to our clients, we have elevated our service quality and our commitment to timeliness, speed and efficiency to the next level. Valise has also enhanced the user experience, and we are thrilled to have received so many positive and encouraging comments from our clients. With a number of new functionalities in the pipeline, we hope to provide you with another update on Valise very soon!

PORTIA TANG
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BDO WINNING DOUBLE GOLD AT VOTY 2019

BDO is pleased to announce that we are once again crowned as a double-awards winner of the HR Vendors of the Year Awards 2019 (VOTY) organised by HumanResources Magazine. This year, we are honoured to win the Gold Award – Best New Recruitment Solution Provider, and the Gold Award - Best HR Outsourcing Service Provider, following the success over the past two years.

The Awards are judged by extensive panel of 16 judges including HR VPs and directors from diversified multinational corporates like Mayer Brown, MGF Sourcing Far East, KKR Asia and etc. Winning the Awards represents great recognition of the service quality and professionalism within the industry. Great thanks to our Professional Resources Solutions team and Payroll and HR Outsourcing team for the quality work in serving both Hong Kong and regional clients. We would also like to express our thanks to our clients for their unwavering supports and trust.

This is the third time the firm joined VOTY. Below are a few highlights of our achievements at VOTY since 2017:

HR Vendors of the Year (VOTY) 2018
Gold Award for **Best New Recruitment Solution Provider**
Bronze Award for **Best Payroll Outsourcing Partner**

HR Vendors of the Year (VOTY) 2017
Gold Award for **Best Payroll Outsourcing Partner**

The awards were announced on HumanResources' website on 2 December 2019. Once again, congratulations to our BDO teams for their wonderful efforts!

HONG KONG BEST EMPLOYER BRAND AWARDS 2019

BDO is proud to announce that we have attained the Hong Kong Best Employer Brand Award 2019, an award granted by the Employer Branding Institute, World HRD Congress and Stars of the Industry Group. Director of Human Resources Angela Wong has also attained the Hong Kong Leadership Award 2019. With World HRD Congress being one of the largest HR events in the world, these honours have showcased that the efforts of the firm in making BDO an employer of choice are highly recognised by the HR professions. BDO will continue to strive to make the firm a better workplace for employees.

BDO SURVEY: THIRD-YEAR ESG REPORTS SHOWED LITTLE IMPROVEMENT IN OVERALL DISCLOSURE AND ESG PRACTICES IN TACKLING THE CLIMATE-RELATED ISSUES

For the third consecutive year, BDO continued our dedication in advocacy of excellence in ESG reporting and conducted a random sample survey with 500 of the most-recent ESG reports published by both Main Board and GEM-listed companies. The ESG reports were evaluated based on 15 core subjects, including governance, assurance, materiality, quantitative, consistency, balance, transparency, environmental management, employment practices, occupational health and safety, development and training, supply chain management, customer support, anti-corruption and community investment.

Key findings

- Only 12% of surveyed companies disclosed the related policies in identifying the climate-related issues that affected the companies and mitigating the risks of identified issues, and 18% of these companies disclosed the details of information about the actions taken in managing climate-related issues. Moreover, companies with global operations or China-based ones have higher intentions to disclose the policy related to actions on climate change.
- Little progress has been shown in terms of goal setting in ESG management, with a slight overall decline in the percentage of sampled companies who set goals for ESG management compared with 2018, from 17% to 15%. The Survey has discerned the trend that the larger the company, the higher percentage in goals setting on ESG management. Furthermore, only 4% of the surveyed companies have aligned their ESG goals with the UN SDGs. The top three UN SDGs selected by the surveyed companies are #3 good health and well-being, #8 decent work and economic growth and #12 responsible consumption and production.
- Only 5% of surveyed companies disclosed the determined environmental target(s). Besides, some of the surveyed companies provided incomplete information or non-disclosure on their policies in environmental and social aspects.
- Although overall ESG governance of the companies has shown improvement compared to 2018, it still falls far short of developing a well-rounded structure for ESG management. There are insufficient commitments at the director's level or oversight in ESG management, and lack of establishment of independent committee or assigned personnel in effectively managing ESG issues.
- While 39% of surveyed companies fully disclosed the subject aspects under the 'comply or explain' provision, the remaining companies either exhibited incomplete or non-disclosure in environmental KPIs without any explanation.
- Only approximately 23% of the sampled companies illustrated the key concerns raised from the stakeholders

The survey finds that companies tend to sidestep publicly reporting the less favourable issues and drawbacks to their stakeholders, which undermines the balance of ESG reporting and which requires investors and other stakeholders to exercise their own judgement about actual ESG performance. Based on the findings, BDO has a few recommendations in improving ESG reporting:

Considering climate change as key ESG factor in ESG integration

Given that the issue of climate change becomes the top priority affecting global humanity, listed companies have a vital role in and shall contribute to combat climate change while carrying out their business activities in a sustainable way. However, the Survey result reflected that listed companies in Hong Kong have less awareness over the impact of climate change towards their business. In this connection, we recommend listed companies in Hong Kong should embed the issue of climate change in their corporate risk assessment, in order to understand how the business models, portfolio and operation practices influence or are being influenced by climate change in detail.

Setting up strategic ESG goals in line with UN SDGs

Nowadays, institutional investors, asset management companies and fund managers are increasingly incorporating SDGs into their own investment frameworks because the SDGs allows them to measure the targets achievement and outcomes in a more concrete and quantitative way. SDGs provide a universal framework for global companies to address the ESG issues and investors are more interested in the climate change related actions and solutions from the business sectors.

Hong Kong listed companies may review and map their existing ESG metrics and strategic goals to SDGs to identify how the SDGs are related to their business directly and whether the companies can make greater contribution toward those investible SDGs for attracting global investors.

Enhancing ESG disclosure in capturing green finance and sustainable investing opportunities

With the growing trend of investors and asset managers seeking corporate non-financial information for investment analysis, ESG reporting are becoming an essential source to understand the management approaches and practices in addressing ESG risks, challenges and opportunities and ESG performance review. Companies should aim to accelerate the higher disclosure standard regardless of their company size in order to address the increasing demand from the investment community.

There are a number of effective actions for companies to take in order to enhance their ESG report to their benefits and seize the opportunity for potential new investment through ESG reporting:

- Benchmark against the peers in the industry, formulate strategy and determine a structured plan to direct the corporation's ESG policy
- Adopt the widely-used international certification standards and management systems as practical tools in demonstrating the commitment to managing and improving the environmental and social performance
- Seek external assurance in ESG data and reporting to enhance the credibility of the ESG report, fostering investors' confidence in company's ESG performance and reliability of information for decision-making

Apart from actions to be taken by companies, HKEx and authorities can also provide support to companies on ESG reporting to encourage improvements through various ways:

- ***Allocate resources to support the sophistication of ESG reporting***
  - Education and training on ESG reporting as well as emerging ESG best practices, to provide clearer guidance on materiality and reporting approach in relation to a reporting focus for specific industries
  - Developing a system (eg environmental and social KPIs database) in support of facilitating ESG performance and reporting on a regular basis
- ***Offer support to small- and medium-sized enterprises***
  - Develop a more regional perspective on ESG reporting and gradually link up with the global standard
  - Allocate resources to support the initiatives for Hong Kong enterprises to take part in green projects and to take advantage of quality ESG disclosure

External advisory or consultancy services could be utilised to provide an independent assessment of ESG performance and drive continuous improvement in areas. Authorities could also provide complementary professional services to less-prepared companies seeking advice on ESG performance.

For more information about the Survey, please visit https://www.bdo.com.hk/news/2019/bdo-survey-third-year-esg-reports-showed-little-improvement-in-overall-disclosure-and-esg-practices

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CYBERSECURITY IN 2020: TOP TEN PREDICTIONS AND RECOMMENDATIONS

According to Vailmail's 2018 Global Information Security Survey, over 6.4 billion fake emails are sent everyday by nation-state cyber-attack groups, criminal cyber-attack groups, and hackers worldwide. This results in the theft of over 2 billion private identities and $3.5 billion in cyber damages daily.

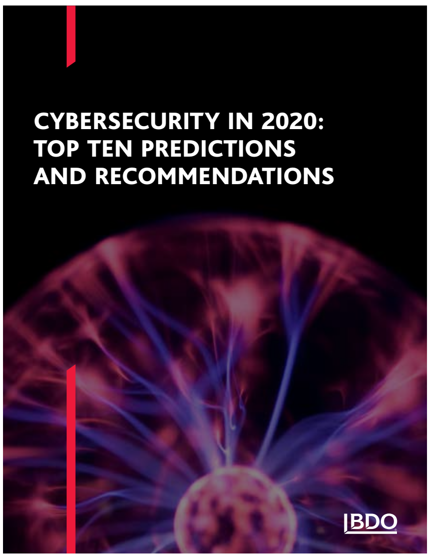
To combat the ever-growing global cyber-attacks, the cybersecurity marketplace has expanded to $100 billion in annual purchases of software, hardware, and related cybersecurity professional services. The spend is bigger than ever, but the question remains, what are the top cybersecurity trends organizations can expect to see and address as we enter a new digital decade?

The BDO Cyber Security team has outlined their top ten predictions and recommendations for cyber security in 2020 so you can reduce the probability of a cybersecurity incident.

BDO provides a wide range of cybersecurity services including:

- Payment card industry
- Information governance and data privacy
- Cyber risk assessment
- Cybersecurity strategy, policy and program design
- Managed security services
- Cyber threat intelligence
- Incident response
- Cyber insurance

To view the publication, please visit https://www.bdo.com.hk/insights/publications/cybersecurity-in-2020-top-ten-predictions-and-recommendations



BDO'S CYBERSECURITY GUIDELINES: TOP TEN CHALLENGES FACED BY THE C-SUITE

Organisations may not realise how valuable a cybersecurity strategy is until there's a vulnerability. With this in mind, BDO's Global Cyber Security team has prepared an article addressing the top ten challenges for the C-suite based upon their experience with hundreds of companies worldwide, across all industries.

Some highlights of the challenges are the struggles to determine the right strategy and investments to secure vital data assets, ensure business operations meet evolving regulatory compliance requirements, and reduce the impact of data breach litigations.

To address each of these concerns, BDO professionals have provided ten guidelines to improve business results. Please visit: https://www.bdo.global/en-gb/insights/advisory/cybersecurity/bdo%E2%80%99s-cybersecurity-guidelines-top-ten-challenges-faced-by-the-c-suite to view the full insight.

DIGITAL TRANSFORMATION IN CHINA – AN UPDATE

Digital is disrupting both the traditional business ecosystem and the competitive landscape. As well as driving new alliances, it is promoting the outsourcing of innovation and traditional services to more agile service providers. The evolution of the digital enterprise and ecosystem is presenting huge challenges: increasing competition, changing customer engagement and business models, privacy concerns and cybersecurity threats.

Over the past two decades, China's internet growth has largely been driven by the consumer market (eg Taobao.com, JD.com, Meituan Dianping and Didi). However, this market has become progressively saturated and competitive as the growth in online users has slowed. From 2010 to 2017 the growth rate for online users fluctuated between 5% and 15% per year, but in 2018 it declined to just 3.8%. In addition, smartphone shipments in China for 2018 were at their lowest level since 2013. Furthermore, traditional businesses in China have been attracting less foreign investment and private equity financing of late[1].

The continuously rising cost of labour in China over the past ten years has eroded profit margins for enterprises. This has been compounded by the decrease in China's working population, which has fallen for six consecutive years due to a lower birth rate and an ageing population. Meanwhile, competition from the manufacturing and production sectors in other countries in Southeast Asia has intensified due to cheaper labour costs and lower technology barriers.

As such, traditional businesses need to move up the value chain through digitisation. China is increasingly pursuing a comprehensive digital strategy, which encompasses the search for new drivers for economic growth. To support these goals, the strategy includes continuing with the digitalisation policy initiatives that have been introduced since 2015. The key initiatives are as follows[2]:

- The National Informatization Strategy (2016–2020), which calls upon China's internet companies to expand into international markets outside China to support the Digital Silk Road. Consequently, China has already worked on some major digital infrastructure projects, including building cable networks that connect Asia and Europe.
- The Made in China 2025 roadmap, which is a comprehensive, sector-specific plan for the large-scale digital transformation of China's traditional manufacturing industry.
- The Internet Plus initiative, which was launched in 2015 to promote the use of the Internet and information and communications technology. The intention is to create ecosystems in new spheres by integrating the Internet into all trades and professions, including the traditional sectors. This will drive domestic digital innovation.

Significant investments have been made in emerging technologies to promote digital innovation in China. Emerging technologies include artificial intelligence (AI), nanotechnology, quantum computing, big data, cloud computing and smart cities. As a result, China has[3]:

1. filed around 30,000 technology patents in 2018, which is 2.5 times the number of patents filed in the United States;
2. announced plans to invest US$411 billion in upgrading to 5G telecommunications systems between 2020 and 2030; and
3. planned to establish at least 50 academic and research institutes for AI initiatives by 2020. It is estimated that products and development related to the Internet of Things (IoT) could add up to US$1.8 trillion in cumulative GDP growth for China by 2030.

Nonetheless, the penetration of digital infrastructure into Chinese enterprises remains low: spending on the public cloud by Chinese companies represents just 6.5% of total IT spending in China, as opposed to 24% in the United States[4]. As such, the current increase in awareness of China's policy on digitalisation and industry upgrades opens up enormous opportunities for development. The adoption of digital infrastructure is on the rise, and it is projected to achieve double-digit growth over the next decade. Traditional manufacturing enterprises are being encouraged to adopt information and communication technologies to transform their existing business models.

M&A to facilitate innovation

Chinese companies that are not already on the digital train will need to attain the know-how and technical experience needed to leverage technology and change their business models. Developing the necessary digital skills and knowledge within a short period of time will always be challenging. Therefore, acquiring another company with existing digital capabilities could be a quicker way for companies to become more competitive in the digital economy. As opposed to organic growth, companies can consider acquisitions through partnerships, joint ventures or mergers in order to build their digital capabilities and deliver new products and services.

However, increased competitive intelligence has transformed the deal-making process, and companies that are considering acquisitions must manage this process actively. They will have to allocate more resources to identifying the right targets and to overseeing the entire acquisition, including the requisite due diligence.

How BDO can help

BDO's Transaction Services team has very broad experience in both buy-side and sell-side deals across a range of sectors involving private and publicly listed targets. Our transaction services for corporate clients, venture capitals and private equity funds include financial due diligence, business valuations and M&A advisory. They are tailored to our clients' needs and the requirements of each transaction. We deliver bespoke reports prepared by due diligence and sector specialists. Those reports provide the insights that will help our clients to consider and complete successful transactions.

Our international network operates from over 1,800 offices across 167 countries and territories, and we have a presence in every major global business centre. This gives us the depth and breadth of experience that is required to provide the advice, analysis and recommendations that matter to our clients on cross-border deals.

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ALBERT SO
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[1] Source: (1) "Past, Present and Future – Reflections and Outlook on China's Technology Venture Investment - Mr Michael Zhu, Managing Partner, Gobi Partners China" on 5 November 2019; and (2) "China says will reduce foreign investment curbs, 2018 FDI rises 3 percent: commerce minister", Andrew Galbraith and Tom Daly, https://www.reuters.com/article/us-china-economy-investment/china-says-will-reduce-foreign-investment-curbs-2018-fdi-rises-3-percent-commerce-minister-idUSKCN1P60HG

[2] Source: "China's digital rise – challenges for Europe" by Kristin Shi-Kupfer and Mareike Ohlberg, MERICS study on 8 April 2019

[3] Source: "China's digital rise – challenges for Europe" by Kristin Shi-Kupfer and Mareike Ohlberg, MERICS study on 8 April 2019

[4] Source: "Past, Present and Future – Reflections and Outlook on China's Technology Venture Investment - Mr Michael Zhu, Managing Partner, Gobi Partners China" on 5 November 2019

NEW APPOINTMENT

AMANDA FU
Principal
Assurance Services

Amanda Fu has been appointed as Principal of Assurance Services with effect from 1 October 2019.

Amanda has extensive experience in handling Hong Kong listed company audit assignments over a wide variety of industries, including trading, manufacturing, property development and management. She is also involved in various transaction support assignments.

Qualifications and professional affiliations
- Hong Kong Certified Public Accountant

LEO LEUNG
Principal
Assurance Services

Leo Leung has been appointed as Principal of Assurance Services with effect from 1 October 2019.

Leo has extensive experiences in handling assignments of listed and private companies operating in Hong Kong, Mainland China and a number of overseas locations over a variety of industries, including manufacturing, retailing, new energy business, banking business, hotel hospitality, money lending and financial services.

He is also involved in various transaction support assignments, such as initial public offerings, merger and acquisition exercises, as well as financial due diligence investigations for listed companies.

Qualifications and professional affiliations
- Hong Kong Certified Public Accountant

VICKI CHUI
Principal
Assurance Services

Vicki Chui has been appointed as Principal of Assurance Services with effect from 1 October 2019.

Vicki has extensive experience in handling audit assignments of listed companies operating mainly in Hong Kong and Mainland China over a wide variety of industries, including property development, trading and manufacturing, money lending and financial services.

Vicki was also involved in various transaction support assignments including initial public offerings, mergers and acquisitions, financial due diligence and other capital market transactions.

Qualifications and professional affiliations
- Hong Kong Certified Public Accountant

CHRISTINA WONG
Principal
Risk Advisory Services

Christina Wong has been appointed as Principal of Risk Advisory Services with effect from 1 October 2019.

Christina has extensive experiences in managing corporate governance, risk management, internal audit, pre-listing internal control review, Sarbanes-Oxley, IT audit, regulatory and compliance review and other assurance projects for local, regional and international clients.

Christina has worked with a diverse group of clients from multinational corporations to private companies across several industries including information technology, manufacturing, telecommunications, logistic, leasing and property management, property development, retailing and real estate investment trust.

JASON KONG
Principal
Specialist Advisory Services

Jason Kong has been appointed as Principal of Specialist Advisory Services with effect from 1 October 2019.

Jason has extensive experience in providing professional valuation services to privately-held and listed companies in Hong Kong and Mainland China.

He leads a team that specialises in the valuation of businesses, financial instruments, derivatives and intangible assets for the purposes of financial reporting, transaction support, and litigation support.
Jason's industry experience includes fintech, mining, oil & gas, renewable energy, pharmaceutical, real estate, telecommunications, banking and finance, and food & beverage.

Qualifications and professional affiliations
- CFA Charterholder
- FRM Charterholder
- Member of the Chartered Financial Analyst Institute

NORMAN TONG
Principal
Specialist Advisory Services

Norman Tong has been appointed as Principal of Specialist Advisory Services with effect from 1 October 2019.

Norman has over 15 years experience in corporate / personal insolvency, receiverships, matrimonial proceedings and litigation support.

He has extensive experience in handling different kind of liquidation (such as court winding up cases and creditors/members voluntary liquidation), personal bankruptcy, receiverships, estate administration and matrimonial cases involving Duxbury Calculations and assets tracing. He has experience in handling the sale of shares of offshore company and shareholders' disputes.

Qualifications and professional affiliations
- Member of the Restructuring & Insolvency Faculty of HKICPA.

RECENT BDO PUBLICATIONS

TAX PUBLICATIONS

World Wide Tax News
September 2019 - Issue 52

Indirect Tax News
Issue 3/October 2019

World Wide Tax News
December 2019 – Issue 53

Indirect Tax News
Issue 4/December 2019

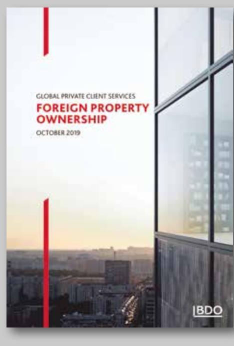
Transfer Pricing News
December 2019 – Issue 32

HORIZONS – BDO'S QUARTERLY GLOBAL MID-MARKET REVIEW

Horizons Q3 – 2019

Horizons Q4 – 2019

GLOBAL PRIVATE CLIENT SERVICES - FOREIGN PROPERTY OWNERSHIP



October 2019

RISK ADVISORY PUBLICATIONS

- **Regulatory Updates (Financial Services)**
  September 2019 Issue
  October 2019 Issue
  November 2019 Issue
- **Financial Updates**
  December 2019 Issue
- **ESG Updates**
  September 2019 Issue
  October 2019 Issue
  November 2019 Issue
  December 2019 Issue
- **Technology Updates**
  September 2019 Issue
  October 2019 Issue
  November 2019 Issue
  December 2019 Issue

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