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February 2025

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The journal of the Hong Kong Chartered Governance Institute
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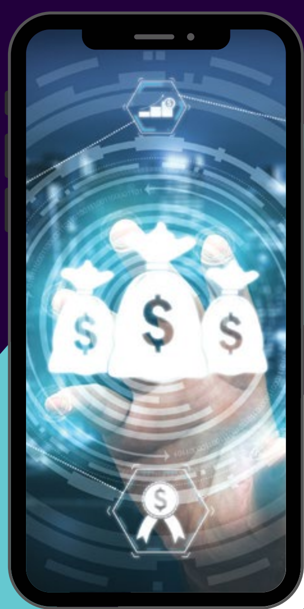

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## Good governance comes with membership

### 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 Hong Kong and the Chinese mainland.

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 about 10,000 members, graduates and students.



### Membership and studentship statistics update

As of 31 December 2024, the statistics were as follows:
**Students**: 2,440 **Graduates**: 464 **Associates**: 6,569 **Fellows:** 897


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# Contents



# Governance for growth

The nature and purpose of governance is front and centre in this edition of CGj. The cover story, authored by Dr Victoria Hurth, Independent Pracademic and Fellow, University of Cambridge Institute for Sustainability Leadership, focuses on how purpose-driven governance can help organisations achieve sustainability.

Our Institute has long been a supporter of purpose-driven governance. Good governance frameworks help organisations clarify what their core values and aspirations are, and how they can create value for all stakeholders, including employees, customers, communities and the environment. Moreover, as Dr Hurth points out in her cover story, this purpose-driven approach is gaining momentum globally – the ISO 37000 standard on organisational governance, for example, establishes purpose as being central to governance decision-making.

A focus on social, environmental and ethical goals does not, however, need to come at the cost of profit generation. Indeed, organisations can only achieve these goals if they are financially viable and, in line with this concept, our strategic theme for 2025 is Governance for Growth. We launched this theme at a seminar – Governance: The Driver of Growth – held on 16 January in association with the Asian Financial Forum. The speaker lineup included top level experts from across the governance spectrum, including regulators, directors, senior managers and, of course, professional practitioners. This enabled us to address our 2025 strategic theme from multiple perspectives.

In my message this month, I would like to emphasise why our 2025 strategic theme is so relevant both to the current operating environment and to our profession. Firstly, its relevance to the current business landscape is not hard to see. Slower economic growth globally means that organisations need to be all the more agile and responsive to change. Robust governance frameworks facilitate better decision-making in response to market shifts, emerging technologies and regulatory changes, but they also lead to better risk mitigation and enhanced relationships with stakeholders – factors which are becoming increasingly critical to success in the current operating environment.

But achieving a broader recognition of the positive benefits of governance is also important. Good governance is often viewed through the lens of compliance and regulation, leading to a focus on the cost it represents for organisations. Our 2025 theme seeks to rebalance this view by emphasising the fundamental role that good governance plays as an enabler of organisational success. This shift in perception has very significant implications for our profession. Where governance is seen as a strategic asset, governance professionals can more easily secure the support needed to implement effective governance frameworks and practices.

So I leave you to another excellent edition of this journal and look forward to exploring our strategic theme for 2025 at other events lined up for the rest of the year. Good governance is integral to organisations' missions and objectives. Ultimately, bringing us back to the cover theme of this edition of CGj, financial success and the need to adhere to responsible and sustainable business practices are closely aligned. As the business landscape continues to evolve, the significance of good governance as an enabler will only grow, underscoring its essential role in leveraging opportunities, as well as driving sustainable growth and value creation for all stakeholders.

David Simmonds FCG HKFCG

# 以治理促增长

本月会刊聚焦于治理的本质与目的。剑桥大学可持续发展领导力学会的独立学者、研究员维多利亚・赫思博士撰写的本刊封面文章重点探讨了目标导向型治理如何助力组织实现可持续发展。

公会一直以来都是目标导向型治理的支持者。完善的治理框架有助于组织明确其核心价值观和愿景，以及如何为所有利益相关者创造价值，这些利益相关者包括雇员、客户、社区和环境。此外，正如赫思博士在封面文章中所指出的，这种目标导向型方法在全球范围内正获得越来越多的关注。例如，关于组织治理的 ISO 37000 标准将目标确立为治理决策的核心。

然而，关注社会、环境和道德目标并不一定意味着要以牺牲利润为代价。事实上，只有在财务上可行的情况下，组织才能实现这些目标。基于这一理念，公会 2025 年的战略主题确定为 “以治理促增长”。 公会在 1 月 16 日于亚洲金融论坛周期间主办的研讨会上提出了这一主题 - “治理：增长的驱动力”。该研讨会发言嘉宾阵容涵盖了治理领域的顶级专家，包括监管机构人员、董事、高级管理人员，当然还有治理从业者，大家从多个角度探讨 了2025 年的这一战略主题。

在本文中，我想强调为什么公会2025年的战略主题与当前的运营环境以及公会的专业如此相关。首先，它与当前商业格局的相关性显而易见。全球经济增长放缓意味着组织需要更加灵活地应对变化。健全的治理框架有助于在应对市场变化、新兴技术和监管变化时做出更好的决策，同时也能更好地降低风险，加强与利益相关者的关系，这些对于在当前的运营环境中取得成功正变得越来越关键。

但让人们更广泛地认识到治理的益处也很重要。良好的治理往往被视为合规和监管的要求，这导致人们更加关注它给组织带来的成本。公会 2025 年的战略主题旨在调整这种观点，强调良好治理作为组织成功的助推器所发挥的根本作用。这种观念上的转变对公会的专业有着重大意义。当治理被视为一种战略资产时，治理专业人士就能更容易地获得实施有效治理框架和实践所需的支持。

现呈上本刊，并期待在今年接下来的其他活动中继续探讨我们 2025 年的战略主题。良好的治理是组织使命和目标不可或缺的一部分。归根结底，回到本刊的封面主题，财务上的成功与坚持负责任的可持续商业实践的需求密切相关。随着商业格局的不断演变，良好治理作为推动因素的重要性只会与日俱增，这也突出了它在利用机遇、推动可持续增长以及为所有利益相关者创造价值方面的关键作用。

司马志先生 FCG HKFCG

# How purpose-driven governance can fix unsustainability

Dr Victoria Hurth, Independent Pracademic and Fellow, University of Cambridge Institute for Sustainability Leadership, explores how adopting purpose-driven governance, underpinned by standards such as ISO 37000 and PAS 808, can transform organisations and economies to achieve sustainability.

In a world grappling with the challenges of climate change, social inequality and resource depletion, the failure of governance has emerged as a primary cause of unsustainability. This article outlines how outdated governance systems prioritise short-term financial gains over long-term wellbeing for all.

### What is sustainability?

It is easy to say that sustainability is complex and that many views of what it represents exist – however, it is also quite straightforward. We can conclude that sustainability is a state where our collective wellbeing is assured over the long term. This is the essence of the definition outlined in the Brundtland Report of 1987, which describes sustainability as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. Similarly, long-term wellbeing for all is also the collective goal of an economy, as economics is fundamentally about allocating resources in a way that maximises social wellbeing.

Whether this objective includes the wellbeing of only humans, or all life on earth, is a pinnacle philosophical question. Different positions are held, but many argue that prioritising human wellbeing, and viewing non-human life as only instrumental to it, is one of the reasons we have created an unsustainable world.

### What is governance?

Before 2021, the global view of governance was embedded in a financialised view of the economy – predominantly based on or derived from stock exchange codes and designed around protecting shareholder investment as a result of lessons learned from scandals – the notable exception being the Organisation for Economic Co-operation and Development (OECD) guidelines, which are in fact targeted towards national regulators and not about organisational governance practice.

However, 2021 marked the end of a five-year process to create the world’s first benchmark standard in the governance of organisations, ISO 37000. The consensus-building process involved 77 countries and 25 liaison organisations, including the OECD, the United Nations Conference on Trade and Development and the Chartered Quality Institute. The guidance in this standard helps ensure that the global consensus on the governance of organisations puts purpose as central to governance decision-making, with 10 other foundational and enabling principles together forming a complete governance system that is aligned with a sustainable future.

There are many important leaps in clarity that were made in ISO 37000. However, perhaps one of the key contributions was to articulate the three key aspects of governance:

- direction: the first aspect of governance is the things you are trying to achieve as an organisation, your overarching purpose or objective, and the key limitations or red lines that need to be kept, which become decision-making parameters encoded in policy

## Highlights

- current governance models prioritise financial capital over the health of foundational social and stakeholder health, as well as of social and environmental systems, which leads to the degradation of resources essential for long-term wellbeing, thus creating an unsustainable future
- purpose-driven organisations focus on creating long-term wellbeing for all by embedding sustainability into their governance systems
- Hong Kong can progress towards sustainable success, and standards like ISO 37000 and PAS 808 provide frameworks to guide this transformation

> **sustainability is a state where our collective wellbeing is assured over the long term**

- oversight: the second aspect of governance is about ensuring that the purpose and objective is being achieved within the parameters, and

- accountability: third, governance accounts to relevant others regarding whether, and how, the objectives have been achieved within the parameters and what corrective action will be taken, or why it is not reasonable to do so.

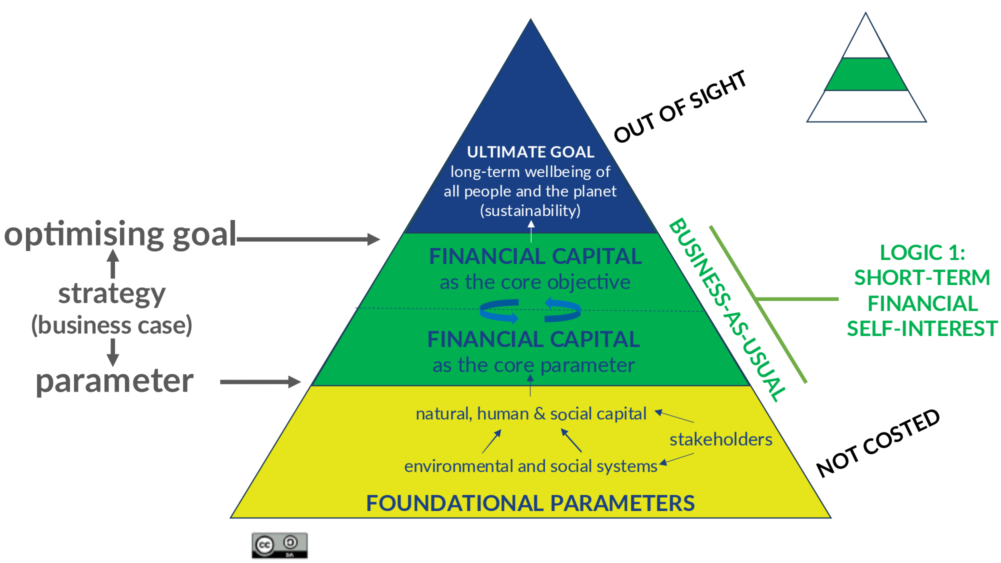
## Governance logics

Diagram 1 is adapted from Herman Daly and Donella Meadows' work at the macro-economic level. The adapted triangle connects the macro level with the meso level of organisational decision-making – the meso level being how the macro economy level is operationalised (not forgetting that governments are also organisations). This clearly reveals why our current way of organising the market economy naturally leads to unsustainability – in other words, an existential threat to our collective long-term wellbeing

**Logic 1: business-as-usual and short-term self-interest governance**

The economy is assumed to optimise collective long-term wellbeing as long as countries, companies and individuals act in their own self-interest. Consumers and citizens are assumed to act in a way that optimises their own wellbeing, and the market is the primary way in which this wellbeing is supplied. Companies within this logic (Logic 1) should focus their objectives not on the end goal of the economy, but on optimising financial capital capture from the market. As long as they act within the law, track competition and do not interfere with customer demand, but merely understand and respond to it, then they are doing

Diagram 1: Logic 1



> **if bad-quality governance has caused unsustainability, then good-quality governance can fix it**

their best job for collective long-term wellbeing. We assume that if they make lots of money for their members/shareholders, then they are providing wellbeing effectively, adding to the national accounts, which can be used for collective wellbeing and providing jobs, which allows citizens to purchase more wellbeing from the market.

We have been so confident in these assumptions that no one has been governing whether the macro objectives have been met or whether this innovation pathway works. Furthermore, we have assumed that the most important decision-making parameters are about ensuring the healthy stocks and flows of financial capital. At this level of logic, the health of the foundational non-financial capitals, the underlying social and environmental systems, and the stakeholders that gatekeep and steward these resources are not turned into decision-making parameters. As a result, this health is an uncosted and ungoverned asset that an organisation can freely abuse – to their own and others' detriment. We have the wrong governance objective and parameters at both organisational and national levels. Long-term wellbeing for all – the value creation objective that we ultimately value and that we need to innovate for, particularly when this value is so under threat – is out of sight and the foundational resources that underpin this value are unaccounted for.

**Logic 2: business-as-usual and long-term self-interest governance**

Some companies take into account the issues at the bottom of the triangle (the E and the S of ESG) and are moving to long-term self-interest as the basis for making decisions (see Diagram 2). This, though, still keeps innovation constrained to what will make the most money, rather than finding creative ways to solve problems of collective long-term wellbeing that make sufficient stocks and flows of financial capital. In effect, what happens is that the governance parameters that fence how decisions are made move down to encompass the health of all the dependencies. For many organisations, they are just starting out on their journey from Logic 1 to

**Diagram 2: Logic 2**

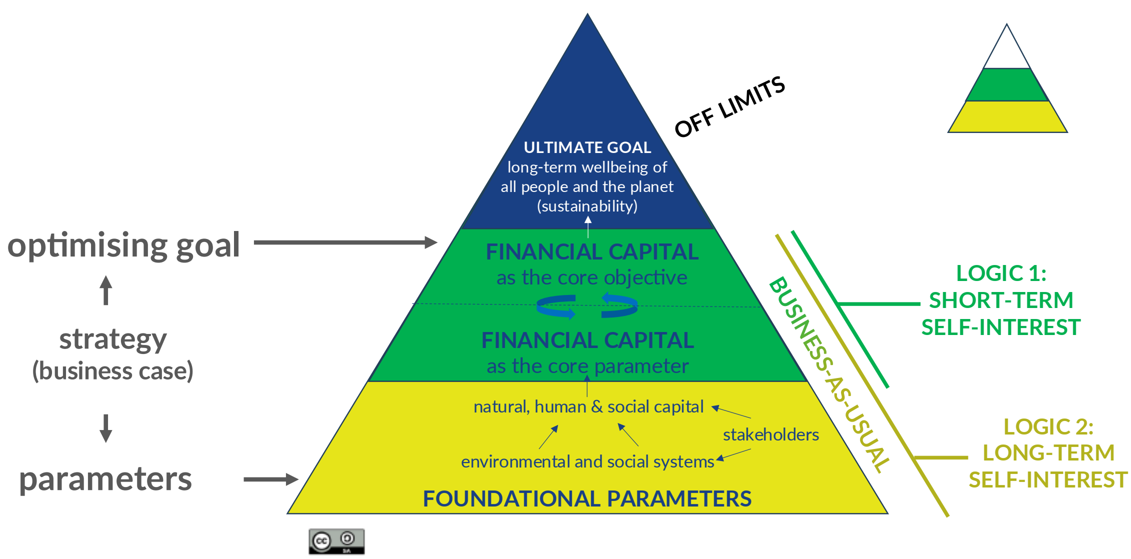
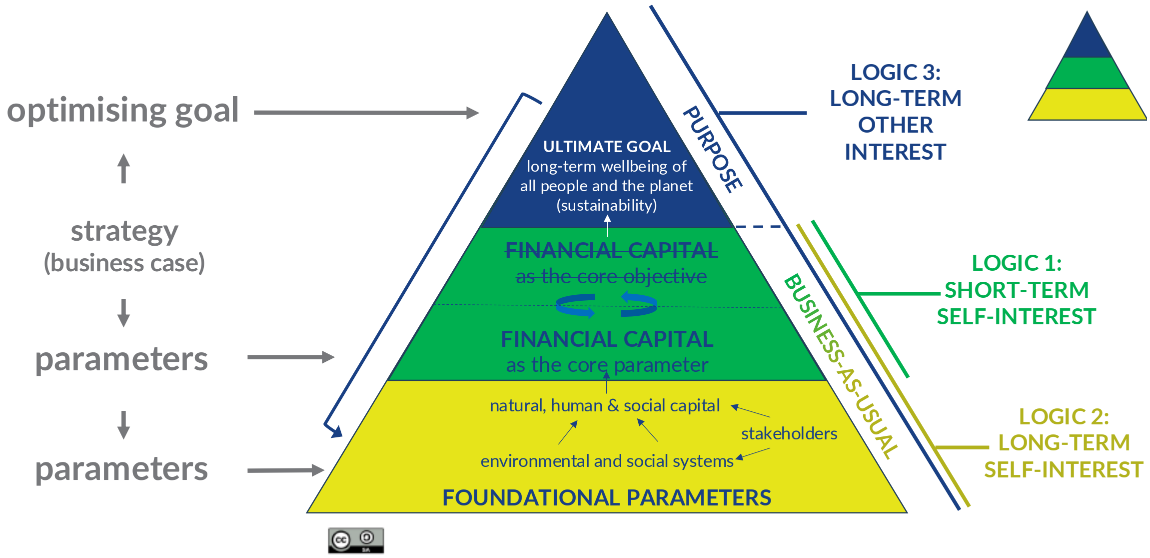


Diagram 3: Logic3




Logic 2 and are only aware of some of the resources, stakeholders and systems that they are dependent on, and how badly degraded many of these are.

**Logic 3: purpose-driven, long-term other-serving interest governance**
If the objective of an economy is ultimately to optimise wellbeing for all over time, but what is being produced is the opposite, then we clearly have a quality issue. If bad-quality governance has caused unsustainability, then good-quality governance can fix it and can ensure that the market economy delivers what it is supposed to, which is long-term wellbeing for all.

A purpose-driven organisation (see Diagram 3) is one that is fully governed for an objective that is an optimal strategic contribution to long-term wellbeing for all, and is within decision-making parameters that ensure the health of financial capital and foundational capitals – such as human, social and natural capitals – as well as the stakeholders and underlying social and environmental systems. They are not just 'doing no harm', but exist to innovate to drive long-term collective wellbeing. With a strong and sustainable governance framework, countries and companies can clear out the unnecessary bureaucracy that dictates strategy.

ISO 37000 on the governance of organisations, along with PAS 808 – the first national standard in Purpose-Driven Organisations – provide the practical guidelines and accountability frameworks for how to reform the market economy. PAS 808 now forms the working draft for a two-year development to create a new standard for Purpose-Driven Organisations, namely ISO 37011, which will become the world's first consensus view on the governance behaviours that direct, oversee and provide accountability for an organisation that is fully aligned with long-term wellbeing for all.

## How can Hong Kong progress towards Logic 2 and Logic 3?

We need to consciously and urgently use the existing momentum to transform to sustainable market economies on a global basis. This is a shift that needs to happen on three levels (see Diagram 4).

At the macro level, we need to move from a GDP-focused economy towards an economy whose goal is long-term wellbeing for all people and the planet, which is operationalised within healthy thresholds of social and environmental systems.

At the meso level, the shift needs to be driven by purpose-driven, rather than profit-driven, organisations, which are companies whose reason to exist is 'an optimal strategic contribution to long-term wellbeing for all people and the planet'. There is a hugely expanding range of such organisations globally.

At the micro level, we need to advocate for meaningful work and meaningful lives. Instead of being financially driven, humans empowered to be fully human can serve the wellbeing economy and hence receive wellbeing returns, both during the process and as an outcome.

Hong Kong's Innovation and Technology Commission, which provides a range of standard-related services, is currently an observing member of the ISO process to develop ISO 37011. It would be excellent to see Hong Kong become a full participating member and to set up a mirror committee to feed directly into the work of ISO 37011 on Purpose-Driven Organisations.

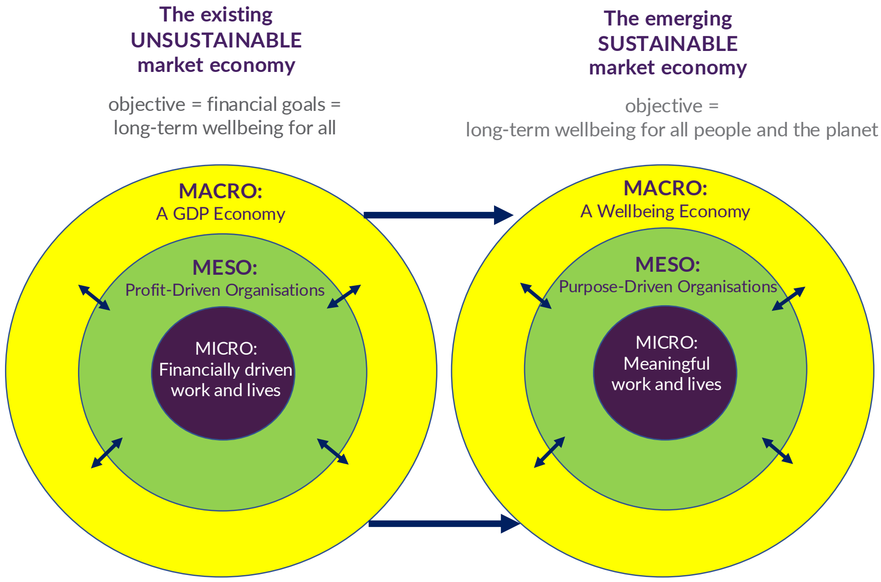
The alternative is that we risk losing the market economy entirely. When things get tough, as they did during the pandemic – and things are only going to get tougher – then there is a real chance that we will give up the freedoms of the market to a small group of centrally situated decision-makers. Another option is that we drown innovation in bureaucracy as we try to close all the harmful loopholes in the hyper-financialised economy, rather than reform it. We have a choice – we just need to recognise this and get on with creating the quality governance the world needs.

**Dr Victoria Hurth, Independent Pracademic and Fellow**

*University of Cambridge Institute for Sustainability Leadership*

*Dr Victoria Hurth is an Independent Pracademic, executive advisor and Fellow of the University of Cambridge Institute for Sustainability Leadership. Dr Hurth advised the UN on the methodology for SDG 12.6.1 (sustainability reporting), co-led the five-year development of the global ISO standard in the governance of organisations (ISO 37000), was Technical Author for the first national standard in Purpose-Driven Organisations and is currently Project Leader of the development of an equivalent ISO (ISO 37011). In Asia, Dr Hurth collaborates with The Purpose Business, an Asia-based sustainability consultancy with a focus on helping businesses embed purpose into business strategy, governance and decision-making. In 2024, together with The Purpose Business, she co-facilitated several Masterclass sessions for business leaders on how purpose-driven governance can unlock sustainability and business success.*

**Diagram 4: Making sustainability a reality – the three level shift**



# Understanding Chapter 14A

## Connected transaction rules for listed issuers

CGj reviews the third session of the Institute's Listing Rules Foundation Course Series, which focused on the connected transaction rules under Chapter 14A of the Listing Rules.



### General principles

Chapter 14A of the Main Board Listing Rules deals with connected transactions, which involve dealings with connected persons of the listed issuer or of any of its subsidiaries, such as directors, substantial shareholders and/or their associates. It also covers transactions with third parties that might indirectly benefit connected persons through their interests in the entities involved. These transactions can be of a capital or revenue nature and may take place as one-off arrangements or on a continuing basis.

To ensure transparency and safeguard against potential abuse, connected transactions are subject to specific requirements. Listed issuers must disclose details through announcements, circulars and annual reports. Additionally, where independent shareholders' approval is required, individuals with material interests in the transaction should abstain from voting. For continuing connected transactions, annual reviews by independent non-executive directors (INEDs) and auditors are mandatory.

Exemptions from these requirements are available in specific circumstances, as set out in the Listing Rules. These typically apply to transactions that are immaterial to the issuer's group or where the risk of abuse by connected persons is considered low.

### Transaction types

Under Chapter 14A, connected transactions include those that are capital or revenue in nature, regardless of whether or not they occur within the group's ordinary and usual course of business. Any transaction between a listed issuer's group and a connected person is a connected transaction, which includes the following types:

- any buying or selling of assets by a listed issuer's group, including a deemed disposal
- a listed issuer's group granting, accepting, exercising, transferring or terminating an option to acquire or dispose of assets, or to subscribe for securities, or a listed issuer's group deciding not to exercise an option to acquire or dispose of assets, or to subscribe for securities
- entering into or terminating finance leases, or operating leases or subleases
- providing or receiving financial assistance, which includes granting credit, lending money or providing an indemnity, guarantee or security for a loan
- entering into an agreement or arrangement to set up a joint venture in any form, or any other form of joint arrangement
- issuing new securities of the issuer or its subsidiaries
- providing, receiving or sharing services, and
- acquiring or providing raw materials, intermediate products and/or finished goods.

### Definition of connected persons

Under Chapter 14A, a connected person covers an individual or entity with a close relationship to the listed issuer, as such a person could influence the issuer's decisions.

Among others, directors, chief executives and substantial shareholders of the listed issuer or its subsidiaries, and any persons closely associated with them, are considered

## Highlights

- connected transactions under Chapter 14A require stringent disclosure measures to ensure fairness and prevent abuse, which include announcements, circulars and annual report disclosures, with independent shareholders' approval as required under the Listing Rules
- connected persons include key individuals and entities with influence over listed issuers, such as directors, substantial shareholders and their associates
- independent board committees are crucial for evaluating connected transactions, with transparency and detailed communication fostering informed decision-making

> **it is vital to provide directors with adequate information and support, including access to external advisors, to enable thorough assessments**

**Cindy Kwong, Counsel, Freshfields Bruckhaus Deringer**

connected persons. Entities related to the connected individual, such as companies they control, are also considered connected persons.

Certain subsidiaries of the listed issuer may also be regarded as connected persons, particularly when a connected individual is also a substantial shareholder of these subsidiaries.

### Transparency in connected transactions

The panel discussion, moderated by Tom Chau FCG HKFCG, Institute Vice-President, and Partner, Haiwen & Partners LLP, delved into the complexities of managing connected transactions, and the critical role of INEDs in ensuring fairness and transparency.

Panel speakers highlighted the importance of the independent board committee (IBC) in evaluating connected transactions, particularly those requiring independent shareholders' approval. In situations of differing opinions within the IBC, panel speakers stressed the necessity for detailed communication and comprehensive disclosure in circulars. Such disclosures should include dissenting views from directors to aid minority shareholders in making informed decisions.

Cindy Kwong, Counsel, Freshfields Bruckhaus Deringer, provided her perspective on deadlock scenarios in board decisions, particularly when votes are split evenly. Ms Kwong noted that while such situations are rare, 'It is vital to provide directors with adequate information and support, including access to external advisors, to enable thorough assessments.'

Frank Yuen FCG HKFCG, Group General Counsel, and Head of Compliance, CK Hutchison Holdings Ltd, offered an optimistic view on board disagreements, contending that differing opinions can foster constructive dialogue and lead to better outcomes. Mr Yuen remarked, 'It is a good thing when not every decision is unanimous, as this can reflect the directors' dedication to analysing what serves the company's best interests.' Mr Yuen also emphasised the importance of presenting comprehensive data and facilitating open communication to resolve conflicts. 'Transparent communication and the provision of relevant information are vital in enabling directors to refine transaction terms and reach sound decisions.'

Panellists collectively stressed the importance of proactive communication with directors, and that comprehensive disclosure and proactive communication are essential to foster trust and facilitate informed voting decisions by shareholders. Companies should prioritise transparent governance practices to navigate complex connected transactions and maintain market confidence. CGj

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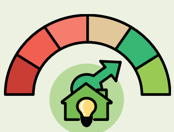

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# 了解第 14A 章

## 上市公司关连交易规则

CGj 回顾了公会新推出的上市规则基础课程系列第三节，主题是上市规则第 14A 章下的关连交易规则。


> “必须为董事提供充分的信息和支持，包括安排接触外部顾问，让董事进行全面评估”
>
> 富而德律师事务所律师邝颖怡女士

### 一般原则

主板上市规则第 14A 章项下的关连交易，涉及与上市发行人或其任何附属公司的关连人士（例如董事、主要股东及/或其联系人）进行的交易；亦涵盖上市发行人集团与第三方进行的某些交易，而该等交易可使关连人士通过其在交易相关实体中的权益而间接受益。这些交易可为资本性质或收益性质，且可为一次性安排或持续性的交易。

为确保透明度及防范潜在滥用，关连交易须遵守特定规定。上市发行人须通过公告、通函及年报披露交易详情。此外，当交易须独立股东批准时，在交易中占有重大利益的人士应当放弃表决权。对于持续关连交易，必须由独立非执行董事及核数师进行年度审核。

上市规则中规定了特定情况下的豁免条款。这些豁免通常适用于对发行人集团来说非重大性质的交易，或关连人士滥用权利风险较低的交易。

### 交易类别

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- 签订或终止融资租赁、营运租赁或分租
- 提供或接受财务资助，包括授予信贷、借款或为贷款作出赔偿保证、担保或抵押
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- 提供、接受或共用服务，及
- 购入或提供原材料、半制成品及／或制成品。

### 关连人士的定义

根据第 14A 章的规定，关连人士是指与上市发行人关系密切的个人或实体，因为此类人士可能对发行人的决策产生影响。

上市发行人或其附属公司的董事、行政总裁、主要股东及其联系人被视为关连人士。与关连人士相关的实体，例如其控制的公司，亦被视为关连人士。

上市发行人的某些附属公司也可能被视为关连人士，尤其是在关连人士同时是这些附属公司的主要股东时。

### 关连交易的透明度

香港公司治理公会副会长兼海问律师事务所合伙人邹兆麟先生 FCG HKFCG主持的专题讨论，探讨了管理关连交易的复杂性，及独立非执行董事在确保交易公平与透明方面的关键作用。

讨论组成员强调独立董事委员会在评估关连交易时的重要性， 特别是那些须由独立股东批准的交易。在独立董事委员会内部意见分歧的情况下，讨论组成员指出必须在通函中进行详细沟通并充分披露。这些披露应包括董事的不同意见，以帮助小股东作出知情决定。

富而德律师事务所律师邝颖怡女士在探讨董事会正反票数均等的僵局时指出，尽管此类情况罕见，“必须为董事提供充分的信息与支持，包括安排接触外部顾问，让董事进行全面评估。”

长江和记实业有限公司集团法律总监、合规总监阮家辉先生 FCG HKFCG 对董事会意见分歧持乐观态度，认为不同意见可以促进建设性对话并带来更好的结果。他指出：“并非每项决定都是一致通过的，这是件好事，反映董事们致力于分析什么最符合公司的利益。”阮先生还强调，在解决冲突的过程中，提供全面数据及促使开放沟通十分重要。“透明的沟通和相关信息的提供，对于董事完善交易条款和做出合理决策至关重要。”

讨论组成员一致强调主動与董事沟通的重要性，认为全面披露资料和积极沟通有助促进信任，帮助股东作出知情投票决策。公司应优先考虑透明的管治实践，以处理复杂的关连交易并维护市场信心。

## 摘要

- 根据第 14A 章的规定，关连交易须采取严格的披露措施以确保公平性并防止滥用，这些措施包括公告、通函和年报披露，并须在上市规则要求的情况下获得独立股东的批准
- 关连人士包括对上市发行人有影响的关键个人及实体，如董事、主要股东及其联系人
- 独立董事委员会在评估关连交易时至关重要，透明度和详细沟通有助于作出知情决策

# Elevating governance in turbulent times

CGj reviews a recent Institute seminar offering practical insights into leadership, compliance strategies and how business leaders can navigate the evolving regulatory landscape.

The governance landscape is evolving rapidly, driven by technological disruption, shifting market forces and heightened regulatory scrutiny. In light of these challenges, the Institute held a seminar on 26 November 2024, titled Board of Directors in Turbulent Times: Maintaining Robust Governance, to equip board members, executives and governance professionals with the tools and knowledge needed to steer their organisations through turbulent times.

This article provides an overview of the seminar, highlighting key takeaways to help governance professionals enhance their practices and empower their organisations to thrive in the face of uncertainty.

### Leadership in an era of change

The first speaker of the session, Patricia Hui FCG HKFCG(PE), lawyer and governance professional, opened the discussion by painting a vivid picture of the challenges confronting leaders today. Citing research from McKinsey & Co, Ms Hui explained: 'Ten years ago, CEOs and boards typically focused on four or five issues at any one time. Today, that number has doubled.' Environmental concerns, technological advancements, geopolitical changes and societal expectations have created a volatile landscape, compounded by their interconnectedness and the limited time leaders have to react.

To deal with this uncertainty, Ms Hui emphasised that leaders must remain focused on the big picture, while maintaining calm amidst the turbulence. Effective leadership, Ms Hui stressed, is not static, but rather it evolves with the changing needs of organisations, as well as the wider business and regulatory environment. 'In the contemporary context, effective leaders must be visionary strategists, as well as catalysts for change. They should not only focus on future trends, but should also inspire their teams to foster innovation,' she said.

Central to Ms Hui's presentation was the concept of resilience. Ms Hui framed resilience as the ability not just to bounce back from adversity, but also to transform challenges into opportunities. Resilient leaders, she explained, are adaptable, emotionally stable and able to inspire their teams. 'When faced with adversity, resilient leaders remain composed and maintain a positive outlook,' she said, adding that this inspiration often translates into improved productivity, higher job satisfaction and lower turnover rates.

Ms Hui also highlighted resilience as a driver of innovation, enabling leaders to turn setbacks into creative solutions. 'Resilience fosters creativity, allowing leaders to explore new ideas and achieve breakthrough results,' she stated, noting its importance for long-term success.

> “in the contemporary context, effective leaders must be visionary strategists, as well as catalysts for change”
>
> **Patricia Hui FCG HKFCG(PE), lawyer and governance professional**

Ms Hui also offered actionable steps for leaders to build resilience. First, leaders should regularly review past decisions, learn from failures and express gratitude for successes. Second, Ms Hui stressed the importance of lifelong learning, whether through formal education, self-study or conversations with diverse individuals. 'Continuous learning equips leaders with the tools and perspectives to tackle unforeseen challenges,' she commented.

## Highlights

- resilience can help businesses bounce back from adversity and transform challenges into opportunities, inspiring teams and fostering innovation
- effective corporate governance is vital for navigating today's complex regulatory landscape, and companies should embed good governance and ethics across all levels of the organisation
- prevention is always better than cure when it comes to mitigating regulatory threats or the growing risks from third-party relationships


She encouraged leaders to become comfortable with uncertainty, which she described as vital for thriving in a volatile, uncertain, complex and ambiguous world. Leaders should also surround themselves with supportive peers and mentors that provide fresh perspectives and resources during tough times. They should also lead by example, demonstrating resilience in actions and decisions that empower their teams to embrace challenges and develop their own resilience.

Ms Hui concluded her presentation by discussing the role of effective board dynamics in supporting leadership during challenging times. She outlined several principles for building resilient boards.

- ***Diversity.*** Resilient boards are composed of members with diverse expertise, skills and perspectives. 'Diversity is not just about representation, it is a catalyst for innovative thinking and robust problem-solving,' she explained.
- ***Effective communication.*** Open and transparent dialogue is essential. Ms Hui encouraged boards to establish norms that promote respectful exchanges and active listening.
- ***Trust.*** Trust, Ms Hui said, is the cornerstone of effective boards. Team-building activities can help strengthen interpersonal relationships among board members.
- ***Constructive conflict.*** Ms Hui described healthy conflict as a tool for growth, provided it is managed well. 'Healthy conflict can lead to better decision-making as it challenges assumptions and refines ideas,' she clarified.
- ***Performance evaluation.*** Regular feedback sessions help boards identify areas for improvement and celebrate successes, reinforcing accountability.

She encouraged board leaders to embrace transformational leadership, inspiring teams to contribute their best. 'Leaders who inspire and motivate their teams create an environment where everyone feels empowered to excel,' she said.

### Navigating compliance and corporate governance risks

The second speaker of the session, Christine Cuthbert, Partner, Baker & McKenzie, provided a practical overview of the critical relationship between compliance and corporate

> “developing and incorporating a good compliance programme – and ensuring that your processes and controls are in place – is critical for effective governance”

**Christine Cuthbert, Partner, Baker & McKenzie**

governance. She emphasised the growing importance of embedding strong governance principles within organisations to address evolving risks, regulatory demands and stakeholder expectations.

Ms Cuthbert started by stressing that effective corporate governance is essential for ensuring compliance with regulatory obligations. ‘Regulators are obsessed with transparency and reporting,’ she said, highlighting the greater scrutiny companies face – not just from regulators but also from stakeholders, including investors, business partners, employees and even the general public. ‘If you’re a bad employer, people know. It goes beyond Hong Kong and can go viral.’

The regulatory landscape has become increasingly complex, with new laws and obligations emerging globally, Ms Cuthbert pointed out. ‘Regulations and laws are not declining. There’s more and more, particularly in reporting obligations.’ She cited examples such as the anti-bribery legislation in Australia, where companies can now be held liable for failing to prevent bribery, unless they can demonstrate adequate procedures.

The interconnectedness of global regulations also means companies cannot afford to limit their focus to local compliance, she said. ‘Even if you’re not a multinational company, you do need to think a bit more globally,’ she warned, as regulators in various jurisdictions extend their reach. She also noted the intensified cross-border cooperation between regulators, which has raised the stakes for companies failing to meet compliance standards.

Ms Cuthbert also flagged up a common pitfall, which is that organisations often implement global programmes without tailoring them to local subsidiaries. She urged companies to ensure their governance frameworks are ‘fit for purpose for the next level down’ and that they are properly adapted to the needs of specific regions or entities. Training employees and confirming that they understand what is expected of them in terms of ethics and compliance is a key step in embedding governance principles across all levels of the organisation. ‘Developing and incorporating a good compliance programme – and ensuring that your processes and controls are in place – is critical for effective governance,’ she said.

In terms of positive change, Ms Cuthbert observed that compliance is no longer confined to a company’s legal team. Instead, it intersects far more often with ESG principles, reflecting the broader societal and environmental responsibilities of businesses. She also underscored the increasing importance of embedding ethics and governance into an organisation’s culture. ‘It’s about protecting yourself, and making sure your good governance and ethics are being embedded into the company,’ she said, pointing to the need for proactive measures to mitigate risks.

‘Corporate governance is something that a lot of companies, boards and stakeholders pay attention to because it does go to the heart of a good company,’ she stated.

### Managing third-party risks in a challenging environment

The third speaker of the session, Mavis Tan, Partner, Control Risks, offered a detailed and practical perspective on the operational challenges that companies encounter when managing third-party risks and maintaining compliance. Drawing on her expertise as a forensic accountant, Ms Tan highlighted the growing complexity of regulatory risks and the critical need for robust third-party risk management programmes.

Ms Tan began by contextualising the challenges companies face in today’s tough trading environment, where diminishing margins and policy changes have amplified financial pressures. She echoed earlier points about the dynamic and ever-changing regulatory landscape, emphasising that companies must now comply with a broader range of laws, including anti–bribery and corruption regulations, trade compliance, sanctions, data handling and national security requirements. ‘The nature and complexity of regulatory risks are getting to a level where it's difficult for companies to handle, especially with thinly resourced compliance functions,' she said.

Third-party risks, in particular, present significant challenges. Ms Tan warned that companies are increasingly being exposed to risks from their third-party relationships, such as those with agents, distributors and suppliers. She provided an example of a company in Hong Kong that was selling products to a customer in Europe. However, a third party diverted those goods to a sanctioned country (in that specific instance, Russia), leaving the original Hong Kong company vulnerable to penalties. 'You could find yourself on the sanctions list because your goods are making their way to one of the sanctioned countries,' she explained.

Ms Tan stressed that prevention is always better than cure when it comes to third-party risks. She outlined the key elements of a robust third-party risk management programme.

- ***Identification and qualification.*** Companies must establish clear policies for identifying and qualifying third parties. Ms Tan warned that a lack of clear guidance often leads to conflicts of interest.
- ***Risk-based due diligence.*** She stressed that due diligence should be proportional to the risk level of the third party. 'High-risk third parties, such as those dealing with government agencies or export issues, should be subject to enhanced due diligence,' she said.
- ***Evaluation and selection.*** Ms Tan noted that companies often fail to document how they select third parties, which leaves them vulnerable to scrutiny. Clear evaluation criteria are essential.
- ***Contracting and onboarding.*** She emphasised the importance of including compliance provisions in contracts to address risks such as anti-bribery, trade compliance and ESG. 'Ensure contracts allow access to personnel, books and records for audits,' she advised.
- ***Ongoing monitoring.*** A third-party risk management programme must include continuous monitoring and programmatic audits. Ms Tan mentioned that many companies still conduct ad hoc audits, which are insufficient in highly regulated industries like healthcare and technology.

Ms Tan suggested using technology and analytics to detect complex risks, such as collusion and kickbacks involving employees and third parties. Data from financial systems, procurement records and even social media can be analysed to uncover hidden relationships and conflicts of interest. 'A lot of these issues, like undisclosed interests or bribery, are difficult to find because they happen off the books,' she said.

She also illustrated the power of analytics with an example of where network analysis revealed collusion between employees and distributors. 'Using data analytics, we flagged distributors showing unusual behaviour, such as gaining a disproportionate share of end customers,' Ms Tan explained. External information, such as public records and industry inquiries, further helped identify links between employees and third parties engaged in misconduct.

> **“high-risk third parties, such as those dealing with government agencies or export issues, should be subject to enhanced due diligence”**
>
> **Mavis Tan, Partner, Control Risks**

Ms Tan concluded by reiterating the importance of proactive measures to manage third-party risks. By implementing robust frameworks, leveraging technology and continuously monitoring third parties, companies can mitigate risks and navigate today's complex regulatory environment more effectively. CGj

***The Institute promotes continuous learning as a fundamental aspect of professional development. A Director Training Package, which covers the five topics specified by Hong Kong Exchanges and Clearing Limited, with over 30 videos in English, 22 in Cantonese and 27 in Putonghua, has now been launched. Visit the Institute's dedicated website page for more details: https://www.hkcgi.org.hk/professional-development/director-training-package.***

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# NGO governance

## Corporate Governance Paper Competition 2024 – Best Paper: part 2

In this second and final part of the Best Paper of the Institute's latest Corporate Governance Paper Competition, the authors offer a number of practical solutions for NGOs to improve their governance practices through an analysis of three case studies that serve as salutary reminders.

*The Institute's annual Corporate Governance Paper Competition and Presentation Awards has been held since 2006 to promote awareness of corporate governance among local undergraduates. In part one, the authors identify the main governance obstacles facing NGOs, while here in part two they focus on three governance models, illustrated through pertinent case studies, to suggest solutions that would be most relevant and beneficial for NGOs.*

## Case study 1: Oxfam Haiti scandal

**Incident overview**

The 2018 Oxfam Haiti scandal revealed severe governance failures in safeguarding, accountability and transparency. Following the 2011 Haiti earthquake, a number of Oxfam staff members were accused of sexual misconduct. Four staff members were dismissed and three others, including the country director, resigned. However, Oxfam did not fully disclose these incidents to the UK's Charity Commission, the Haitian authorities or other stakeholders, leading to allegations of a cover-up.

The Charity Commission found that Oxfam's governance and leadership did not meet the required standards, highlighting a 'culture of poor behaviour' and a lack of transparency. The investigation revealed Oxfam's inadequate protection for victims and insufficient cooperation with local authorities. Another independent review identified systemic weaknesses in Oxfam's safeguarding policies and inconsistent investigative processes.

This scandal underscores the importance of robust governance in NGOs to uphold ethical responsibilities and maintain public trust. Effective governance involves clear policies, robust monitoring and a culture of transparency and accountability. NGO boards must prioritise safeguarding, and handle incidents promptly and thoroughly. External scrutiny and regulation are crucial for identifying governance failures and recommending reforms.

In response, Oxfam has committed to improving its governance and safeguarding with a revised framework, additional resources and the Independent Commission. However, rebuilding trust requires sustained commitment and a fundamental cultural shift. This case should serve as a catalyst for the NGO sector to apply robust governance to protect vulnerable populations and uphold integrity.

**Implementing the policy governance model**

The Oxfam Haiti scandal aligns well with the policy governance model, which focuses on clarifying roles, responsibilities and accountability within an organisation. This model emphasises the board's basic responsibility of setting policies and operational objectives, as well as ensuring that executive management is held accountable for their implementation. The model establishes a governance structure that is organised and transparent, while ethical and care measures are prioritised. The clear separation of policy-making and operational roles is essential to maintaining accountability and transparency, and is vital for restoring public trust and protecting vulnerable populations. Strategies that need to

## Highlights

- lessons learned from case studies involving governance failures can be effectively utilised by NGOs to improve their own governance frameworks and crisis response measures
- adopting a suitable governance framework can help NGOs enhance transparency and accountability, ethical standards, stakeholder engagement and financial controls
- improving governance in the nonprofit sector requires a concerted effort from all stakeholders, including NGOs, donors and regulators

be implemented by NGOs and others to better apply the policy governance model include:

- putting policies and boundaries in place, including clear safeguarding measures, reporting structures and penalties for any breach
- reinforcing monitoring and reporting systems, along with detailed action plans for remedying any issues highlighted, and
- enhancing board oversight and accountability, with the board proactively governing the implementation of safeguarding policies and the CEO being responsible for any slip-ups, as well as setting up regular independent audits, with findings reported directly to the board.

**Comprehensive safeguarding solutions**
We propose the following solutions derived from the principles of the policy governance model and the practical applications outlined above.

***1. Establish a safeguarding committee.*** This committee, comprising members with expertise in child protection, ethics and organisational governance, should oversee the implementation of safeguarding policies, review incidents and ensure appropriate actions are taken.

***2. Develop a comprehensive safeguarding policy framework.*** Engage stakeholders, including staff, beneficiaries and external experts, in developing an extensive safeguarding policy framework covering all aspects of conduct, reporting and response. This policy should provide clear guidelines on acceptable behaviour, mandatory reporting of incidents, and procedures for investigating and addressing complaints.

> “good governance is key to the proper functioning of NGOs and to achieving their true potential”

***3. Implement mandatory safeguarding training.*** All staff, board members and volunteers should undergo training, covering the organisation's policies, reporting mechanisms and ethical conduct expectations. Regular updates to the training should reflect changes in policies and emerging best practices, ensuring participation is tracked and enforced.

***4. Establish an independent safeguarding review mechanism.*** Establish an independent commission or external review body to conduct regular reviews of the organisation's safeguarding policies and practices. Such a body should have access to all information necessary to propose remedies and the power to make any necessary recommendations.

***5. Enhance transparency and communication.*** Establish an open communication procedure for stakeholders to be informed on a continuous basis of safeguarding activities, including frequent updates regarding policy modifications, incident reports and risk management measures. Promote open conversation with beneficiaries and communities to hear out their pain points and allow them to play a role in building mechanisms to ensure their protection.

By establishing clear policies, enhancing board oversight and prioritising transparency and accountability, NGOs can better protect vulnerable populations and uphold their ethical responsibilities. Implementing the proposed solutions could help Oxfam and similar organisations rebuild trust and ensure long-term governance improvements.

## Case study 2: World Vision Gaza scandal

**Incident overview**
One prominent case study illustrating the governance challenges faced by NGOs is that of Mohammad El Halabi, the former manager of operations for World Vision in Gaza. In June 2016, Halabi was arrested by Israeli authorities and charged with diverting millions of dollars of World

Vision's funds to the Islamist militant group Hamas.

World Vision disputed the allegations, noting that the claimed diversion of US$50 million exceeded its entire Gaza budget of US$22.5 million over a decade. The organisation's strict protocols, including background checks, spending caps and internal audits, made the claimed large-scale fraud unlikely. Audits of World Vision done by Deloitte and the Australian government found no evidence of missing funds. Halabi's refusal of plea deals and maintaining innocence raised further doubts. UN human rights experts expressed concerns over the trial's fairness. However, in June 2022, Halabi was found guilty and sentenced to 12 years in prison. World Vision and Human Rights Watch have criticised the verdict.

This case serves as a reminder of the need for robust financial controls and transparency in high-risk areas. Despite the strong protocols, the allegations caused significant reputational damage. NGOs must balance effective programme delivery with the political agendas of host governments and donors. NGOs must also prioritise financial management, stakeholder engagement and advocacy for staff rights to overcome such challenges. Upholding ethical standards and accountability is crucial for retaining trust in the communities they serve.

**Implementing the community engagement model**

This case study fits perfectly with the community engagement model, with its focus on inclusive decision-making processes, strong local partnerships and community involvement in governance. This model fosters transparency, trust and mutual accountability between the NGO and the communities it serves, and is predicated on achieving strong, trust-based relationships with communities and other stakeholders. NGOs in complex environments, like Gaza, where there is a diverse array of stakeholders – including local communities, donors and beneficiaries – must be effectively managed to ensure operational efficiency and to maintain balance between the various stakeholders.

When working in highly politicised and conflict-prone conditions, community involvement is paramount to responsible governance, which in turn can serve as a protective tool against misuse of funds and ensure that aid is reaching the correct target populations. The application of the community engagement model in practice requires the following:

- making space for community representation in governance and decision-making, such as through providing community members with a seat on the board and establishing advisory committees
- ensuring ongoing open communication and reporting via forums and community meetings, with regular updates and channels for feedback and complaint, and
- building stronger partnerships with local organisations, governments and stakeholders, and investing in capacity-building initiatives with the community.

**Holistic community-engagement solutions**

Based on the principles of the community engagement model, a host of strategic and practical solutions can be advanced.

***1. Establish a community advisory board.*** In addition to advising and monitoring World Vision's projects, this board should include local leaders, beneficiaries and stakeholders. Monthly meetings to review project plans, budgets, status reports and emerging issues can enhance transparency and accountability.

***2. Implement participatory budgeting processes.*** Engage community members in the process of determining how project funds are distributed and used. Conduct workshops so that people of each community have the skills required to make important budgeting decisions.

***3. Develop transparent reporting mechanisms.*** Develop straightforward, transparent communication templates to provide project and financial updates that are communicated via community meetings, newsletters and digital resources. Create an easily accessible, public online space with detailed financial reports, project updates and audit results for all stakeholders to review.

***4. Strengthen local partnerships and build capacity.*** Identify and partner with reputable local organisations and governments to enhance project implementation and control. Provide training and capacity-building support to local partners to improve their governance, financial management and monitoring capabilities.

***5. Establish a robust community feedback mechanism.*** Establish a feedback loop for community members to give input, report problems and propose solutions. The community should be regularly updated with actions taken, creating a culture of ongoing improvement and responsiveness.

By empowering community in decision-making, establishing transparency and stronger local engagement, NGOs could execute more strategic risk management and fruitful use of resources with the necessary flexibility required to manage a variety of stakeholders and dialogue interfaces. Implementing these solutions could significantly improve the governance framework, organisational resilience and accountability of World Vision and similar organisations.

## Case study 3: IFRC Ebola fraud scandal

### Incident overview

The International Federation of Red Cross and Red Crescent Societies (IFRC) faced significant governance challenges during the 2014–2016 Ebola outbreak in West Africa. An internal investigation revealed over US$6 million in aid funds were lost to fraud and corruption in Sierra Leone, Guinea and Liberia.

Fraud included collusion between former IFRC staff and a Sierra Leonean bank, resulting in a potential loss of US$2.39 million. In Guinea, fake billing by a customs clearance service provider led to a loss of US$1.31 million, while in Liberia, inflated prices of relief items and payroll discrepancies amounted to a loss of US$3.03 million.

The IFRC acknowledged the need for improved governance measures and pledged to combat corruption. This included cash spending limits, deploying trained auditors and establishing an internal investigation function. The IFRC's commitment to publicly disclosing the findings and addressing governance shortcomings demonstrates a willingness to take corrective action.

The scandal of the Ebola fraud case shows the difficulty NGOs have in ensuring they remain accountable and transparent in times of crisis. This requires solid financial controls, a culture of transparency and robust oversight. NGOs should use this lesson to improve their own crisis response, while preserving the trust of their donors and continuing to be responsive to local populations.

### Implementing the management team model

The IFRC Ebola fraud scandal illustrates the need for a governance model that emphasises strong oversight, accountability and transparency. The management team model is particularly well suited to address these issues, as it involves a high degree of board involvement in operational and administrative activities, with committees mirroring the organisation's administrative structure. This model allows the board to work closely with the administration on details about programmes, services and administrative practices, ensuring that the organisation operates effectively and ethically.

This model consists of a board that organises its committees and activities along functional lines, including human resources, fundraising, finance, planning and programmes. By mirroring the organisation's administrative anatomy, the management team model ensures that boards take on various oversight and support roles, such as financial management and risk mitigation. There are several practical steps that should be taken in order to effectively utilise the management team model, including:

- strengthening financial oversight
- enhancing risk management, and
- promoting accountability and transparency.

### Proactive governance solutions

NGOs could execute the above-mentioned principles of the management team model through the following measures.

***1. Implement robust financial controls.*** Work with the finance committee to develop and implement comprehensive financial controls, including segregation of duties, approval hierarchies and regular reconciliations. The finance committee should periodically review these controls and report to

> “with strong governance practices in place, NGOs will be better able to address the complex societal issues and affect meaningful social change”

the board on whether the financial management practices within the organisation are adequate and transparent.

***2. Conduct regular audits.*** An independent auditor should be hired to perform annual financial audits, which the finance committee will be responsible for managing, as well as reviewing the results. The board should also review the audit findings and recommendations, and work with the administration to implement any necessary changes or improvements.

***3. Develop a comprehensive risk management plan.*** Task the risk management committee with an all-encompassing risk management plan to define risks related to any lines of operation among financial, reputational and programmatic risks. The committee should work with the administration to establish protocols to mitigate identified risks and report back to the board on an ongoing basis as the protocols are implemented.

***4. Enhance board training and development.*** Charge the governance committee with designing an extensive board training and development programme to address financial oversight, risk management and ethical decision-making. Ongoing training helps the board stay informed and solidly positioned to carry out its governance responsibilities in a way that sustains high levels of accountability and transparency.

***5. Improve transparency and reporting.*** Collaborate with the governance committee to design an accountability mechanism with detailed reporting to all stakeholders. This framework should consist of an annual report, financial statements and audit reports, as well as transparent avenues for stakeholders to seek explanation and raise concerns.

By adopting the management team model and implementing these practical solutions, the IFRC could strengthen its governance practices and prevent future instances of fraud or misconduct. The committee structure ensures that the organisation delivers effectively and efficiently, and that it remains accountable and transparent, as well as operating in the most ethical manner possible. This new culture will ensure a balance of forensic financial controls, risk management and transparency in reporting, delivering key fundamentals and providing strong global governance to the IFRC and similar NGOs.

## Conclusion

Good governance is key to the proper functioning of NGOs and to achieving their true potential. Improving governance in the nonprofit sector requires a concerted effort from all stakeholders, including NGOs, donors and regulators. Further research is needed to develop more targeted and context-specific governance strategies, particularly for NGOs operating in complex environments or addressing sensitive issues. Donors also have a crucial role to play in supporting NGO governance efforts by providing targeted funding and capacity-building support.

By prioritising governance and implementing the strategies outlined in this paper, NGOs can enhance their effectiveness, efficiency and legitimacy, ultimately amplifying their impact on the communities they serve. With strong governance practices in place, NGOs will be better able to address the complex societal issues and affect meaningful social change.

**Ashley Chan and Ben Siu**

*Hong Kong Baptist University and The University of Hong Kong*

*This two-part article is extracted from the winning paper of the Institute’s annual Corporate Governance Paper Competition for 2024, titled ‘NGO governance in crisis: analysing challenges and solutions through case studies’, under the theme ‘Overcoming governance obstacles in NGO administration’. More information on the competition and the full version of the Best Paper, along with those from the First Runner-up and Second Runner-up, are available on the Institute’s dedicated Corporate Governance Paper Competition minisite: https://minisite.hkcgi.org.hk/cgpc2024/.*

# Corporate Governance Code updates

Phillip Baldwin, Director, Asia, Independent Audit Ltd, offers a clear analysis of the key updates to Hong Kong's Corporate Governance Code and related Listing Rules.

Via its wholly owned subsidiary, The Stock Exchange of Hong Kong Limited (the Exchange), Hong Kong Exchanges and Clearing Limited has introduced significant amendments to its Corporate Governance Code and related Listing Rules, following extensive consultation with stakeholders. This article is a review of those changes, as detailed in the December 2024 Listing Rule updates, along with a critical analysis of the potential implications of the changes.

## Board performance reviews

**A missed opportunity for comprehensive reform**
The Exchange's decision to upgrade the requirement for board performance reviews from a Recommended Best Practice to a Code Provision, mandating evaluations at least every two years, marks a step forward in governance reform. However, the new rule falls short of what is required to ensure dynamic and effective board oversight.

Board performance reviews are vital for assessing the collective effectiveness of the board, identifying governance gaps and aligning board composition with the issuer's long-term strategy. While the emphasis on mandatory reviews is a requirement under the new rules – and the Exchange does acknowledge that periodic evaluations can promote transparency and investor confidence – the biennial frequency mandated by the Exchange is insufficient to keep pace with the rapidly changing corporate environment.

**Annual reviews: a necessary step**
Independent Audit advocates for mandatory annual board performance reviews, as opposed to the biennial requirement set by the Exchange. Board dynamics, corporate strategies and market conditions can evolve significantly within a single year, rendering a two-year evaluation cycle inadequate. Annual reviews would ensure timely identification and resolution of governance issues, fostering a culture of continual improvement and responsiveness.

In our response to the Exchange's June 2024 consultation, my organisation recommended incorporating a requirement for periodic independent external reviews to complement internal evaluations. External assessments bring an impartial perspective, reducing the risk of reviews being treated as mere compliance exercises. Such reviews are particularly critical for ensuring transparency and accountability, as internal reviews may lack objectivity or rigour. This dual approach – annual internal reviews and less frequent external assessments – would align Hong Kong's practices with international standards. So perhaps this is an opportunity missed by the Exchange.

**Concerns over disclosure requirements**
While the Exchange's emphasis on transparency is to be applauded, the disclosure requirements linked to board performance reviews must strike a balance. Overly detailed public disclosures risk hindering honest self-assessment by boards, while insufficient disclosure undermines accountability. It would perhaps be more beneficial if disclosures focused on overarching themes, outcomes and planned actions, rather than granular details that could deter candid evaluations.

## Board effectiveness and directors

In addition to board performance reviews, the Exchange has introduced several other governance reforms pertaining to board effectiveness and the role of directors.

**Designation of a lead INED**
The Exchange now proposes, as a Recommended Best Practice, that

## Highlights

- the revised Corporate Governance Code introduces mandatory biennial board performance reviews, enhanced risk management disclosures and caps on INED tenure to elevate governance standards
- new reforms mandate a lead INED for issuers without an independent chair, gender diversity on nomination committees and a board skills matrix to align with strategic needs
- annual board performance reviews, independent external assessments and tailored director training are recommended to meet evolving market demands

issuers without an independent board chair should appoint a lead independent non-executive director (INED). This measure should be welcomed, as it enhances board independence and facilitates effective shareholder engagement. However, the lead INED's role should not undermine the collective responsibilities of other INEDs.

Also, it should be noted that listed small and medium-sized enterprises (SMEs) might find it challenging to recruit a suitable candidate to fulfil this role, given the risk-responsibility-reward ratio that goes with such a position. The Exchange might need to show some flexibility in this area and/or to further consult with SMEs to address any legitimate concerns they may have.

**Mandatory continuous professional development (CPD)**
The Exchange mandates director training, with 24 hours required for first-time directors within 18 months of the date of their appointment. First-time directors with experience serving as a director of an issuer listed on an exchange other than in Hong Kong within three years prior to their appointment must complete no less than 12 hours of CPD training, also within 18 months of their appointment.

Mandatory CPD for directors should also be welcomed, but the need for flexibility should be emphasised. Tailored training programmes should address the specific needs of directors and their companies. The 24-hour requirement for first-time directors seems appropriate, provided the content is relevant and practical.

**Board skills matrix**
The Exchange requires issuers to maintain and disclose a board skills matrix in their corporate governance reports.

While we should all be generally supportive of this initiative, one should perhaps be wary of requiring overly detailed disclosures that may reveal sensitive information. The skills matrix should serve as a strategic tool for aligning board composition with the company's needs, rather than as a superficial checklist.

**Cap on INED tenure**
The Exchange imposes a nine-year cap on the tenure of long-serving INEDs, with a three-year cooling-off period.

This is another positive measure, as it fosters board renewal and diversity. Moreover, the proposed cooling-off period of three years is deemed more appropriate than the initially suggested two years, ensuring adequate detachment from prior roles.

**Cap on overboarding**
The Exchange limits INEDs to six listed issuer directorships.

## Summary of major changes to the Listing Rules

- ***Mandatory board performance reviews:*** biennial evaluations are now required, with specific disclosure in an issuer's corporate governance reports.
- ***Lead INED requirement:*** issuers without an independent chair must appoint a lead INED.
- ***Director training:*** mandatory CPD for all directors, with 24 hours required for first-time directors.
- ***Board skills matrix:*** maintenance and disclosure of a board skills matrix, aligned with strategic needs.
- ***Cap on INED tenure:*** nine-year cap on long-serving INEDs, with a three-year cooling-off period.
- ***Gender diversity:*** mandatory representation of at least one director of a different gender on nomination committees.
- ***Risk management disclosures:*** annual evaluations of risk management and internal control systems.
- ***Overboarding cap:*** limit of six directorships for INEDs, effective from 1 July 2025.

> the Exchange now mandates annual reviews of risk management and internal control systems, with enhanced disclosure requirements

While most listed companies and shareholders will no doubt support this measure, which prevents overcommitment and ensures directors can dedicate adequate time and attention to each board, perhaps a detailed analysis of the problem could have given greater weight to this change, which doesn't seem to be a major issue at present.

**Gender diversity on nomination committees**

The Exchange requires at least one director of a different gender on the nomination committee.

There are recognised, proven benefits to gender diversity in enhancing decision-making and promoting balanced perspectives, so this is a welcome amendment.

### Enhanced risk management disclosures

The Exchange now mandates annual reviews of risk management and internal control systems, with enhanced disclosure requirements.

Emphasising that rigorous risk management is critical to board effectiveness is to be welcomed. Annual evaluations provide a structured framework for boards to assess and improve risk oversight.

### Implementation timeline

The Exchange has set an effective date of 1 July 2025, with transitional periods for specific provisions.

While the timeline is reasonable, it is tight – and the Exchange should urge issuers to begin preparations promptly to ensure smooth compliance.

### Conclusion

The Exchange's revised Corporate Governance Code and Listing Rules represents a meaningful effort to elevate corporate governance standards in Hong Kong. While I believe the changes should be generally supported, perhaps more ambitious measures in areas such as board performance reviews and external assessments should be advocated. By adopting a robust approach to governance reform, Hong Kong can strengthen its position as a leading global financial hub and regain the trust of the global community, whilst ensuring that issuers meet the evolving expectations of investors and other stakeholders.

**Phillip Baldwin**

*Director, Asia, Independent Audit Ltd*

*With over 30 years in Asia and more than two decades in governance, Phillip is based in Hong Kong. As a former Chief Executive of a Hong Kong professional body, he also founded an international governance organisation representing over 80,000 professionals, addressed the WTO on governance and served on the OECD Asia Roundtable on Corporate Governance. To contact Phillip please email: phillip.baldwin@independentaudit.com.*

*Independent Audit Ltd helps clients enhance governance effectiveness. Services include board and committee reviews, internal and external audits, and risk governance. With offices in London, Brussels and Dublin, and with representation in Asia, the firm has served over 350 clients across Asia, MENA and Europe, including more than half of the FTSE 100 companies, as well as private companies, regulators, NFP, and sports and public-sector bodies.*

> "ensure that you maintain a healthy work–life balance, as your personal physical and mental well-being are both crucial for long-term success"

**Louisa Lau FCG HKFCG, former Registrar of the Institute's Secretariat**

***When and how did you first join the Institute as a member?***
'I first became an Associate member of the Institute in 1987, after completing the exams set by The Institute of Chartered Secretaries and Administrators of London, as The Chartered Governance Institute was then known. This was even before the formal establishment of the Institute, which happened in 1990.

***When did you join the Institute in a professional capacity, and what was your career trajectory?***
'I joined the Institute on a part-time basis in 1995 as Institute Secretary and was involved in a wide range of initiatives, such as supporting the Education (now Qualifications) and Membership committees, as well as office administration. That was a very transformative time for me. However, I left

## Louisa Lau FCG HKFCG

the Institute for a brief period to pursue other interests, but later returned to the Secretariat in the early 2000s and became the Director of Administration & Operations in July 2003. I was elected as a Fellow in 2007, which marked a significant development in my career. In January 2024, I retired as the Registrar of the Institute, having held that position for nine years. It was certainly very fulfilling to be part of the Institute's growth during my tenure.'

***Can you share some of your own personal golden memories of the Institute's early days?***

'One of my earliest and most memorable experiences was in 1995, very soon after I joined the Secretariat, and had only 11 days to prepare for a major career exhibition. I remember scrambling to organise the booth and promotional materials. It was a challenging yet rewarding experience that highlighted the dedication and teamwork within the Institute. Another fond memory was helping H share company secretaries and board secretaries from the Chinese mainland with their training. It was my first exposure to the H share market and it helped me gain a greater understanding of the Institute's role in promoting governance practices.'

***What would you say are some of the most significant milestones in the Institute's history?***

'I think one of the most pivotal moments came in 2004, when we underwent significant changes in our governance structure, in terms of shifting from being a more traditional professional body to becoming a more dynamic, forward-thinking organisation. The decision to introduce a new framework for our Council and committees really transformed how we operated and how we positioned ourselves in the industry.

The Institute's continuing professional development programme was also formally established in 2004, which elevated the calibre of our qualifications and training. In addition, we launched our International Qualifying Scheme examinations, which served as an important route to qualification in our profession and later to membership of the Institute. I was personally involved in the conversations with local universities and higher education institutions that led to a close collaboration regarding various master and undergraduate programmes. We had to work hard to establish credibility and to tailor programmes that would meet both professional and academic standards.


In addition, we began engaging more with the Chinese mainland in 2004, which opened doors for cross-border cooperation, particularly with the stock exchanges. I remember when we started our Affiliated Persons programme, which included a number of structured training courses for H share company secretaries and board secretaries. That was a breakthrough moment for the Institute, as it helped establish our presence in the mainland market. I was personally involved in the early days when we were building those relationships. These events helped set the direction for the Institute's growth and contributed significantly to its global recognition.'

***What advice would you give to the younger generation starting out in their governance careers?***

'My advice is to embrace a continuous learning mindset. Understand that, while rules are fundamental, it is vital to develop the ability to adapt quickly to change. Corporate governance isn't just about the law and regulations – it originates in management. Companies themselves need to evolve, so you should always be observant and aware of any changes.

In the past, our roles as company secretaries were often seen as something that was done behind the scenes, but now, with governance professionals playing a more advisory role, it's important to be proactive. You need to be prepared to speak up and ask questions. Presentation skills are key, so developing those is essential. Also, don't spend all your time working at your desk – get out into the world, meet people and form connections. Also, ensure that you maintain a healthy work–life balance, as your personal physical and mental well-being are both crucial for long-term success.'

刘翠薇女士FCG HKFCG

**您是何时以及如何成为公会会士的？**

‘我在 1987 年成为公会的会士，当时我完成了英国特许秘书及行政人员公会设定的考试，即香港公司治理公会的前身。这是在公会 1990 年正式成立之前。’

**您何时以专业身份加入公会，您的职业发展历程是什么？**

‘我于 1995 年以兼职身份加入公会，担任公司秘书，参与了不同职责，例如支持教育委员会（现为专业资格委员会）和会籍委员会的工作，和从事公司行政。这段时期对我来说是非常具有转折意义的。然而，我曾短暂离开公会去追寻其他兴趣，后来在 2000 年代初期重返秘书处，并于 2003 年 7 月成为行政与运营总监。2007 年，我被选为资深会士，这标志着我的职业生涯的重要发展。2024 年1月退休，结束担任了 9 年的公会会籍服务总监工作。在任期内，能够参与公会的发展，我收获了极大的成就感。’

**您能分享一些关于公会早期的美好回忆吗？**

‘我最早且最难忘的经历之一是在 1995 年，刚刚加入秘书处不久，我只有 11 天时间准备一个重要的职业展览。我记得当时忙于组织展位和宣传材料，那是一次充满挑战，但又令人满足的经历，展现了公会内部的敬业精神和团队合作。另一个让我铭记的回忆，是帮助来自中国大陆的 H 股公司秘书和董事会秘书进行培训。这是我第一次接触 H 股市场，也帮助我更好地理解公会在推动治理实践方面的作用。’

**您认为公会历史上有哪些重要的里程碑？**

‘我认为 2004 年是公会历史上一个关键时刻，那时我们在治理结构上进行了重大变革，从一个较为传统的专业机构转变为一个更具活力和前瞻性的组织。我们决定引入新的理事会和委员会框架，这彻底改变了我们的运作方式，也重塑了我们在行业中的定位。

公会的持续专业发展项目也于 2004 年正式建立，提升了我们资格认证和培训的水平。此外，我们还推出了国际专业知识评审考试，这是获得公会专业资格以及后来成为公会会员的重要途径。我亲自参与了与本地大学和高等教育机构的对话，建立了紧密的合作关系，共同开展多项硕士和学士课程。我们必须努力建立信誉，量身定制符合专业和学术标准的课程。

此外，我们从 2004 年开始强化与中国内地的合作，这为跨境合作，特别是与证券交易所的合作打开了大门。我记得我们开始推行联席成员计划，包括举办一些为 H 股公司秘书和董事会秘书而设的结构性培训课程。这是公会的一个突破性时刻，帮助我们在内地市场站稳脚跟。我亲身参与了这段早期关系的建立。这些事件为公会的成长定下了方向，并大大提升了公会的全球认可地位。’


“确保保持健康的工作与生活平衡，因为个人的身心健康对长期成功至关重要”

**刘翠薇女士FCG HKFCG，公会秘书处前会籍服务总监**

**您对刚刚开始治理生涯的年轻一代有什么建议？**

‘我的建议是要保持持续学习的心态。规则固然是基础，但也要理解具备快速适应变化的能力至关重要。公司治理不仅仅是关于法律和法规，它源于管理。公司本身需要不断发展，因此你要时刻关注和了解任何变化。

过去，我们作为公司秘书的角色常常被视为幕后工作，但现在，治理专业人员更扮演着顾问角色，因此我们需要更加主动，随时准备好发声，提出问题。陈述能力至关重要，因此培养这项技能是非常必要的。此外，不要把所有时间都花在案头工作上，要走出去，结识他人，建立联系。同时，确保保持健康的工作与生活平衡，因为个人的身心健康对长期成功至关重要。’

# Professional Development

## Seminars: December 2024

### 2 December
**Onboarding – a practical guide for directors**


*Speakers: Robin Healy FCG HKFCG, Institute Council member, Membership Committee Vice-Chairman and Editorial Board member, and Director – Corporate Governance Secretariat, Link REIT, and Michael Ling FCG HKFCG, Institute Technical Consultation Panel (TCP) Chairman and Disciplinary Tribunal member, and Company Secretary, CLP Holdings Ltd*

### 6 December
**Company secretarial practical training series: connected transactions – practice and application**

*Speaker: Ricky Lai FCG HKFCG(PE), Company Secretary, China Renewable Energy Investment Ltd*

### 9 December
**Enhancing board effectiveness: roles, functions and responsibilities of the board, committees and directors**

*Chair: David Fu FCG HKFCG(PE), Institute Council member and Mainland China Affairs Committee Vice-Chairman, and Senior Advisor, Hong Kong Exchanges and Clearing Limited*

*Speaker: Jill Wong FCG HKFCG, Institute Investigation Group member, and Partner, Reed Smith Richards Butler LLP*

### 11 December
**Risk & risk management – back to basics and emerging trends**


*Chair: Jerry Tong FCG HKFCG, Institute Professional Development Committee member and Assessment Review Panel member, and Chief Risk Officer, Dawnrays Pharmaceutical (Holdings) Ltd*

*Speakers: Jian Huang, Partner, Control Risks, and Peter Hu, Deputy General Manager, Risk Management Department, Bank of China (Hong Kong) Ltd (panellist)*

### 16 December
**CSP foundation training series: share capital & share transfer 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.*

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

# Membership

## New Fellows

The Institute would like to congratulate the following Fellows elected in November 2024.

### Cheng Tai Wai, David FCG HKFCG

Mr Cheng is currently the Group Chief Financial Officer of Circle Property Development Group. He is responsible for corporate governance, financial management, investment management, and mergers and acquisitions. Mr Cheng has over 15 years of experience working in property development and Hong Kong listed companies. He holds a master's degree in professional accounting from The Hong Kong Polytechnic University. He is also a Fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

### Li Yijun FCG HKFCG

Mr Li is currently the Company Secretary and Board Secretary of Tong Ren Tang Technologies (Stock Code: 1666). Mr Li obtained ESG Investment Certification from the CFA Institute, as well as an LLM from China Renmin University and a Master of Corporate Governance degree from Hong Kong Metropolitan University.

### Qin Xuan FCG HKFCG

Ms Qin is currently the Investor Relations Director at Bairong Inc (Stock Code: 6608) and is responsible for the company's investor relations, corporate governance and ESG practices. Ms Qin holds a bachelor's degree in economics and sociology from Peking University, a master's degree in public relations from New York University and an MBA from Tsinghua University. She is a Chartered Financial Analyst and a Certified Management Accountant.

### Chan Siu Kwan FCG HKFCG

Company Secretarial Manager, Alibaba.com China Ltd

### Ho Hoi Lam FCG HKFCG

Corporate Services Director, CR Corporate Affairs Ltd

### Tang Pui Yan FCG HKFCG

Company Secretary Manager, Fantastic Natural Cosmetics Ltd

## New graduates

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

| | | | |
|---|---|---|---|
| Bai Jin | Guo Zilin | Lim Man Yuk | Sung Ka Man |
| Cai Xiaoting | Hui Siu Wing | Lo Kwong Ying | Wong Mei Wan |
| Chan Wing Tung | Huo Hongfei | Lo Ming Wai | Wong Sin Yi |
| Chau Cheuk Sum | Kung Cheuk Shing | Lo Wing Han | Wong Tsz Yuet |
| Chui Ching Man | Kung Ka Yee | Lo Yung Sing, Star | Wong Tung Lee |
| Chung Wing Yin | Lau Kai Ming | Mok Wing Lam | Yuen Ching Ki |
| Fang Yiqun | Li Kit Yan | Ng Cho Yin | Zhang Wei |

# Membership (continued)

## Membership activities: December 2024

### 4 December

**NextGen wine and fun Xmas party**

### 14 December

**Fun & Interest Group – DIY a charming Christmas tree**

## Forthcoming membership activities

| Date | Time | Event |
|---|---|---|
| 21 February 2025 | 1.00pm–2.00pm | 網上玄學講座: 2025乙巳蛇年流年運程 |
| 28 February 2025 | 1.00pm–2.00pm | Fired up or fired out? The hidden dangers behind unlawful dismissals at law (free webinar) |

*For details of forthcoming membership activities, please visit the News & Events section of the Institute's website: www.hkcgi.org.hk.*

## Governance Professional Mentorship Programme 2025

Since its inception in 2015, the Institute's Governance Professional Mentorship Programme has served as a valuable platform to nurture young governance professionals. On 13 December 2024, the Institute held a mentorship ceremony to celebrate the completion of the 2024 programme and the launch of the 2025 programme. The Institute is pleased to report that 124 individuals have signed up to be mentors and mentees for next year's programme.

Stella Lo FCG HKFCG(PE), Institute Vice-President and Chairman of the Membership Committee, welcomed all participants and expressed her appreciation to mentors and mentees. Ellie Pang FCG HKFCG(PE), Institute Chief Executive, also provided updates on the Institute's affairs. In addition, mentors and mentees had the opportunity to network with each other.

A series of activities will be arranged for the 2025 programme, details of which will be reported in future editions of CGj.



# Advocacy

## Career Day 2024 highlights video

The Institute is pleased to announce the release on 10 December 2024 of a highlights video of its Career Day 2024, an annual event designed to guide and inspire the next generation of governance professionals. The video highlights the day's most engaging activities, including the popular CV review sessions, graphology consultations and valuable networking opportunities that helped participants chart their professional paths.


*For details, please visit the General category under the News & Events section of the Institute's website: www.hkcgi.org.hk.*

## Institute thank you luncheon

On 8 January 2025, the Institute hosted a luncheon at the Hong Kong Club to express its gratitude to all Council, committee and panel members. The occasion provided an excellent opportunity for everyone to connect in a relaxed social setting.

At the luncheon, Institute President David Simmonds FCG HKFCG introduced the Institute's theme for 2025 – Governance for Growth. Guided by this theme, we look forward to building a stronger, more resilient governance framework for the future.

*The Institute would like to thank all its Council, committee and panel members for their dedication, diligence and hard work throughout 2024.*


## Corporate Governance Forum 2024

On 17 December 2024, the Corporate Governance Forum 2024 was hosted by the Governance Professionals Institute of Taiwan in Taipei. The Institute was represented by Edith Shih FCG(CS, CGP) HKFCG(CS, CGP)(PE), Honorary Adviser to Council, Past International President and Past President, and Ellie Pang FCG HKFCG(PE), Institute Chief Executive. Ms Shih delivered an insightful speech, titled New Challenges Facing Governance Professionals (公司治理主管之新挑戰).


## Collaborative Course Agreement signing ceremony

The Institute's Chartered Governance Qualifying Programme (CGQP) equips company secretaries and governance professionals with the knowledge and skill sets required to support the board and senior management in corporate governance and regulatory compliance.

As an alternative to the CGQP examinations as a route to membership, the Institute has developed several Collaborative Course Agreement (CCA) programmes with local universities that – once successfully completed and having fulfilled certain Institute requirements – lead to full exemptions from the CGQP.

In 2024, the Institute signed and renewed the CCA programme with Hong Kong Metropolitan University, in May, and Saint Francis University, in December.

The Institute will continue to foster collaboration with its CCA partners to promote the advancement of more company secretaries and governance professionals.

*For details of the CCA programmes, please visit the Collaborative Courses page under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.*

*For enquiries, please contact the Qualifications and Assessments Section: 2881 6177, or email: student@hkcgi.org.hk.*

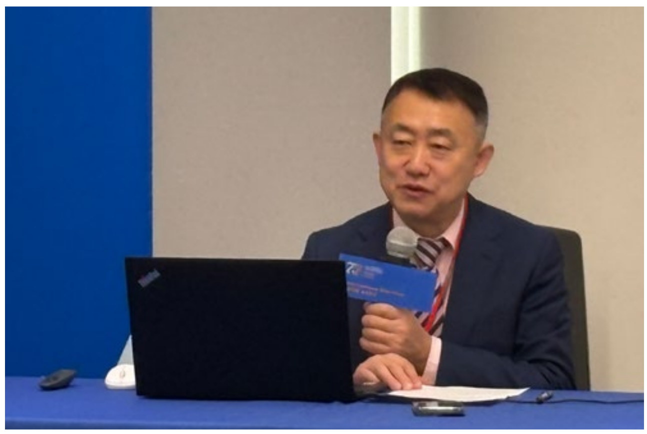
# Advocacy (continued)

## Training course for companies planning to list in Hong Kong (second cohort)

The Institute's second training course for Chinese companies planning to list in Hong Kong was held in hybrid mode from 5 to 6 December 2024 in Beijing. This event attracted around 200 attendees in person and online, comprising board secretaries and equivalent personnel, directors, CFOs and other senior management from Chinese companies planning to list in Hong Kong.

Dr Gao Wei FCG HKFCG(PE), Chief Representative of the Institute's Beijing Representative Office, chaired the seminars and, together with officials from Hong Kong Exchanges and Clearing Limited, as well as other senior professionals and practitioners, shared insights on topics ranging from the prospects for Hong Kong's capital market and listing policies; strategies to address key issues in Hong Kong's listing reviews and offerings; main financial concerns for enterprises planning to list in Hong Kong; essential points in relation to securities registration and the introduction of the uncertificated securities market, as well as listed companies' continuing compliance liabilities; latest regulatory updates on ESG information disclosure; tax compliance optimisation and tax planning arrangements for IPOs; and market value management and IPO practical sharing from Ubtech Robotics Corp Ltd.

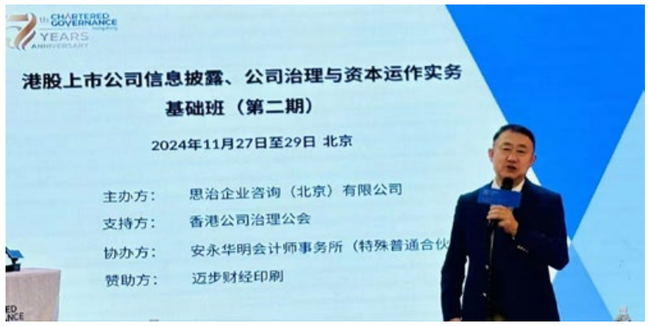
*The Institute would like to express its sincere appreciation to all speakers and sponsors, as well as to all participants, for their generous support and participation.*

## The HKCGI Foundation Course on Information Disclosure, Corporate Governance and Capital Operation Practices for Companies Listed in Hong Kong (second cohort)

The Institute held its second Foundation Course on Information Disclosure, Corporate Governance and Capital Operation Practices for Companies Listed in Hong Kong (second cohort) from 27 to 29 November in Beijing, attracting 77 participants, mainly comprising board secretaries and their teams, as well as other governance-related practitioners from Chinese mainland companies listed in Hong Kong. This foundation course aims to provide fundamental training to young governance practitioners to equip them with the necessary skill sets to enhance their capabilities for better governance performance.

Dr Gao Wei FCG HKFCG(PE), Chief Representative of the Institute's Beijing Representative Office, chaired the training sessions and, together with other senior professionals and practitioners, shared their insights on topics ranging from Hong Kong market regulations, connected transactions, continuous disclosure obligations, insider information disclosure, disclosable transactions, internal control, ESG regulatory requirements and trends, ESG challenges for Chinese companies going global and practical experience sharing of listed companies.





*The Institute would like to express its sincere appreciation to all speakers and sponsors, as well as to all participants, for their generous support and participation.*

# Chartered Governance Qualifying Programme (CGQP)

## November 2024 examination diet

The results of the November 2024 examination diet will be released on 18 February 2025. Candidates can access their examination results from their accounts on the Institute's website. The examination papers, mark schemes and examiners' reports are also downloadable from the Login area of the Institute's website.

Candidates may apply for a review of their examination results by submitting a completed examination review application form, along with the review application fee of HK$2,200 per module, to the Institute by 4 March 2025.

### Key dates for the November 2024 examination diet

| Date | Description |
|---|---|
| 18 February 2025 | Release of examination results |
| 18 February 2025 | Release of examination papers, mark schemes and examiners' reports |
| 4 March 2025 | Closing date for examination results review applications |

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

*For details, please visit the Examinations page under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcgi.org.hk.*

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

## June 2025 examination diet timetable

The June 2025 examination diet of the CGQP is open for enrolment from 4 February to 31 March 2025. All examination enrolments must be made online via the Login area of the Institute's website.

### Week one

| Date/Time | 9 June<br>Monday | 10 June<br>Tuesday | 11 June<br>Wednesday | 12 June<br>Thursday |
|---|---|---|---|---|
| 9.15am–12.30pm* | Hong Kong Taxation | Hong Kong Company Law | Interpreting Financial and Accounting Information | Corporate Secretaryship and Compliance |

### Week two

| Date/Time | 16 June<br>Monday | 17 June<br>Tuesday | 18 June<br>Wednesday | 19 June<br>Thursday |
|---|---|---|---|---|
| 9.15am–12.30pm* | Corporate Governance | Strategic Management | Risk Management | Boardroom Dynamics |

* Including 15 minutes reading time (9.15am–9.30am).

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

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

## Learning support

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

### CGQP examination technique online workshops

The Institute's examination technique online workshops are designed for students with substantive knowledge of their respective examination modules. The workshops for the CGQP June 2025 examinations, specifically for the Boardroom Dynamics and Hong Kong Company Law modules, will be extended from 6 hours to 12 hours and will be held between late March and early May 2025.

- Part one and part two: These sections consist of pre-recorded videos totalling 10.5 hours. They offer an overview of the syllabus by highlighting key points and significant issues. Past papers are used as illustrations to provide guidance on examination techniques for tackling questions.
- Part three: This will be a 1.5-hour webinar that provides feedback and guidance based on the mock examination paper.

*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.hkcgi.org.hk.*

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

### HKU SPACE CGQP Examination Preparatory Programme – spring 2025 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 spring 2025 intake will commence in mid-March 2025.

*For details, please contact HKU SPACE: (852) 2867 8485, or email: hkcgi@hkuspace.hku.hk.*

## Call for support: Student Ambassadors Programme internship 2025

The internship programme under the Institute's Student Ambassadors Programme (SAP) aims to provide participating undergraduates with an opportunity to experience the business operations and working environment of a governance professional, as well as to explore their future career paths.

The Institute is inviting companies and organisations to offer job opportunities – including summer internship positions, as well as part-time and full-time jobs – to the student ambassadors.

The summer internship period usually runs from June to August, with flexibility for an intern period of up to a maximum of eight weeks. Full-time offers will be applicable to final year undergraduates.

*For more details, please visit the News & Events section of the Institute's website: www.hkcgi.org.hk.*

*For enquiries, please contact Kathy Leung: 2830 6001, or email: kathy.leung@hkcgi.org.hk.*

# Chartered Governance Qualifying Programme (CGQP) (continued)

## Studentship activities: : December 2024

### 16 December

**Student Ambassadors Programme: HKCGI Annual General Meeting**


HKU SPACE
香 港 大 學 專 業 進 修 學 院
HKU School of Professional and Continuing Education

CHARTERED GOVERNANCE
Hong Kong

# 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 | 21/001317/L4 | 01 Dec 2021 - on-going |
| Corporate Governance | 4 | 21/001318/L4 | 01 Dec 2021 - on-going |
| Corporate Secretaryship and Compliance | 4 | 21/001319/L4 | 01 Dec 2021 - on-going |
| Hong Kong Company Law | 4 | 21/001320/L4 | 01 Dec 2021 - on-going |
| Hong Kong Taxation | 4 | 21/001321/L4 | 01 Dec 2021 - on-going |
| Interpreting Financial and Accounting Information | 4 | 21/001322/L4 | 01 Dec 2021 - on-going |
| Risk Management | 4 | 21/001323/L4 | 01 Dec 2021 - on-going |
| Strategic Management | 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

## Fee per subject:

HK$4,900 (36-hour lectures)
HK$6,500 (45-hour lectures)

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

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

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

CONTACT INFORMATION
Programme Enquiries (HKU SPACE)
(852) 2867 8485
hkcgi@hkuspace.hku.hk

Accredited Institution ASIIN 2022-2028

HKU SPACE was awarded the ASIIN Institutional Accreditation seal for its quality management in teaching and learning.