



June 2024

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The journal of the Hong Kong

Chartered Governance Institute

香港公司治理公會會刊

## Charity governance reform

### Recommendations from governance professionals

Carbon trading

Competition enforcement

Arbitration update



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GOVERNANCE  
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**2023**  
**Dr Anthony Neoh**  
QC SC JP FCG HKFCG

# Calling for Nominations of HKCGI Prize 2024



**2022**  
**Samantha Suen**  
FCG HKFCG  
Past President and Former  
Chief Executive, HKCGI



**2021**  
**April Chan**  
FCG HKFCG  
Past President, HKCGI



**2020**  
**Ada Chung**  
FCG HKFCG  
Privacy Commissioner for  
Personal Data



**2019**  
**Edith Shih**  
FCG(CS, CGP)  
HKFCG(CS, CGP)(PE)  
Past International President,  
CGI; Past President, HKCGI;  
Executive Director and  
Company Secretary,  
CK Hutchison Holdings Ltd



**2018**  
**Peter Greenwood**  
FCG HKFCG  
Former HKCGI  
Representative to CGI  
Council



**2017**  
**Natalia Seng**  
FCG HKFCG  
Past President,  
HKCGI



**2016**  
**Gordon Jones**  
BBS FCG HKFCG  
Former Registrar of  
Companies



**2015**  
**Anthony Rogers**  
GBS QC JP FCG HKFCG  
Former Vice-President of the  
Court of Appeal of Hong Kong



**2014**  
**Neil McNamara**  
FCG HKFCG  
Past President,  
HKCGI



**2013**  
**Edwin Ing**  
FCG HKFCG  
Past President,  
HKCGI



**2012**  
**John Brewer**  
Past Chairman,  
The Association of the  
Institute of Chartered  
Secretaries and  
Administrators in Hong Kong



**2011**  
**Duffy Wong**  
BBS JP FCG HKFCG  
Past Chairman,  
The Association of the  
Institute of Chartered  
Secretaries and  
Administrators in Hong Kong

(Prize Awardees from 2011 to 2023)

## The Hong Kong Chartered Governance Institute Prize 2024

The Hong Kong Chartered Governance Institute Prize will be awarded to a member or members who have made significant contributions to the Institute, and the Chartered Secretary and Chartered Governance Profession over a substantial period. Awardees are bestowed with the highest honour - recognition by their professional peers.

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## Good governance comes with membership

### About The Hong Kong Chartered Governance Institute

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

The Institute was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute (CGI). In 1994 the Institute became CGI's Hong Kong Division and, since 2005, has been CGI's Hong Kong/China Division.

The Institute is a founder member of Corporate Secretaries International Association Ltd (CSIA), which was established in March 2010 in Geneva, Switzerland. Relocated to Hong Kong in 2017, where it operates as a company limited by guarantee, CSIA aims to give a global voice to corporate secretaries and governance professionals.

HKCGI has over 6,800 members, more than 300 graduates and around 3,000 students.

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**Students: 2,385 Graduates: 416 Associates: 6,393 Fellows: 872**

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## June 2024

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## CPD – the relevance factor

This month's journal is on the theme of the governance of non-government organisations (NGOs) – an area of practice that has tended to come under less regulatory supervision and scrutiny of governance standards in Hong Kong in comparison to say the UK, which has a charity commission. Our cover stories this month highlight the need for greater regulation of this sector and, given that imposing such a regulatory regime will take time, the need in the interim for a focus on effective governance controls in the management of Hong Kong's NGOs.

In my message this month, I would like to say a few words about our annual signature event – the Annual Corporate and Regulatory Update (ACRU). This year's ACRU was held on 7 June both online and at the Hong Kong Convention and Exhibition Centre (HKCEC), and made it more evident than ever that there is an ongoing need in the market for a direct dialogue between regulators and regulatees about the latest issues in compliance, governance and regulation. The forum helped clarify practitioners' questions about the issues at the top of the governance and compliance agendas of organisations in Hong Kong, including, but not limited to, Hong Kong's incoming climate-related disclosure regime, regtech and generative artificial intelligence,

competition compliance, personal data breach notifications and ethical decision-making.

ACRU is at the core of our Institute's ECPD programme. I mentioned in my welcoming address at this year's event that our Institute has followed a unique approach to our members' ongoing CPD requirements. Like most professional bodies, we impose a mandatory requirement for a minimum number of CPD hours annually.

Since 2017, our requirement has been that at least six hours have to be from our own ECPD training. The reason for this approach is that our training programme is specifically targeted at the core areas of practice of governance professionals to provide our members with unique thought leadership in practical applied governance. This is also in line with the existing practices of the overwhelming majority of our members who attend more than six hours of the Institute's training. Ensuring that we stay up to date with these areas not only helps us maintain an appropriate level of knowledge and skill, but also provides a baseline quality assurance guarantee to the market.

ACRU, for all of the above reasons, has a special place in our professional development calendar and I would like to express my personal thanks, as well as the thanks of our Institute, to everyone who contributed to this year's event. ACRU is the largest-scale

event that our Institute organises and, as you would expect, is the collaborative achievement of many different parties. Thanks are due to the representatives of the six regulatory bodies who generously shared their knowledge and expertise as speakers at this year's forum. Thanks are also due to the chairs of the seminar sessions, the sponsors of the event, our Institute's Secretariat, the conference organiser and of course the participants who joined the dialogue in person at the HKCEC and online.

Finally, look out for a full review of ACRU 2024 in next month's edition of this journal. In the meantime, one takeaway I would like to highlight is the key importance of the event itself. Today's rapidly changing operating environment demands our constant attention and adaptation. In this context, events like ACRU are a very valuable resource helping to ensure that we remain fit for purpose in our roles as the governance and compliance experts in the organisations we serve.

David Simmonds FCG HKFCG



# 持续专业发展 - 相关因素

本月会刊的主题是非政府组织(NGO)治理，与英国的慈善组织相比，香港在这一实践领域的监管和对其治理标准的审查往往较少。本月的封面故事强调了对该领域进行强监管的必要性，并且鉴于实施这样的监管制度需要时间，因此，在这期间需要重点关注香港非政府组织管理中的有效治理管控。

在本月的会长寄语中，我想谈谈公会的年度盛事——企业规管最新发展研讨会。今年的研讨会于6月7日在线上及香港会议展览中心举行。该研讨会的成功举办充分表明了监管机构和被监管机构之间就合规、治理和监管方面的最新议题进行直接对话对于市场来讲不可或缺。研讨会将有助于澄清并回答从业者对香港的机构治理和合规议程中最重要问题的疑问，包括但不限于香港即将出台的气候相关披露新规、监管科技和生成式人工智能、竞争合规、个人数据泄露通知和伦理决策。

该研讨会是公会强化持续专业发展(Enhanced Continuous Professional Development, ECPD)计划的重要组成部分。我在今年研讨会的致辞中提到，公会对会员的CPD学时要求有自

己的相关政策。与大多数专业机构一样，公会强制要求会员每年至少完成一定的持续专业发展学时数。

自2017年以来，公会要求必须至少6个ECPD学时是从参加公会的活动取得的。实施这个规定是因为公会的培训计划专门针对治理专业人员实践的核心领域，这可以为我们的会员提供公会在治理实践领域独特的具思想引领性的专业培训，也贴合绝大多数参加超过六个小时的公会培训的会员的现有需求。确保会员们及时了解这些领域的最新动态不仅有助于他们保持适当的知识和技能水平，而且还为市场提供了具基本质量保障的专业人才。

因此，该研讨会对公会的专业发展来讲十分重要，我谨此向为今年的研讨会做出贡献的每个人表示我个人以及公会的诚挚谢意。该研讨会是公会组织的最大规模的活动，如您所知，这是众志成城的结果。在此，本人诚挚感谢来自6家监管机构的代表，他们在今年的研讨会上担任讲者并慷慨地分享了他们的真知灼见，同时，也要感谢研讨会的主席、赞助商、秘书处、会议组织者，当然还有亲临现场及在线上参与活动的人士。

最后，敬请留意下个月会刊对于本次研讨会的回顾文章。与此同时，我想强调的是此次研讨会本身的重要性。会员们需要持续关注和适应当今快速变化的运营环境，在这种背景下，像此次研讨会这样的活动是非常有价值的，有助于确保会员们在所服务的组织中始终扮演治理和合规专家的角色。



司马志先生 FCG HKFCG

# Enhancing the governance of charitable institutions in Hong Kong







In the absence of an effective regulatory framework for charities in Hong Kong, Chee Keong (CK) Low FCG HKFCG, Institute Council member and Qualifications Committee Chairman, makes suggestions to ensure that governance best practices are followed in the sector.

**A**lmost a decade ago in an opinion piece in Forbes titled 'Is Hong Kong a paradise for charity fraudsters? It surely could be', the respondents to a survey were prescient to stress that in order 'to avoid future undesirable incidents, Hong Kong should improve its regulatory framework for charities and increase the awareness of the need for good governance in this sector'.

This proved to be sound advice, as evident from two recent widely publicised incidents, namely at the Christian Zheng Sheng Association – a charity set up to help adolescents with drug addictions – whose directors were arrested on suspicion of conspiracy to defraud HK\$50 million in donations, and abuses of more than 35 toddlers at a care home,

which led to the resignation of the Director of the Hong Kong Society for the Protection of Children and the conviction of a number of its erstwhile employees.

While these are hopefully isolated cases, they nonetheless highlight the utmost importance of good governance best practices. In particular, accountability and transparency are especially important in charitable institutions since their funding depends largely on public trust and perception.

#### Some statistics

As evident from Table 1, the number of charitable institutions (CIs) that have been accorded tax exemption under section 88 of the Inland Revenue Ordinance has increased steadily over the past five years.

### Highlights

- the potential for malpractice by charitable institutions (CIs) in Hong Kong is real as the existing regulatory regime is fragmented and ineffective
- as a first step, CIs should be required to appoint a qualified company secretary with the responsibility, together with members of the board, to ensure that good governance practices are followed
- establishing a Code of Best Practice for CIs, which could be subject to the comply or explain enforcement mechanism, would also be a significant step towards promoting a wider culture of good governance in the sector

Table 1. Statistics on charitable institutions

Financial year ending 31 March	Number of CIs as at year end	Increase in number during the financial year	Donations exempted under profits tax (HK\$ billion)	Donations exempted under salaries tax (HK\$ billion)
2018	8,998	334	4.71	7.30
2019	9,096	285	5.00	7.88
2020	9,217	311	4.96	7.56
2021	9,448	454	5.42	7.47
2022	9,709	446	4.35	7.45
Five-year average in donations	–	–	4.88	7.53

Source: Inland Revenue Department Annual Reports

Yet, despite the substantial amount of public funds that are raised annually by these CIs, it remains an anomaly that attempts to regulate their activities have not been successful. Indeed, in a research report titled Regulation of Malpractice of Charitable Organizations by the Legislative Council, it was observed that CIs are:

‘... currently subject to weak oversight, as regulatory responsibilities are dispersed among 18 bureaux and departments. Due to regulatory gaps with lack of coordination, reports concerning mismanagement and malpractice of charities occur from time to time, including improper usage of public donations and operation of profit-making hotels on land granted by the government at nil or concessionary premium. Not only have these scandals undermined public trust in the charity sector, they also have led to widespread concerns that *the existing regulatory*

*regime is “fragmented and ineffective”.*’ (emphasis added)

In fact, the regulatory framework for charities in Hong Kong has been reviewed by no less than five public bodies – the Audit Commission, the Independent Commission Against Corruption, The Law Reform Commission of Hong Kong, the Office of the Ombudsman and the Public Accounts Committee – over the past 15 years, with most recommending that:

- there be a maintenance of a Register of Charities that meets a statutory definition
- fundraising activities be regulated, and
- there be adequate and appropriate safeguards for the proper usage of public donations.

While a number of common law jurisdictions, including Australia,

Singapore and the UK, have implemented regulatory reforms to improve the accountability and transparency of their charities, the HKSAR Government has instead chosen to simply introduce some administrative measures to improve transparency of fundraising activities on the grounds that there is ‘no consensus in the community’ for a more comprehensive framework, despite The Law Reform Commission of Hong Kong suggesting the setting up of a single regulator.

#### Regulatory gaps

The absence of a single regulator and indeed the absence of a statutory definition of the terms ‘charity’ and ‘charitable purposes’ – under the Inland Revenue Ordinance these terms remain premised upon English case law from 1891, which principally covers poverty relief, education and religious purposes – has been identified as potentially giving rise to a number of shortcomings. These include:



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 ”

- the inability of the Inland Revenue Department (IRD) to withdraw the charity status and/or to demand corrective measures for the misuse of funds, as the IRD can only revoke the tax-exempt status under limited circumstances, such as the cessation of operations, the non-response to its enquiries or the failure to maintain a charitable nature
- the lack of information as charities do not need to disclose the use of proceeds collected from the public through certain forms of fundraising, such as online and/or direct debit, and the government lacks the requisite regulatory power to request this
- charities that do not receive any government subsidies, and which operate in the form of a society or trust, are only subject to minimal scrutiny as the IRD merely requires such charities to submit annual accounts from time to time, usually once every three years, and

- the absence of a single one-stop information portal makes it difficult, if not impossible, for the public and donors to monitor the governance and financial situation of the almost 10,000 charities that enjoy tax exempt status.

The potential for malpractice with CIs is real – ranging from the improper use of funds to the high administrative costs of fundraising activities that

effectively reduce the amount to be applied towards the ‘charitable purpose’ for which it was intended – the most recent examples of which are the Christian Zheng Sheng Association and the child abuse by staff members at the Mongkok residential home operated by the Hong Kong Society for the Protection of Children.

Against this background, real and tangible evidence of the benefits

## Main Board Listing Rules 3.28 and 3.29

**Listing Rule 3.28.** The issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

### Notes:

1. The Exchange considers the following academic or professional qualifications to be acceptable:

- a member of The Hong Kong Chartered Governance Institute
- a solicitor or barrister (as defined in the Legal Practitioners Ordinance), and
- a certified public accountant (as defined in the Professional Accountants Ordinance).

2. In assessing ‘relevant experience’, the Exchange will consider the individual’s:

- length of employment with the issuer and other issuers, and the roles he or she has played
- familiarity with the Listing Rules, and other relevant laws and regulations, including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code
- relevant training taken and/or to be taken in addition to the minimum requirement under rule 3.29, and
- professional qualifications in other jurisdictions.

**Listing Rule 3.29.** In each financial year, an issuer’s company secretary must take no less than 15 hours of relevant professional training.

of instituting and implementing reforms can be seen in Australia, where the establishment of the Australian Charities and Not-for-profits Commission in December 2012 was affirmed as being 'largely effective' by the Australian National Audit Office in 2020 in achieving its objects. These were to:

- maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- support and sustain a robust, vibrant, independent and innovative not-for-profit sector, and
- promote the reduction of unnecessary regulatory obligations on the sector.

#### A proposal for better governance of CIs

Taking cognisance of the fact that any proposal for the establishment of a statutory framework for CIs would take considerable time, given the legislative processes involved, a noteworthy first step might be mandating the appointment of a qualified person to assume the office of company secretary, or its equivalent, with the ultimate objective being to come up with a Code of Best Practice for charitable institutions.

To this end, some preliminary guidance may be obtained from the Main Board Listing Rules 3.28 and 3.29, which set out the existing requirements for listed issuers to appoint a qualified and

appropriately experienced company secretary (see: Main Board Listing Rules 3.28 and 3.29).

The existing Listing Rule requirements for company secretaries of listed issuers could be adapted in such a manner as to be appropriate for the purposes of strengthening the quality of human resources in the administration of CIs. This would be of significant importance to protecting and enhancing public confidence, given that some HK\$12 billion was donated on an annual basis over the five-year period ending 31 March 2022.

The integrity, as well as the 'fitness for purpose', of human resources – premised inter alia upon the appointment of a qualified person to be the company secretary of the CI as its 'responsible person', together with members of its board – supports and sustains the confidence of donors, which ultimately enhances the benefits received by the intended

“  
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”

beneficiaries in an accountable and transparent manner.

With the quality of human resources enhanced, the next step would be the conduct of broad consultation amongst various stakeholders, including corporate donors, the public, non-government organisations (NGOs), CIs and the government, to come up with a voluntary but widely

#### Further reading

Further information on the issues raised in this article can be found in the websites listed below.

- [www.hkreform.gov.hk/en/index/index.htm](http://www.hkreform.gov.hk/en/index/index.htm) – The Law Reform Commission of Hong Kong's Report on Charities
- [www.acnc.gov.au](http://www.acnc.gov.au) – Australian Charities and Not-for-profits Commission
- <https://governance.hkcss.org.hk> – NGO Governance platform set up by The Hong Kong Council of Social Service
- [www.charitygovernancecode.org](http://www.charitygovernancecode.org) – Charity Governance Code (a UK-based initiative to help charities and their trustees develop high standards of governance)





accepted Code of Best Practice for charitable institutions (the Code).

Significantly, while compliance with the Code would not have to be mandatory, it would be prudent in the journey towards promoting a wider culture of good governance practices by CIs to put in place a comply or explain regime, whereby the board of the CI would have to explain why they have not complied with any of the provisions and/or why certain provisions do not apply to them. Such disclosure enhances accountability and transparency, which would increase confidence amongst donors that their donations are going to objectives that they support.

Again, in this respect, there is no need to reinvent the wheel as invaluable guidance on the proposed Code can be obtained locally from such platforms as the NGO Governance platform that was initiated by The Hong Kong Council of Social Service, or internationally from the Charity Governance Code – a UK-based

practical guide that assists charities and their trustees to develop high standards of governance. These could provide relevant benchmarks in an ‘adaptable’ manner that best suits the requirements of CIs and meets with public expectations in Hong Kong.

#### Looking further ahead

There is no reason why we should stop with the appointment of a qualified person to be the company secretary of a CI – or an NGO – as thought should be given towards an amendment to the Companies Ordinance to require all companies that are incorporated in Hong Kong to have the same framework.

This will ultimately contribute towards the standards of professionals, their professionalism and the quality of their services – given the need for the attainment of certain internationally recognised qualifications, as well as the need for continuing professional development. These measures would contribute towards the enhancement of good corporate governance

practices in line with the aspirations of the government towards this objective.

#### Chee Keong (CK) Low FCG HKFCG

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# Charity governance in Hong Kong





Matthew Young FCG HKFCG(PE) HKCGI CERT: ESG, Institute Council member and Qualifications Committee Vice-Chairman, and Head of the Corporate Secretarial Department, The Hong Kong Jockey Club, examines the challenges faced by Hong Kong's charity sector and proposes measures to help charities develop high standards of governance.

As professional company secretaries, we live by rules and regulations set by external regulatory bodies to discharge our daily duties for private or listed companies. Internally, we need to comply with internal policies and standard operating procedures. Many of us may think that charitable organisations can similarly be governed by the same measures. However, owing to the lack of a compulsory regulatory and reporting framework for tax-exempted charities under section 88 of the Inland Revenue Ordinance, together with the dearth of professional guidance, we often see a 'governance horror show' in the public sector.

The two scandals mentioned in the previous cover story (the misappropriation of funds at the Christian Zheng Sheng Association and the child abuse case at the Hong Kong Society for the Protection of Children) are some recent examples that have shaken trust in this sector. While the majority of charities here are still being run honestly and diligently, governance issues within some have been a persistent concern.

Charitable organisations play a very important role in Hong Kong's social fabric, supporting causes such as healthcare, education and poverty alleviation. It is therefore understandable that the public is interested in how they are run and governed. To paraphrase the English

poet John Donne, no charitable organisation 'is an island entire of itself' – charities cannot easily hide their mismanagement from public scrutiny, particularly in the modern age.

### The current regulatory framework in Hong Kong

In Hong Kong, external oversight of charitable organisations is primarily conducted by the Inland Revenue Department (IRD) and the Companies Registry. The IRD monitors compliance with tax regulations, including charitable status requirements, while the Companies Registry ensures compliance with the Companies Ordinance. However, these regulatory bodies primarily focus on financial and tax-related matters, and it is hardly practical for their supervision to extend to wider governance issues within charitable institutions.

In the absence of an effective regulatory framework, internal oversight mechanisms play a critical

role and the myriad problems now plaguing charitable institutions tend to arise when such mechanisms are absent or inadequate. Weak internal controls, lack of clear policies and procedures, and ineffective board governance structures can all contribute to mismanagement and financial impropriety. On the other hand, putting in place an internal control mechanism that is broad in scope can go a long way towards identifying and preventing irregularities. A recent article, 'Philanthropy in Asia is becoming more professional', published by The Economist in January this year, drew attention to the fact that 'a general mistrust of non-profit groups – made worse by a string of high-profile scandals and poor marketing by cash-strapped charities – means donors prefer to execute projects themselves'. To address this, we need to create a more accountable and transparent environment for charitable organisations.

### Highlights

- putting in place an internal control mechanism that is broad in scope can go a long way towards identifying and preventing irregularities
- promoting collaboration and sharing of best practices within the charity sector is crucial to enhancing governance
- enhancing charity governance requires raising public awareness of the importance of accountability, transparency and effective governance practices

Listed companies are subject to the detailed disclosure requirements set out in the Listing Rules. In contrast, beyond the need to disclose their audited financial figures, charitable organisations are generally free to report whatever they deem fit. How they run their charity programmes, how they train their staff, what level of internal control and integrity they require, and how their funds can be utilised by senior executives are not mandatory disclosures.

This lack of external control and monitoring is the root cause of many scandals. To turn things around, charitable organisations should establish board subcommittees, such as governance, audit, finance and risk management committees, to oversee different aspects of governance in detail. These committees should preferably comprise individuals with relevant expertise who can provide independent oversight and guidance. Clear policies and procedures should be established regarding financial management, conflicts of interest and decision-making processes, among others, to ensure transparency and accountability.

### The need for a charity code and commission

The HKSAR Government has been enacting laws to tackle specific problems on an ad hoc and belated basis. For example, it has proposed a Mandatory Reporting of Child Abuse Bill, which stipulates that if professional practitioners in the social welfare, education and healthcare sectors have reasonable grounds to suspect that a child has been suffering serious harm, they must

report the incident. The objective of the proposed new offence of 'failure to protect' is in line with the government's policy objective of safeguarding the best interests and safety of children, and ensuring zero tolerance of child abuse. However, the Bill was introduced after the high-profile child abuse case mentioned above. Had a comprehensive charity governance code or a charity commission been in place, such incidents could well have been avoided.

In 2013, The Law Reform Commission of Hong Kong (LRC) recommended establishing a non-statutory code of best practice for charities. It also recommended that guidelines should be issued by a coordinating government bureau or department in relation to aspects of the protection and respect of donors' rights and privacy, the contracting of services of professional fundraisers, and the recruitment of the elderly and the disadvantaged. It also proposed the creation of a register of charitable organisations in Hong Kong, which should be maintained by a government bureau or department and should be available for public inspection.

The LRC proposals were put forward after considering the responses to the LRC Charities Sub-committee consultation paper of 2011. The Home and Youth Affairs Bureau has subsequently taken into account the improvement measures recommended in the Director of Audit's Report Number 68, as well as the Public Accounts Committee Reports Numbers 68 and 68A with a view to formulating a response.

Given the number of past scandals that have occurred in the charity sector in Hong Kong, and to address the inadequacy of internal supervision, the adoption of a charity governance code would have significant benefits for Hong Kong. There are many models out there that Hong Kong could draw upon (see 'Charity governance in the UK'). As Sara Drake, Chief Executive of The Chartered Governance Institute UK & Ireland, said in a letter to the Financial Times in February this year, 'corporate governance is merely a codification of past wisdom'.

Such a code would provide a framework for governance and would help establish best practices in areas such as board composition, transparency, risk management and financial controls. The adoption of a code would ensure that charitable institutions have clear guidelines to follow, leading to improved governance and accountability. Similar to the Corporate Governance Code in Hong Kong's Listing Rules, the code could adopt different levels of enforcement obligations – such as 'comply or explain' provisions and 'recommended best practices'.

The code should emphasise the importance of board composition, including the recruitment of diverse independent non-executive directors (INEDs). It should also outline the responsibilities of the board, including strategic planning, succession planning, financial oversight and monitoring the organisation's impact. Akin to listed companies, charity directors should be appointed for a term and be eligible for re-election.



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#### Some proposals

##### 1. Appointment of INEDs

In the listed company sector, INEDs play a valuable role in providing independent judgement on the decisions made by the board. In addition, INEDs play a key role in the oversight of risk management and internal controls, and are a catalyst for ESG adoption.

The appointment of INEDs is less established in the not-for-profit sector, but the governance benefits are increasingly recognised. In 2023, for example, the Hong Kong Rugby Union appointed three INEDs to its board to ensure proper governance is in place. It is sometimes argued that small charities are unlikely to have the financial resources to appoint INEDs, but it should be borne in mind that many INEDs are willing to offer their services to local charities on a pro bono basis. Nevertheless, we must keep in mind that INEDs should not discharge their duties in a perfunctory manner. The level of their commitment is key to the success of this proposal. A case in point is the failure of Enron's board, where 11 out of the 14 board members were INEDs,

to properly exercise its governance duty, leading to the subsequent collapse of the company and its auditor Arthur Andersen.

##### 2. Appointment of a company secretary

This proposal, also put forward in the previous cover story, would have significant benefits for charities in Hong Kong, particularly in terms of strengthening internal control, financial reporting and transparency. Listing Rule 3.28 states that a listed company must appoint a company secretary who is a member of HKCGI, or a barrister/solicitor or a certified public accountant (qualified personnel). There is an urgent case for the same requirement to apply to charitable organisations.

As with the INEDs discussed above, these qualified personnel could offer their expertise on a pro bono basis. The company secretary role is a critical component of effective boards and internal control. The best way that we can raise awareness of this is through public recognition of the quality of our work and the demand for high-calibre members of the profession.

##### 3. Financial efficiency

The financial efficiency of charities is increasingly under scrutiny. In 2021, a local charity was challenged for its high operating costs, resulting in a relatively small percentage of donated funds reaching those in need. In the philanthropy sector, there is no definite answer as to what ratio of cost to benefit is ideal because every charity is run differently. However, it would be helpful for the public to be made aware of the most commonly used financial ratios by disclosing them in the charity's annual report. These should include the:

- programme expense ratio – the percentage of expenses that a charity is spending on its core mission
- administrative expense ratio – the percentage of a charity's expenses that are being allocated to administrative costs
- government reliance ratio – the extent of the charity's reliance on government funding
- fundraising efficiency ratio – how much it costs to generate HK\$1 of charitable contributions, and
- cash reserves ratio – the adequacy of the organisation's resources that are available to support its mission.

##### 4. Collaboration and sector-wide standards

Promoting collaboration and sharing of best practices within the charity sector is crucial to enhancing governance. In the UK, there are various governance academies to establish networks or associations that

## “ in the absence of an effective regulatory framework, internal oversight mechanisms play a critical role ”

facilitate knowledge exchange, best practice recommendations and peer learning. These platforms can offer training programmes, workshops and conferences to promote governance excellence. Moreover, the sector as a whole can work towards developing sector-wide standards and benchmarks for governance, further raising the bar for accountability and transparency. A Charity Governance Academy would be a great idea for Hong Kong.

### 5. Public education and awareness

Enhancing charity governance requires raising public awareness of the importance of accountability, transparency and effective governance practices. Public education campaigns could help dispel misconceptions about charitable organisations and promote informed giving. By educating the public about how to evaluate charities, understand financial reports and assess governance practices, individuals could make more informed decisions about which charitable causes to support. The Institute, which has an essential role as an educator to promote good governance, has been offering seminars and courses in this space for its members and the public for some time.

### Conclusion

The Honourable John Lee, GBM SBS PDSM PMSM, Chief Executive of the HKSAR Government, said in September 2023 that Hong Kong should develop its potential as a philanthropic hub. To this end, enhancing the governance of charitable institutions is of paramount importance to restoring public trust. Donors need to have confidence that their contributions will directly benefit the relevant cause. The current fragmented and ineffective regulatory framework in Hong Kong calls for urgent reform. By mandating

the appointment of qualified company secretaries in charities and by developing a code of best practice, subject to a 'comply or explain' enforcement regime, we could create a more accountable and transparent environment, and advance the goal of truly turning Hong Kong into a global philanthropic hub.

**Matthew Young FCG HKFCG(PE) HKCGI  
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and Qualifications Committee Vice-  
Chairman, and Head of the Corporate  
Secretarial Department**

*The Hong Kong Jockey Club*

## Charity governance in the UK

The UK's Charity Governance Code, developed by the Charity Commission for England and Wales (Charity Commission), offers a valuable model for Hong Kong to draw upon. The code is based on seven principles:

1. organisational purpose
2. leadership
3. integrity
4. decision-making, risk and control
5. board effectiveness
6. equality, diversity and inclusion, and
7. openness and accountability.

It provides detailed guidance on each principle, helping charitable organisations to establish robust governance practices. Meeting all the recommended practices in the code is not a regulatory requirement, but a charity should explain the approach it takes to applying the code for the sake of transparency to anyone interested in its work. All trustees are encouraged to meet the principles and desired outcomes of the code by either applying the recommended practices or explaining what they have done instead, or why they have not applied it.

According to a survey conducted in the UK in 2022, over 90% of respondents had read the Charity Commission's guidance. The majority of respondents said that they would appreciate the provision of an online guide setting out all the duties of those working in the charity sector. This is something Hong Kong could also consider adopting.

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# Hong Kong Competition Commission flexes its enforcement muscles

Conducting joint operations with the ICAC and the Hong Kong Police Force



Adelaide Luke and team from Herbert Smith Freehills discuss the growing trend for the Competition Commission to conduct joint operations with other authorities, including the recent large-scale dawn raid carried out with the ICAC, and examine the implications for enforcement risk.

On 18 April 2024, the Competition Commission of Hong Kong (HKCC) reported that it had conducted unannounced inspections at around 40 different locations in conjunction with the Independent Commission Against Corruption (the ICAC), arresting 20 individuals in connection with a syndicate 'engaging in corruption and tender-rigging in relation to building maintenance'.

The conduct relates to two renovation projects on Hong Kong Island and four in the New Territories, half of which are already underway. The total sum of the relevant contracts amounted to approximately \$180 million and the bribe payments involved are allegedly over \$1 million.

This is one of the largest dawn raid operations announced by the HKCC to date. In addition to exercising its powers under the Competition Ordinance (the Ordinance) to search premises under warrant, the HKCC also exercised its powers to require relevant parties to produce documents and information.

#### Increasing use of joint operations

Whilst this was the first joint operation between the HKCC and the ICAC, the HKCC has increasingly been working with other enforcement authorities and conducting joint operations. These include a number of raids conducted jointly with the Hong Kong Police Force (the HKPF),

or otherwise supported by the HKPF, in relation to:

- the funeral service case (raids taking place in January 2024) and the funeral undertaker case (raids taking place in August 2023)
- the Aberdeen fish wholesale case (raids taking place in June 2023 and December 2022, as well as a joint operation conducted by the HKCC together with several government departments including the Agriculture, Fisheries and Conservation Department, the Food and Environmental Hygiene Department, the Immigration Department and the Marine Department in November 2022), and
- the Tuen Mun building maintenance project case (raids taking place in January 2022).

The significance of the trend towards joint operations conducted by the HKCC should not be overlooked.

- Firstly, whilst there are certain limitations to the HKCC's enforcement powers under the Ordinance, these limitations can be overcome if the HKCC cooperates with another enforcement authority that has greater enforcement powers than the HKCC. Most notably, whilst the HKCC does not have the power to arrest individuals during a search, we can see from the latest raid that arrests were made by the ICAC on suspicion of infringement of the

### Highlights

- the Competition Commission of Hong Kong (HKCC) recently conducted one of its largest dawn raids, in its first joint operation with the ICAC, in which it exercised its powers under the Competition Ordinance to search premises under warrant, as well as to require relevant parties to produce documents and information
- the HKCC has increasingly been working with other enforcement authorities, including the Hong Kong Police Force and various government departments, which increases the enforcement powers as well as the risks
- the joint operation with the ICAC included searches not only of the relevant offices, but also of the residences of the individuals concerned

## “the significance of the trend towards joint operations conducted by the Competition Commission should not be overlooked”

Prevention of Bribery Ordinance. Conversely, the HKCC may also be able to exercise certain investigation powers (such as the power to require an individual to provide documents or information), which other authorities may not have. This means that the risks arising from a joint operation can be greater and harder to control, compared with operations that are conducted separately by the authorities.

- Secondly, the use of joint operations by the HKCC can be expected to allow the HKCC to conduct operations more effectively and efficiently, which is reflected in the scale of the operations that are conducted jointly with the ICAC and the HKPF. In the long run, this may also mean that the HKCC may be able to conduct more raids or otherwise engage in more investigations and enforcement activity.

### Raids on domestic premises

The HKCC's press release states that this joint operation included



searches conducted not only in the offices of the relevant parties, but also in the residences of the individuals concerned. This is the first time that the HKCC has confirmed in a press release that it has raided domestic premises.

Whilst many undertakings have put in place protocols relating to dawn raids in the workplace, risks increase when raid are conducted at the domestic premises of employees.

- A home raid is likely to be more stressful for the employee, and the presence of family members and absence of work colleagues can give rise to different dynamics. This may mean that the employee is less able to react calmly and rationally.
- The undertaking is less able to adhere to (or be less able to monitor the adherence of) any internal protocols it has in place for dawn raids. This may include guidance on how to handle direct communications with or questions from officials conducting the raid, or guidance on how to handle potentially privileged documents.

- The above can also have a detrimental effect on how the business is able to handle any ensuing investigation steps. For example, undertakings are typically advised to ensure that all of the officials conducting a raid on business premises are shadowed, and that detailed notes are taken of the searches and other actions undertaken by the officials, in order to gather more information about the subject of the potential investigation. This will be more difficult to achieve if the raid takes place in the domestic premises of an employee.

In light of the above, it is important that undertakings adequately train their employees so that they are 'dawn raid ready', regardless of whether the raid takes place at the workplace or at domestic premises.

### Criminal consequences for obstruction

As indicated in the HKCC's press release, the HKCC may also pursue further action against several individuals for obstructing its investigation by refusing to comply with its requests, which can amount to a criminal offence under sections 52 and 54 of the Ordinance.

The HKCC has faced obstructive behaviour during a dawn raid before – for example, during the raids conducted by the HKCC in relation to the cleaning service cartel case in December 2021, the HKCC found that certain documents and links had been deleted from the computers of one of the investigated companies.



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When dealing with an investigation by the HKCC, both undertakings and individuals should be reminded of the severe sanctions that can be imposed for obstructive behaviour under the Ordinance, which can be more severe than the sanctions that may be imposed for a substantive breach of the competition rules.

The forms of obstructive behaviour prohibited under the Ordinance, and which can give rise to criminal liability, include:

- failure to comply with a requirement or a prohibition imposed pursuant to the Ordinance
- destroying or falsifying documents that have been required to be produced
- obstructing a dawn raid conducted under warrant, and
- providing false or misleading documents or information to the HKCC (or to another person,

whilst knowing the document will be provided to the HKCC).

#### **Continued focus on bid rigging and the building renovation sector**

Bid-rigging conduct and the buildings renovation sector have both been strong enforcement focuses of the HKCC since its inception.

Indeed, within the very first year of the Ordinance coming into force, the HKCC published a study of tender practices in the building renovation and maintenance market, looking at practices before the Ordinance came into full force. In that report, although the HKCC did not identify specific instances of conduct that would have infringed the Ordinance were the law already in effect, the HKCC concluded that the patterns identified would likely warrant closer investigation. Following that, the very first case pursued by the HKCC before the Competition Tribunal related to price fixing and market sharing between several construction and engineering companies.

Similarly, some of the earliest large-scale publicity and educational campaigns run by the HKCC related to bid rigging, and one of the earliest cases brought by the HKCC before the Competition Tribunal was in relation to bid rigging in the IT sector.

Whilst the HKCC has since broadened its sights and pursued cases in a wide range of sectors, and pertaining to various kinds of anti-competitive conduct, this latest enforcement activity is a clear sign that the HKCC has certainly not moved on completely from familiar ground and should dispel any impression that the enforcement risk has dampened in these areas.

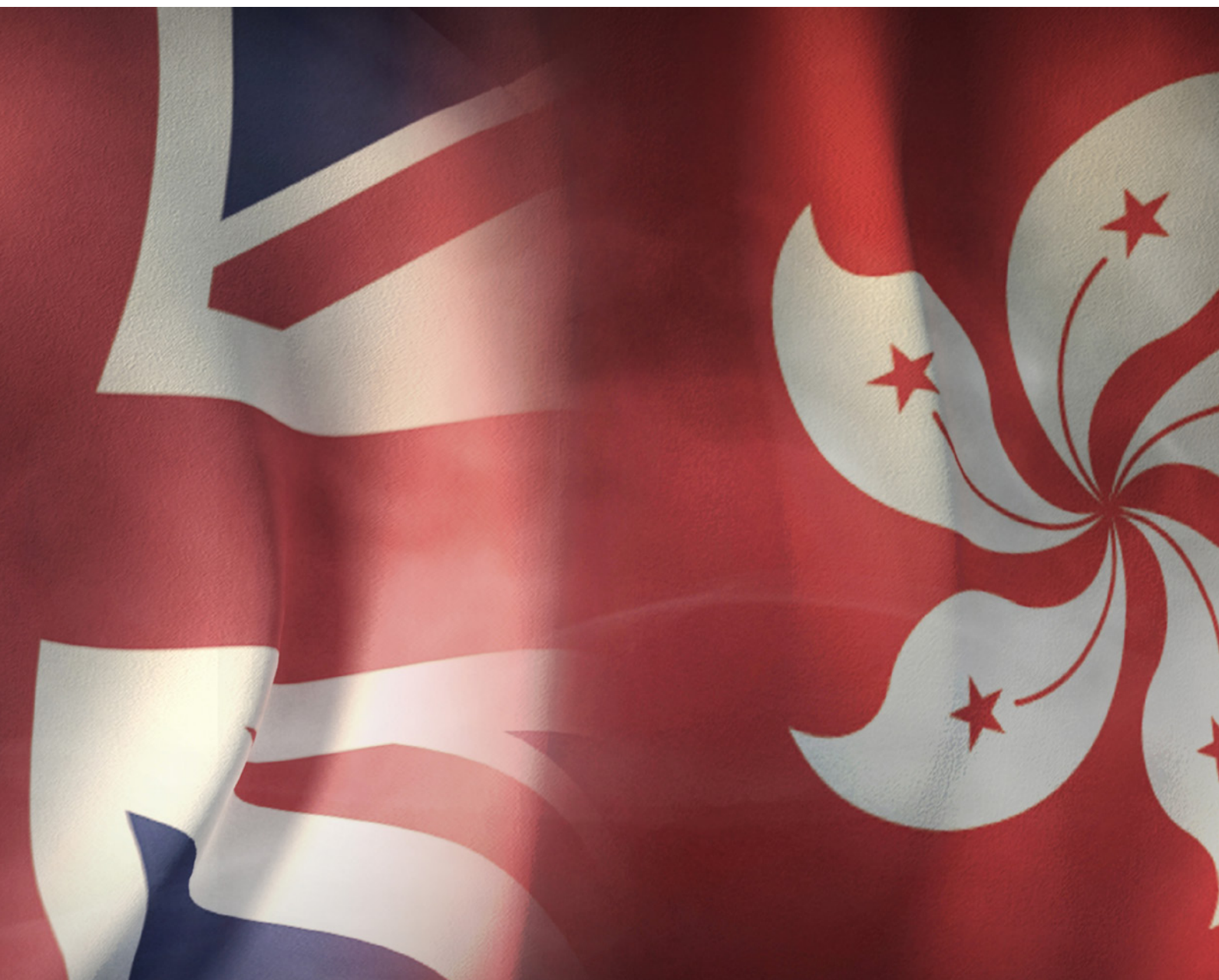
**Adelaide Luke, Partner, Head of Competition, Asia; Kyle Wombolt, Partner, Global Head – Corporate Crime and Investigations; Howard Chan, Senior Associate; and Nicole Chow, Associate**

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# Arbitration tribunals' powers

The difference between London and Hong Kong arbitration



Bill Amos, Independent Arbitrator, provides a summary of the differences between the power of arbitration tribunals in London and Hong Kong, and explains the reasons behind this divergence.

At the outset of a dispute, a party to arbitration may have an urgent need for an injunction. Common examples include the preservation of assets by way of a freezing, or Mareva order, or an anti-suit injunction to restrain proceedings in a foreign court.

There is an interesting point of difference between London and Hong Kong arbitrations, and more generally between English law and the UNCITRAL Model Law on International Commercial Arbitration (Model Law). That difference arises in the case of interim, as opposed to final, injunctions.

In short, a Hong Kong tribunal has power to grant interim measures/injunctions, but a London tribunal in an ad hoc arbitration does not, unless the parties have expressly agreed to confer such power.

The reason for the divergence is to be found in the relevant statutes.

cases and judicial interpretations in other Model Law jurisdictions.

Part 6 of the Arbitration Ordinance contains provisions on what are termed 'interim measures' and 'preliminary orders', and section 35 provides that Article 17 of the Model Law has effect: 'Unless otherwise agreed by the parties, the arbitral tribunal may, at the request of a party, grant interim measures.'

An equivalent statement does not appear in the UK's Arbitration Act 1996, with the result that a London tribunal has no purely statutory power by which to grant interim relief such as freezing orders or anti-suit injunctions. (This is to be contrasted with a London tribunal's power to issue injunctions on a final or permanent basis, as stipulated in section 48 of the Arbitration Act 1996.)

The Hong Kong Arbitration Ordinance goes on to define interim measures

as including, amongst other matters, orders which require a party to refrain from taking action that is likely to cause harm to the arbitral process itself (for example, anti-suit injunctions) and orders which provide a means of preserving assets out of which a subsequent award may be satisfied (such as freezing/Mareva injunctions).

The Arbitration Ordinance gives clear and familiar guidance to the tribunal on the conditions for granting interim measures. The tribunal must be satisfied that damages are unlikely to be an adequate remedy, that the balance of convenience is in favour of the grant and that there is a reasonable possibility that the applicant will succeed on the merits of the claim (section 36). In passing, it may be noted that the foregoing statutory criteria for interim measures are also reflected in Article 23 of the Administered Arbitration Rules of the Hong Kong International Arbitration Centre (HKIAC).

## Hong Kong

Hong Kong's Arbitration Ordinance (Cap 609) has as its centrepiece the Model Law. The Ordinance uses an unusual technique of quoting the relevant article of the Model Law and then providing that the article in question has effect. The purpose in so doing was to make clear that Hong Kong's statute reproduced the relevant articles of the Model Law, and thereby facilitate reference to

## Highlights

- the powers of London and Hong Kong arbitration tribunals are not the same
- a Hong Kong tribunal has power to grant interim measures and injunctions, but a London tribunal in an ad hoc arbitration does not, unless the parties have expressly agreed to confer such power
- parties in Hong Kong administered arbitrations can apply directly to the courts in the Chinese mainland in order to freeze assets



### Ex parte applications to the Hong Kong tribunal

Of interest will be Article 17B of the Model Law, which provides: 'Unless otherwise agreed by the parties, a party may, without notice to any other party, make a request for an interim measure together with an application for a preliminary order directing a party not to frustrate the purpose of the interim measure requested.'

In other words, an applicant may apply ex parte to the tribunal for interim relief. The Article goes on to provide that 'the arbitral tribunal may grant a preliminary order provided it considers disclosure of the request for the interim measure to the party against whom it is directed risks frustrating the purpose of the measure.' This is classic Mareva/freezing order territory, but whilst a preliminary order is binding on the parties, 'it shall not be subject to enforcement by a court' (Article 17C). That must await the tribunal's subsequent decision as to whether to convert the preliminary order into an interim measure, having first heard from the respondent.

### Enforcement

If enforcement is required of interim measures/injunctions granted by the Hong Kong arbitration tribunal, then recourse must be made to the court.

In this context it is worth noting that, separately, section 45 of the Arbitration Ordinance gives the court power to grant injunctions in aid of arbitration. It follows that an applicant for an injunction will often have a choice as to whether to apply to the court or to the tribunal.

Whilst domestically the Hong Kong court's enforcement powers may give it the edge, the limited reciprocal enforcement of court judgments overseas may be a factor in favour of taking the arbitral route so as to seek greater worldwide recognition of the tribunal's order.

### China and Hong Kong

Before leaving Hong Kong, reference should be made to the ability of parties in Hong Kong administered arbitrations to apply directly to the courts in the Chinese mainland for injunctions and other interim measures such as freezing assets. This advantage is the result of the Arrangement Concerning Mutual Assistance in Court-ordered Interim Measures in Aid of Arbitral Proceedings by Courts of the Mainland and of the Hong Kong Special Administrative Region (2019). The benefit of being able to go to the PRC Courts for asset freezing orders in aid of administered Hong Kong arbitration is particularly valuable given the fact that interim measures granted by foreign arbitration tribunals are generally unenforceable in the Chinese mainland.

### London

In the UK, the parties are of course free to agree on the powers exercisable by the arbitral tribunal in relation to the proceedings. But unless the parties have agreed to confer on the tribunal the power to order on a provisional basis any relief which it would have power to grant in a final award (for example, an injunction), the tribunal has no such power (section 39 of the Arbitration Act 1996).

As regards general powers exercisable by the tribunal, section 38(4) provides that: 'The tribunal may give directions in relation to any property which is the subject of the proceedings or as to which any question arises in the proceedings, and which is owned by or is in the possession of a party to the proceedings ... (a) for the inspection, photographing, preservation, custody or detention of the property ....'

So, an asset preservation order would be available from the tribunal, but only if that asset was the subject of the arbitration proceedings and owned by or in the possession of a party.

In other situations where there is a risk of dissipation of assets, a party to ad hoc arbitration proceedings in London would need to apply to the High Court for a freezing order. Section 44 of the Arbitration Act provides that the court has in relation to arbitral proceedings the same power to grant an interim injunction or appoint a receiver as it has for the purposes of litigation proceedings. If the case is one of urgency, the court may, on the application of a party, make such orders as it thinks necessary for the purpose of preserving assets or evidence.

### Administered arbitration

In contrast, in arbitrations seated in London where the parties have agreed to a process administered by institutions such as the London Court of International Arbitration (LCIA) or the International Chamber of Commerce (ICC) International Court of Arbitration, the tribunal will by virtue of the relevant rules have

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## “ the benefit of being able to go to the PRC Courts for asset freezing orders in aid of administered Hong Kong arbitration is particularly valuable given the fact that interim measures granted by foreign arbitration tribunals are generally unenforceable in the Chinese mainland ”

power to grant interim measures. For example, Article 25 of the LCIA Arbitration Rules 2020 confers on the tribunal power to order interim and conservatory measures, ‘after giving all other parties a reasonable opportunity to respond to such application’. Similarly, the 2021 Arbitration Rules of the ICC stipulate in Article 28 that: ‘Unless the parties have otherwise agreed, as soon as the file has been transmitted to it, the arbitral tribunal may, at the request of a party, order any interim or conservatory measure it deems appropriate ....’

### Emergency arbitrator

In addition, the parties to administered arbitration will invariably have the benefit of the emergency arbitrator provisions under the relevant institutional rules. The emergency arbitrator procedure enables protective relief to be granted before the formation of the tribunal, by appointing an independent person as an emergency arbitrator. This is a swift appointment process in comparison to the months sometimes needed for establishing a three-person tribunal. The emergency arbitrator is required to make a decision on the application for emergency relief by no later than

14 days from the appointment. They will have no further involvement in the proceedings and will not be appointed as an arbitrator in the tribunal to hear the substantive dispute. Any order made by the emergency arbitrator may subsequently be revoked or varied by the full tribunal once appointed.

Given that emergency arbitrator proceedings are generally made on notice to the respondent and heard between the parties, they are unlikely to be suitable where there is an imminent risk of removal of assets or destruction of evidence. Further, cross-border enforcement of interim measures and awards may be problematic, in contrast to the clear enforceability of final awards under the New York Convention. It follows that, in most cases of urgency involving a risk of dissipation of assets, a party would be likely to apply directly to the court under section 44 of the Act.

The emergency arbitrator role is a relatively recent innovation, and so the reforms to the Arbitration Act 1996 will take account of this development. The recently proposed amendments to the Arbitration Act

are not expected to alter the powers of the tribunal as described above.

### Conclusion

The UK’s Arbitration Act reflects an expectation that urgent applications for injunctions are to be left to the courts, at least as regards disputes referable to ad hoc arbitration. Given the availability of duty judges for urgent business, this approach can have advantages in terms of speed and also enforceability.

In contrast, an applicant for an interim injunction in Hong Kong may need to choose between the court and arbitral routes. As described above, Hong Kong tribunals have the power to grant interim measures even in ad hoc arbitrations. And, where the arbitration is administered by approved authorities such as HKIAC, ICC, the China International Economic and Trade Arbitration Commission or the Hong Kong Maritime Arbitration Group, the ability to obtain asset freezing orders from the court in the Chinese mainland is a unique advantage.

In the case of interim measures and injunctions, Hong Kong arbitration gives its users a range of options, which are in many respects unparalleled.

### Bill Amos, Independent Arbitrator

*This article was first published in the April 2024 edition of Hong Kong Lawyer, the official journal of The Law Society of Hong Kong. The author can be contacted on: [arbitrator@billamos.com](mailto:arbitrator@billamos.com), or via his website: [www.billamos.com](http://www.billamos.com).*



# Corporate Governance Paper Competition and Presentation Awards 2024

**Theme: Overcoming Governance Obstacles in NGO Administration**



The annual Corporate Governance Paper Competition and Presentation Awards organised by the Institute aims to promote the importance of good governance among local undergraduates. This is a great opportunity for students to learn about teamwork and to research, write and present their thoughts on the selected theme.

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# Carbon trading in China: relaunch of the certified emission reduction scheme





In the first of this two-part article, Terry Yang, Partner, Jane Chen, Senior Associate, and Kirsty Souter, Senior Associate, Clifford Chance, provide a practical overview of the mandatory and voluntary carbon markets in China, and clearly explain the relevant regulatory frameworks.

On 22 January 2024, the People's Republic of China (PRC, China) officially relaunched the China Certified Emission Reduction (CCER) scheme, which is a milestone step in establishing the voluntary carbon market in China (the National CCER Scheme). The framework of the voluntary standard applicable under this scheme is similar to other internationally recognised voluntary standards (such as Verra and Gold Standard), whilst the implementation details are subject to PRC-specific regulatory requirements.

This development is critical as it also impacts China's national Emissions Trading System (ETS) (the National ETS Market), which is the mandatory carbon market in China. This is because the key emitters under the

National ETS Market are allowed to surrender (a) their acquired CCERs, together with (b) their allocated or acquired certified emission allowance for their actual carbon emissions under the National ETS Market, so the launch of the National CCER Scheme will provide key emitters with additional methods to offset their carbon emissions.

This first part of this article provides an overview of the mandatory and voluntary carbon markets in China, with a focus on the regulatory framework in relation to the National CCER Scheme. In part two, we will discuss the challenges for international investors in navigating the China carbon market access schemes and the key considerations when structuring carbon trades that have a PRC nexus.

## Highlights

- the recently relaunched emission reduction scheme is a milestone step in establishing the voluntary carbon market in China and is similar to other internationally recognised voluntary standards
- this development also impacts China's national Emissions Trading System (ETS), which is its mandatory carbon market, and will provide key emitters with additional methods to offset their carbon emissions
- the regional carbon emission exchanges will now be required to upgrade their rules to align with the ETS Regulations



## Overview of the carbon market in China

### Evolution of the mandatory carbon market

In 2011, China began to launch carbon emissions trading through pilot schemes in regional markets (see: Regional markets). Over the years, various regional carbon emission exchanges have been established to facilitate regional carbon trading activities. Cross-market trading between regions at the time was not feasible – the covered industries and the covered products of each exchange were tailored to reflect regional practice where applicable (that is, local versions of certified emission allowances (CEAs) and CCERs were traded on the regional market) and varied from each other.

### Regional markets

Beijing: China Beijing Green Exchange

Shanghai: Shanghai Environment and Energy Exchange

Tianjin: Tianjin Climate Exchange

Chongqing: Chongqing Carbon Emissions Trading Center

Hubei: Hubei Carbon Emission Exchange

Guangdong: Guangzhou Emission Exchange

Shenzhen: Shenzhen Emission Exchange

Sichuan: Sichuan United Environment Exchange

Fujian: Haixia Equity Exchange

The preparatory work to establish the National ETS Market (that is, the mandatory carbon market) started in 2017 and the National ETS Market was formally launched in 2021. Shanghai Environment and Energy Exchange was designated as the trading venue of the National ETS Market, whilst Hubei Emission Exchange was designated as the registrar of CEAs (in 2021, China Carbon Emissions Registration and Clearing Co Ltd was incorporated in Hubei, which now acts as the registrar for the National ETS Market).

In February 2024, China's State Council issued the first State Council-level legislation in respect of the National ETS Market, the Interim Administrative Regulations on Carbon Emission Trading (2024) (the ETS Regulations), effective from 1 May 2024. Until then, the regional markets and the National ETS Market operated in parallel. However, the regional markets are now required to upgrade their rules to align with the ETS Regulations, and where products are tradable in the National ETS Market, the key emitters (as defined below) will no longer be permitted to trade the same product in the regional markets. Other market participants may still trade the same product in the regional markets.

Under the ETS Regulations, key emitters in designated sectors in China (the Key Emitters) – such as power generation, iron and steel, non-ferrous metals, chemicals, petrochemicals, construction materials, paper and aviation – are required to manage their actual

“  
China has been mobilising resources nationwide to achieve its peak carbon emissions and carbon neutrality goals  
”

carbon emissions to fall within the aggregate of (a) the annual CEAs allocated to them as notified by regulators (the CEA Quota), (b) the CEAs acquired from external parties (where applicable) and (c) the CCERs acquired from external parties (where applicable).

As a result:

- a. if a Key Emitter's actual carbon emissions exceed the allocated CEA Quota (the Exceeding Portion), it may acquire (i) CEAs that correspond to the Exceeding Portion and/or (ii) CCERs to offset a small portion of the carbon emissions to fulfil its compliance obligations, and
- b. if a Key Emitter's actual carbon emissions are less than the allocated CEA Quota (the Surplus Portion), it may sell the CEAs that correspond to the Surplus Portion for profit, or reserve such Surplus Portion for fulfilling its compliance obligations in the following year.



The list of the Key Emitters and the CEA Quota allocated to each Key Emitter is refreshed on an annual basis by provincial regulators.

#### Evolution of the voluntary carbon market

The voluntary carbon credit market was first introduced in 2012 but has been less active in recent years, primarily due to a lack of tradable CCERs, given that China ceased to approve projects that can generate CCERs in 2017. More recently, China has been mobilising resources nationwide to achieve its peak carbon emissions and carbon neutrality goals. As a result, on 19 October 2023, the long-awaited Administrative Measures on Voluntary Greenhouse Gas Emission Reduction Transaction (Trial Implementation) (2023) (the CCER Measures) were issued, which relaunched the framework of the National CCER Scheme. The China

**Table 1. Key features of the National CCER Scheme and the National ETS Market**

Key features	National ETS Market (mandatory market)	National CCER Scheme (voluntary market)
<b>Eligible participants</b>	Trading entities include Key Emitters and other qualified entities	<ul style="list-style-type: none"> <li>• PRC-domiciled legal persons and institutions may apply for the registration of Qualifying GHG Projects (as defined in Table 2) and CCERs</li> <li>• Trading entities include other qualified legal persons, institutions and individuals</li> </ul>
<b>Eligible products</b>	CEAs and other spot trading products approved by the government	CCERs and other products determined by the Ministry of Ecology and Environment
<b>Registry</b>	China Carbon Emissions Registration and Clearing Co Ltd	National Center for Climate Change Strategy and International Cooperation
<b>Trading and settlement venue</b>	Shanghai Environment and Energy Exchange	China Beijing Green Exchange

**Table 2. Implementation phases and corresponding regulatory guidance for the National CCER Scheme**

Phases	Covered steps	Key regulations/measures
Qualifying GHG Project registration	<ul style="list-style-type: none"> <li>Project developers to prepare project design documents based on selected CCER Methodology Booklet</li> <li>Project developer to publicise the project design documents through the CCER Registry and solicit public comments for 20 working days</li> <li>Project developer to engage a licensed verification institution (the Verification Institution) to review the project design documents, and to issue a project review report</li> <li>Project developer to apply for the registration of the relevant Qualifying GHG Project with the CCER Registry and the CCER Registry to consider whether to approve the registration within 15 working days upon receipt of the application documents</li> </ul>	<ul style="list-style-type: none"> <li>CCER Measures</li> <li>CCER Methodology Booklet</li> <li>CCER Registration Rules</li> <li>Qualifying GHG Projects Implementation Guidelines</li> <li>CCER Verification Rules</li> </ul>
CCER registration	<ul style="list-style-type: none"> <li>Project developer to implement the registered Qualifying GHG Project, monitor the process, and verify and calculate the CCERs proposed to be registered</li> <li>Project developer to publicise the CCER verification and calculation report through the CCER Registry and consult the public for 20 working days</li> <li>Project developer to engage another Verification Institution to review the CCER verification and calculation report, and to issue a CCER review report</li> <li>Project developer to apply for the registration of CCERs with the CCER Registry and the CCER Registry to consider whether to approve the registration within 15 working days upon receipt of application documents</li> </ul>	<ul style="list-style-type: none"> <li>CCER Measures</li> <li>CCER Registration Rules</li> <li>Qualifying GHG Projects Implementation Guidelines</li> <li>CCER Verification Rules</li> </ul>
Trading and settlement of CCERs	<ul style="list-style-type: none"> <li>Eligible trading participants to open accounts with the CCER Registry and the CCER trading system</li> <li>Eligible trading participants to trade CCERs by way of listing agreements, block agreements, one-way auctions and other recognised trading methods in accordance with the relevant business rules</li> </ul>	<ul style="list-style-type: none"> <li>CCER Measures</li> <li>CCER Registration Rules</li> <li>CCER Trading and Settlement Rules</li> </ul>
Project and CCER cancellation	<ul style="list-style-type: none"> <li>Upon the expiry of the life span of a Qualifying GHG Project, project developer may apply for cancellation of such project</li> <li>CCERs used for compliance with CEA obligations and offsetting the emission of greenhouse gases of enterprises must be cancelled in the CCER Registry. There is no express restriction on use of CCERs for voluntary offsetting purposes</li> </ul>	<ul style="list-style-type: none"> <li>CCER Measures</li> <li>CCER Registration Rules</li> <li>CCER Trading and Settlement Rules</li> </ul>



“  
the evolving legal and regulatory  
landscape of carbon trading in  
China has been progressively  
developed by various administrative  
regulations and measures issued by  
competent regulators  
”



Beijing Green Exchange has been designated as the trading venue under the National CCER Scheme. The National Center for Climate Change Strategy and International Cooperation, an institution subordinated to the Ministry of Ecology and Environment, was designated as the registrar under the National CCER Scheme (the CCER Registry).

#### Interaction between mandatory and voluntary carbon markets

As elaborated above, the option for CCERs to be used to satisfy compliance obligations under the National ETS Market creates a significant link between the voluntary carbon market and the mandatory carbon market in the PRC, with the result that the demand for CCERs is likely to be enhanced by the participation of Key Emitters.

Notably, unlike the mandatory carbon market whereby the generation

and allocation of the CEAs are government-led and will be subject to an annual cap at the nationwide level, the voluntary carbon market provides the possibility for investors to participate in the development of emission reduction projects while trading the generated CCERs at the same time. The volume of tradable CCERs depends on the number of registered CCERs generated from the relevant projects, as opposed to being subject to a cap set out by the regulators.

#### Key features of the National CCER Scheme and the National ETS Market

It should be noted that the National ETS Market and the National CCER Scheme are not underpinned by PRC statute. Instead, the evolving legal and regulatory landscape of carbon trading in China has been progressively developed by various administrative regulations and measures issued by competent regulators from time to time.

Table 1 summarises the key features of the National CCER Scheme and the National ETS Market.

#### Structure of the National CCER Scheme

Since October 2023, various regulations and measures have been issued to guide the relaunch of the National CCER Scheme. Table 2 sets out the implementation phases and the corresponding regulatory guidance.

**Terry Yang, Partner, Jane Chen, Senior Associate, and Kirsty Souther, Senior Associate**

*Clifford Chance*

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*Part 2 of this article, in which the authors discuss the challenges and key considerations for international investors in relation to China's carbon market, will be published in next month's edition of CGj.*



“  
a company needs a  
gatekeeping department  
to ensure its continued  
healthy growth and that  
is the role of a corporate  
governance professional  
”

Anna Kong FCG HKFCG, Solicitor,  
Anthony Siu & Co

## Anna Kong FCG HKFCG

### *What is your current role and what was your career path to this role?*

'I am currently a solicitor, but my career began handling tender documents that required board approval, which was my initial exposure to board resolution work. Back then, encouraged by my employer, I pursued a master's degree in corporate governance accredited by the Institute. I then joined a listed company as an assistant company secretary, where I gained invaluable experience in listing, delisting and pre-listing processes, which gave me extensive training in a short period, significantly enhancing my expertise for my subsequent role as a named company secretary in another listed company. During that time, I obtained a law degree because I was dealing with trademark-related lawsuits. This additional legal knowledge paved the way for me to become a qualified solicitor.'

### *What are your thoughts on the terms 'company secretary' and 'governance'?*

'There can still be a common misconception that a company secretary is the CEO's personal secretary. However, I was aware that the term does not mean being a senior executive's personal assistant, but that the role involves the entire company throughout its existence, from incorporation to dissolution, and that there is far more to this profession, covering key elements of corporate governance, including transparency and effective communication. Since the shareholders may not have direct insight into the company's daily operations, what they rely on is the information disclosed by the company. The art of governance lies in determining what, when and how much to disclose, ensuring that the right information reaches the stakeholders in a responsible manner.'

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

'In addition to management and those who handle finance and business operations, a company needs a gatekeeping department to ensure its continued healthy growth and that is the role of a corporate governance professional. Fundamentally, a successful governance professional needs to be attentive to detail. Because the shareholders rely on a company's published documents for their decisions, you have to make sure they are correct before release. In addition, strong communication skills are vital. The ability to decode complex rules and explain them effectively



to the board enables informed decision-making while confirming compliance. Ultimately, this promotes the company's long-term growth and success.'

### *What was your chosen route to complete the Institute's qualifying programme and what advice would you give to people who are considering qualifying as a Chartered Secretary and Chartered Governance Professional?*

'I chose to take a master's degree because I am better suited to studying in an environment with class discussions and assignments. I would encourage students not to rush to position themselves and not to be afraid to try new things, but to challenge themselves while they still have plenty of energy. When I was a child I wanted to be an inventor, but I ended up becoming a lawyer. Similarly, the journey towards becoming a Chartered Secretary and Chartered Governance Professional involves diverse experiences for personal growth. Trust that the path will lead you to where you're meant to be.'

### *As a member of the younger generation, how do you think governance will evolve in the future?*

'There is a lot of room for the future development of the profession. The world is now placing greater emphasis on personal data privacy, AML and ESG, and these will become increasingly important aspects of governance. Plus, with the rapid development of technology, the authenticity of the information collected from various sources will need to be fact-checked and due diligence will need to be performed, which is another path for the governance professional.'



## 江领恩女士 FCG HKFCG



“

公司需要有一个部门做把关的工作，令公司健康成长，这就是公司治理专业人士的角色

”

江领恩女士 FCG HKFCG, 萧一峰律师行律师

### 请问您目前的职位是什么？能告诉我们您的职业发展经历吗？

‘我现在是律师，在这之前，我在一家上市公司担任公司秘书。刚开始工作时，我负责处理需要董事会批准的招标文件。这是我第一次接触董事会决议。在当时的上司鼓励下，我修读了获公会认可的公司治理硕士课程。其后我在一家上市公司担任助理公司秘书，短时间内获得公司上市前后和退市工作的丰富经验，强化了我随后在另一家上市公司担任公司秘书的专业知识。期间，因为工作要处理商标相关的官司，就修读了法律，然后成为了律师。’

### 您对‘公司秘书’和‘公司治理’这些专业名词有什么看法？

‘一般人可能仍然普遍认为公司秘书是大老板的秘书。我知道公司秘书不是公司高层的个人助理，而是担当一个照顾公司的存续（从成立到解散）的角色，专业范畴涵盖公司治理的关键元素，例如透明度和有效沟通。因股东无法直接了解公司的日常运营，可依靠的都是公司披露的信息。公司治理的艺术在于决定披露什么、何时披露以及披露多少，以确保负责任地向利益相关方提供正确信息。’

### 您认为成为一名成功的治理专业人士需要具备哪些素质？

‘公司除了管理层、处理财务和业务的人之外，还需要有一个部门做把关的工作，令公司健康成长，这就是公司治理专业人士的角色。注重细节是一名治理专业人士成功的

根基，因为股东都是靠公司的公开信息做决策，你更加要确保内容正确才能发布。另外，沟通技巧也十分重要，将规则化繁为简，用易明的方式向董事会解说，让他们作出有根据的决定时，同时确保合法合规，才能令公司得以持续发展，迈向成功。’

### 您完成公会的资格计划的路径是怎样的？对于那些有想去成为特许秘书和公司治理师的人，您有什么建议？

‘我选择攻读硕士学位，因为我比较适合在有课堂讨论和作业的环境中学习。我会鼓励同学们不要急于为自己定位，也不要害怕尝试新事物，要趁自己精力充沛的时候多多挑战自己。就像我儿时是想成为发明家，但最后成了律师。同样，在成为特许秘书和公司治理师的旅程上，会有不同经历，令个人成长。相信这条路会引领你到属于你的领域。’

### 作为年轻一代的一员，您认为‘治理’将来会如何发展？

‘我认为这个行业未来有很大的发展空间。现在全世界都非常着重个人资料私隐、打击洗钱和 ESG（环境、社会及治理），这些议题会日渐成为治理工作的重要范畴。加上科技发展一日千里，从各个渠道收集回来的资料是否真实，需要一个治理专业人士去做事实核查和尽职调查，这是治理专业人士的另一条发展道路。’

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## Professional Development

### Seminars: April 2024

9 April

**Share scheme evolution: navigating regulatory changes, enhancing compliance and introducing the Employee Stock Purchase Plan**



**Chair:** Wendy Ho FCG HKFCG(PE), Institute Council member, Professional Development Committee Chairman, Professional Services Panel member, Mainland China Technical Consultation Panel member and AML/CFT Work Group member, and Executive Director, Corporate Services, Vistra

**Speakers:** Nic Yau, Consultant, Lo & Lawyers; Felix Kung, Business Development Director, Global Shares; and Tracy Lam, Company Secretary & Deputy General Counsel, Lenovo Group Ltd

11 April

**Directors and officers insurance in operation**



**Chair:** Michael Ling FCG HKFCG, Institute Technical Consultation Panel (TCP) Chairman and Disciplinary Tribunal member, and Company Secretary, CLP Holdings Ltd

**Speakers:** Melody Qian, Senior Vice President, Head of Global Professional & Financial Risks – Greater China, and Kevin Wong, Vice President, Global Professional & Financial Risks – Greater China, Lockton Companies (Hong Kong) Ltd

15 April

**Corporate Governance Code refresher**



**Chair:** Stella Lo FCG HKFCG(PE), Institute Vice-President, Membership Committee Chairman and TCP – Public Governance Interest Group member, and Group Company Secretary, Guoco Group Ltd

**Speakers:** Herman Tsui, Principal, Risk Advisory, BDO; and Frank So, Company Secretary, China Resources Group Companies

19 April

**Opening of bank accounts for companies: best practice and challenges**



**Chair:** Eric Chan FCG HKFCG(PE), Institute Professional Development Committee member, and Chief Consultant, Reachtop Consulting Ltd

**Speakers:** Teresa Lau ACG HKACG, Institute Professional Services Panel Vice-Chairman and AML/CFT Work Group member, and Director and Head of Corporate Secretarial Services, BDO Ltd; and Simon Yip, Vice President, Team Lead of SME Digital Acquisition & Business Partnerships, SME Banking, DBS Bank (Hong Kong) Ltd



24 April

**Exploring Hong Kong profits tax compliance changes & streamlining group structure from company secretarial and tax perspectives**



*Speakers:* Yan Yeung, Partner, Tax Services, Ivy Chow FCG HKFCG(PE), Institute Council member, Assessment Review Panel member, Membership Committee member and Professional Services Panel member, and Director, Tax – Corporate Services, and Lydia Lin, Senior Manager, Tax – Corporate Services, PwC Hong Kong

29 April

**Best practice in board reviews**



*Chair:* Michael Ling FCG HKFCG, Institute TCP Chairman and Disciplinary Tribunal member, and Company Secretary, CLP Holdings Ltd

*Speakers:* Neil Alderton, Partner, and Kate Barclay, Associate, Lintstock

29 April

**CSP foundation training series: initial set-up of Hong Kong private limited companies**

*Speaker:* YT Soon FCG HKFCG(PE)

**ECPD seminars/Videos on Demand**

ECPD training is organised by the Institute to facilitate its members and other governance professionals to acquire governance knowledge, corporate secretarial skills, and related thought leadership and best practices.

In addition to in-person seminars, ECPD training is delivered via live webinars or pre-recorded videos for maximum accessibility and flexibility.

*Details of the Institute's forthcoming ECPD seminars and ECPD Videos on Demand are available in the Professional Development section of the Institute's website: [www.hkcgi.org.hk](http://www.hkcgi.org.hk).*

*For enquiries, please contact the Institute's Professional Development Section: (852) 2830 6011, or email: [cpd@hkcgi.org.hk](mailto:cpd@hkcgi.org.hk).*

## Membership

### New Fellows

The Institute would like to congratulate the following Fellow elected in March 2024.

#### Professor Wong Man Kong FCG HKFCG

Professor Wong currently serves as Associate Dean (Undergraduate Programmes) of the College of Business, City University of Hong Kong (CityU). Prior to joining CityU, he was involved in different tertiary educational institutions, including The Hong Kong Polytechnic University, Chu Hai College of Higher Education and The University of Hong Kong. His work covers the teaching of undergraduates, taught postgraduates and EMBA, DBA and executive programme levels. He has been supervising PhD/DBA students since early 2010. Professor Wong's research focuses on accounting, corporate governance, earnings management and auditing, while his research work has appeared in several leading accounting and finance journals. During his tenure at CityU, he has taken on various executive roles and has contributed to numerous educational programmes. He has obtained significant experience in handling academic and administrative issues in relation to teaching and learning, globalisation of accounting education and knowledge transfers.

Professor Wong holds a bachelor's degree in accountancy and a doctorate in accounting from The Hong Kong Polytechnic University. He is also a Fellow of the Association of Chartered Certified Accountants and of CPA Australia. Professor Wong serves as a member of various committees, including the Board of Review (Inland Revenue Ordinance), the General Support Programme Vetting Committee of the Innovation and Technology Commission, the Process Review Panel of the Insurance Authority and the Hong Kong Committee for Pacific Economic Cooperation.

### New graduates

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

Chan On Yau, Angel  
Chau Pui Ying  
Chen Quan  
Feng Xiaoying  
Fu Hoi Ki

## Membership activities: April 2024

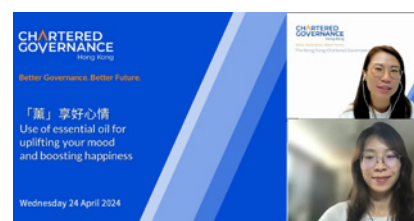
### 13 April

#### Fun & Interest Group – hand-drip coffee workshop



### 24 April

#### Fun & Interest Group – 「薰」享好心情 use of essential oils for uplifting your mood and boosting happiness (free webinar)



### Forthcoming membership activities

Date	Time	Event
19 June 2024	1.00pm–2.00pm	Soft skills training series: session 2 – active listening and powerful questioning (free webinar)
26 June 2024	1.00pm–2.00pm	Soft skills training series: session 3 – conflict resolution and difficult conversations (free webinar)
13 July 2024	11.00am–1.00pm	Soft skills training series: session 4 – practical application and communication skills development workshop (physical session)
25 July 2024	6.45pm–8.00pm	Beauty and networking workshop

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

### Membership/graduateship renewal for the financial year 2024/2025

The renewal notice, together with the debit note for the financial year 2024/2025, will be sent to all members and graduates by email after mid-June 2024 to the email address registered with the Institute. Members and graduates should settle the payment as soon as possible, but no later than Monday 30 September 2024.

All members and graduates are highly encouraged to pay their annual subscription directly online. Please ensure that you settle your annual subscription by the deadline, as failure to do so will constitute grounds for membership or graduateship removal.

For enquiries, please contact the Membership Section: (852) 2881 6177, or email: [member@hkcgj.org.hk](mailto:member@hkcgj.org.hk).

## Advocacy

### Home and Youth Affairs Bureau and Women's Commission Luncheon with women leaders in business and professional sectors

On 28 March 2024, Ellie Pang FCG HKFCG(PE), Institute Chief Executive,

attended the luncheon of women leaders organised by the Home and Youth Affairs Bureau and the Women's Commission. At the luncheon, The Honourable Alice Mak Mei-kuen SBS JP, Secretary for Home and Youth Affairs, and Dr the Honourable Eliza Chan Ching-har GBS JP, Chairperson of the Women's Commission, spoke about the role of women in business and the professional sectors.



### CSIA Global Governance Awards

Congratulations to Gillian Meller FCG HKFCG(PE), Institute Past President, on winning the Governance Professional of the Year award in the CSIA Global Governance Awards.

The award was given to Ms Meller because of her outstanding performance in initiating and driving good governance practices at MTR Corporation Ltd. She has also made valuable contributions to the governance framework, and has shown exceptional leadership in developing a strong compliance culture and best practices across all internal and external stakeholders, both within and beyond the organisation.



Ellie Pang FCG HKFCG(PE), Institute Chief Executive, accepted the award on Ms Meller's behalf at the CSIA Awards Ceremony, held in Kuala Lumpur, Malaysia, on 23 April 2024. Professor Raymond Wong, a Fellow of the Institute and a member of the Judging Panel, explained how the panel came to its decision in a live broadcast during the ceremony.





## Nominations for the HKCGI Prize 2024

Nominations are now open for the HKCGI Prize 2024. This is an opportunity to recognise individuals who have made significant contributions to the Institute and to the profession of the Chartered Secretary and Chartered Governance Professional during their careers. Members are invited to submit nominations on or before the deadline of 30 September 2024.

*For more information about the Prize and details of the nomination procedure, please visit the News & Events section of the Institute's website: [www.hkcg.org.hk](http://www.hkcg.org.hk).*

## Certificate of Appreciation from HKAEE

We are pleased to announce that the Institute has received a Certificate of Appreciation from the Hong Kong Awards for Environmental Excellence (HKAEE) in recognition of its contribution as one of the collaborative partners in promoting the 2023 HKAEE.



## Interpretation of Amendments to the Hong Kong IPO Regulations for Year 2023

In April 2024, the Institute, in collaboration with Clifford Chance LLP, published the Interpretation of Amendments to the Hong Kong IPO Regulations for Year 2023.



This publication aims to provide practical guidance for Chinese mainland companies interested in listing in Hong Kong, and to help practitioners understand the latest regulatory developments and future trends, in order to better prepare for the listing process in Hong Kong.

*For details, please visit the Research Papers page under the Thought Leadership section of the Institute's website: [www.hkcg.org.hk/thought-leadership/research-paper](http://www.hkcg.org.hk/thought-leadership/research-paper).*

## 2023 Annual Observation for the Compliance of Companies Listed in Hong Kong

Also in April 2024, the Institute, in collaboration with Clifford Chance LLP, published the 2023 Annual Observation for the Compliance of Companies Listed in Hong Kong.



This publication aims to facilitate practitioners' understanding of the latest developments and future trends in regulatory thinking, and to enhance information disclosure and corporate governance practices.

*For details, please visit the Research Papers page under the Thought Leadership section of the Institute's website: [www.hkcg.org.hk/thought-leadership/research-paper](http://www.hkcg.org.hk/thought-leadership/research-paper).*

## Corporate Governance Week 2024 – mark your diary

The Institute is organising its seventh Corporate Governance Week (CG Week), this time lasting for two weeks, from 7 September to 20 September 2024, as a major event providing opportunities to engage with company secretaries, governance professionals and regulators on key corporate governance issues and new perspectives. During this year's CG Week, a series of activities will be held including the Corporate Governance Paper Competition and Presentation Awards, and the Corporate Governance Conference, as well as a number of professional development seminars in the Chinese mainland and Hong Kong.

## Chartered Governance Qualifying Programme (CGQP)

### June 2024 examination diet

Candidates who were unable to attend the scheduled CGQP June 2024 examinations may apply for an examination postponement by submitting a relevant medical certificate and/or supporting document(s). All applications must be submitted to the Institute on or before 11 July 2024.

Key dates	Description
11 July 2024	Closing date for examination postponement applications
Late August 2024	Release of examination results
Late August 2024	Release of examination papers, mark schemes and examiners' reports
Early September 2024	Closing date for examination results review applications

Note: The Institute reserves the right to change the dates and details without prior notice.

For details of the CGQP examinations, please visit the *Examinations* page under the *Chartered Governance Qualifying Programme* subpage of the *Studentship* section of the Institute's website: [www.hkcgj.org.hk](http://www.hkcgj.org.hk).

For enquiries, please contact the *Qualifications and Assessments* Section: (852) 2830 6010, or email: [exam@hkcgj.org.hk](mailto:exam@hkcgj.org.hk).

### Learning support

The Institute provides a variety of learning support services for students to assist them with preparing for the CGQP examinations.

#### Revision guidance

Revision guidance for each of the eight CGQP modules is available from the login area of the Institute's website. The revision guidance, which provides comments and observations from the examiners on past examination diets, aims to assist students to better understand the requirements, expectations and standards necessary for the CGQP examinations.

For details, please visit the *Past Examination Papers* page under the *Learning Support* subpage of the *Studentship* section of the Institute's website: [www.hkcgj.org.hk](http://www.hkcgj.org.hk).

#### Examination technique online workshops and student seminars

The latest video-recorded examination technique online workshops and student seminars are available for subscription to assist with preparing for the CGQP examinations.

For details, please visit the *Online Learning Video Subscription* page under the *Learning Support* subpage of the *Studentship* section of the Institute's website: [www.hkcgj.org.hk](http://www.hkcgj.org.hk).

For enquiries, please contact the *Qualifications and Assessments* Section: (852) 2830 6010, or email: [exam@hkcgj.org.hk](mailto:exam@hkcgj.org.hk).

#### HKU SPACE CGQP Examination Preparatory Programme – autumn 2024 intake

HKU SPACE has been endorsed by the Institute to organise the CGQP

Examination Preparatory Programme, which helps students to prepare for the CGQP examinations. One assignment and one take-home mock examination will be provided to students. There are 36 contact hours for each module, except for Hong Kong Company Law, which has 45 contact hours. The autumn 2024 intake will commence in September 2024.

For details, please contact HKU SPACE: (852) 2867 8485, or email: [hkcgj@hkuspace.hku.hk](mailto:hkcgj@hkuspace.hku.hk).

## Studentship activities: April 2024

13 April

**Student Ambassadors Programme: Green Hub experience – natural tie-dyeing plus heritage visit**



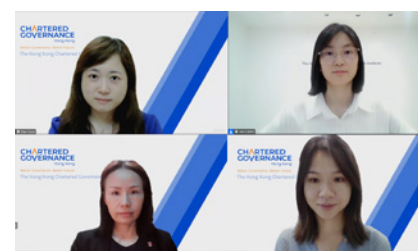
25 April

**Student Gathering: sharing from outstanding students in the CGQP examinations (focusing on part two)**



29 April

**Student Gathering: CGQP examinations experience sharing (Putonghua session)**



## Professional seminar at Lingnan University

On 24 April 2024, CK Low FCG HKFCG, Institute Council member and Qualifications Committee Chairman, Matthew Young FCG HKFCG(PE) HKCGI CERT: ESG, Institute Council member and Qualifications Committee Vice-Chairman, and Ellen Suen ACG HKACG, Institute Senior Manager, Qualifications & Assessments, conducted a professional seminar on the importance of good corporate governance practices, as well as the roles of company secretaries and governance professionals, for 185 undergraduates and postgraduates from Lingnan University. Information about the Institute's membership as a rewarding career path was also shared.



## Professional talks and career fairs at universities and educational institutions

The Institute continues to liaise closely with universities and educational institutions to inspire and encourage more young people to consider governance as a career. The Institute arranged with local universities and educational institutions to hold the following professional talks and career fairs for their respective students in April 2024.

Date	University
9 April	The Chinese University of Hong Kong
15 to 16 April	Saint Francis University and Caritas Bianchi College of Careers Career Fair 2024



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

### Studentship renewal for the financial year 2024/2025

The renewal notice for the financial year 2024/2025 will be sent to all students to the email address registered with the Institute after mid-June 2024. Students should settle the payment as soon as possible, but no later than Monday 30 September 2024.

All students are highly encouraged to pay their renewal fee directly online. Please ensure that you settle your renewal fee by the deadline, as failure to do so will result in the removal of studentship from the student register.

For enquiries, please contact the Studentship Registration Section: (852) 2881 6177 or email: [student\\_reg@hkcggi.org.hk](mailto:student_reg@hkcggi.org.hk).

## Notice

### Update of the CGQP studentship policy

The CGQP studentship policy for the following has been updated with effect from 1 July 2024:

- studentship registration (Collaborative Course Agreement (CCA) programme entry)
- studentship renewal and maintenance requirements (CCA programme students)
- study timeframe requirements (CCA programme students)
- application for CCA full exemption
- application for further exemption, and
- studentship removal.

For details, please visit the News & Events section of the Institute's website: [www.hkcggi.org.hk](http://www.hkcggi.org.hk).

### Featured job openings

Company name	Position
Hongkong Land Group Ltd	Company Secretarial Officer
Kerry Properties Ltd	Company Secretarial Assistant
The Hong Kong Chartered Governance Institute	Officer (Ref: QA2024-06)
The Hong Kong Chartered Governance Institute	Senior Officer/Officer, Marketing and Communications (Ref: MKT 2024-06)

For details of job openings, please visit the Job Openings for Governance Professionals section of the Institute's website: [www.hkcggi.org.hk](http://www.hkcggi.org.hk).



## Enhancing Hong Kong's regulatory regime for REITs and other collective investment schemes

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The Institute has made a submission to the Securities and Futures Commission (SFC) consultation on enhancing Hong Kong's regime for real estate investment trusts (REITs) and the market conduct regime for listed collective investment schemes (CISs) under the Securities and Futures Ordinance (SFO).

The SFC consultation, launched in March this year, proposed to introduce a statutory scheme of arrangement and compulsory acquisition mechanism for REITs. This proposal would enable Hong Kong REITs to conduct privatisation and corporate restructuring in a way similar to other listed companies via the new arrangements and mechanisms, which would be based on Part 13 of the Companies Ordinance with appropriate modifications to cater for the nature and features of REITs and to provide for the roles and responsibilities of their key operators. REIT unitholders would also be provided with various safeguards and protection under the statutory regimes.

The consultation also proposed that the existing various SFO market conduct regimes would be explicitly extended to listed CISs to enhance market integrity and investor protection.

In its submission, the Institute expressed support for the proposals to facilitate REIT-related privatisation and other corporate restructuring as these would enhance Hong

Kong's position as an international financial centre. While the corporate structure is prevalent in establishing REITs in Hong Kong, unlike in the UK and elsewhere, the provisions under Hong Kong's Companies Ordinance do not allow statutory schemes to be applicable to REITs, which contain trust elements. The submission supports the proposed convergence in the regulatory approach applied to both REITs and listed companies.

The submission also expressed support for the proposal to extend the existing various SFO market conduct regimes explicitly to listed CISs. This would correct the existing regulatory gap whereby some of the market conduct provisions of the SFO only apply to listed corporations. The Institute adds that, should any new form of non-corporate listed entity emerge in the future, there might be a need to rethink the scope of the applicability of the SFO market conduct regimes to cover these new products.

The Institute submission also recommends providing guidance to the market on the implementation of the new proposals and offers to collaborate with the SFC on providing such guidance to its members and other parties and professionals involved in structuring and managing REITs and CISs.

*More information is available on the websites of the Institute: [www.hkcgj.org.hk](http://www.hkcgj.org.hk) and the SFC: [www.sfc.hk](http://www.sfc.hk).*

## Voluntary code of conduct for ESG ratings and data products providers

Last month an industry-led working group launched a public consultation on a voluntary code of conduct (VCoC) for ESG ratings and data products providers providing products and services in Hong Kong. The working group is led by the International Capital Market Association (ICMA) and comprises representatives from Hong Kong, the Chinese mainland and international ESG ratings and data products providers, as well as key users from the local financial industry.

The draft VCoC is modelled on international best practices recommended by the International Organization of Securities Commissions (IOSCO) and the initiative to develop the proposed VCoC is supported by the Securities

and Futures Commission (SFC), the Hong Kong Monetary Authority, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

The draft VCoC includes a self-attestation document to provide information on adherence to the code by the providers in a structured format. This will facilitate end users, such as SFC-licensed intermediaries, to compare the conduct of ESG ratings and data products providers during their due diligence and ongoing assessment processes.

*The one-month public consultation will end on 17 June 2024.  
More information is available on the SFC website: [www.sfc.hk](http://www.sfc.hk).*



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



# Certificate for Module









## (The Hong Kong Chartered Governance Institute Examinations Preparatory Programme)

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

### COURSE INFORMATION

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

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


Programme Title	QF level	QR Registration No.	QR Registration Validity Period
Boardroom Dynamics  4	4	21/001317/L4	01 Dec 2021 - on-going
Corporate Governance  4	4	21/001318/L4	01 Dec 2021 - on-going
Corporate Secretaryship and Compliance  4	4	21/001319/L4	01 Dec 2021 - on-going
Hong Kong Company Law  4	4	21/001320/L4	01 Dec 2021 - on-going
Hong Kong Taxation  4	4	21/001321/L4	01 Dec 2021 - on-going
Interpreting Financial and Accounting Information  4	4	21/001322/L4	01 Dec 2021 - on-going
Risk Management  4	4	21/001323/L4	01 Dec 2021 - on-going
Strategic Management  4	4	21/001324/L4	01 Dec 2021 - on-going


### TARGET STUDENTS

1. Be 21 years old or above. (Students should be either a Hong Kong permanent resident or have valid permit to study in Hong Kong)
2. Students aiming to prepare for the HKCGI CGQP examinations.

### Award:

Certificate for Module

 This course has been included in the list of reimbursable courses under the Continuing Education Fund.

 This course is recognised under the Qualifications Framework (QF Level 4).



### Fee per subject:

**HK\$4,700** (36-hour lectures)

**HK\$6,200** (45-hour lectures)

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

CONTACT INFORMATION  
Programme Enquiries (HKU SPACE)

 (852) 2867 8485  
 [hkcgj@hkuspace.hku.hk](mailto:hkcgj@hkuspace.hku.hk)





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