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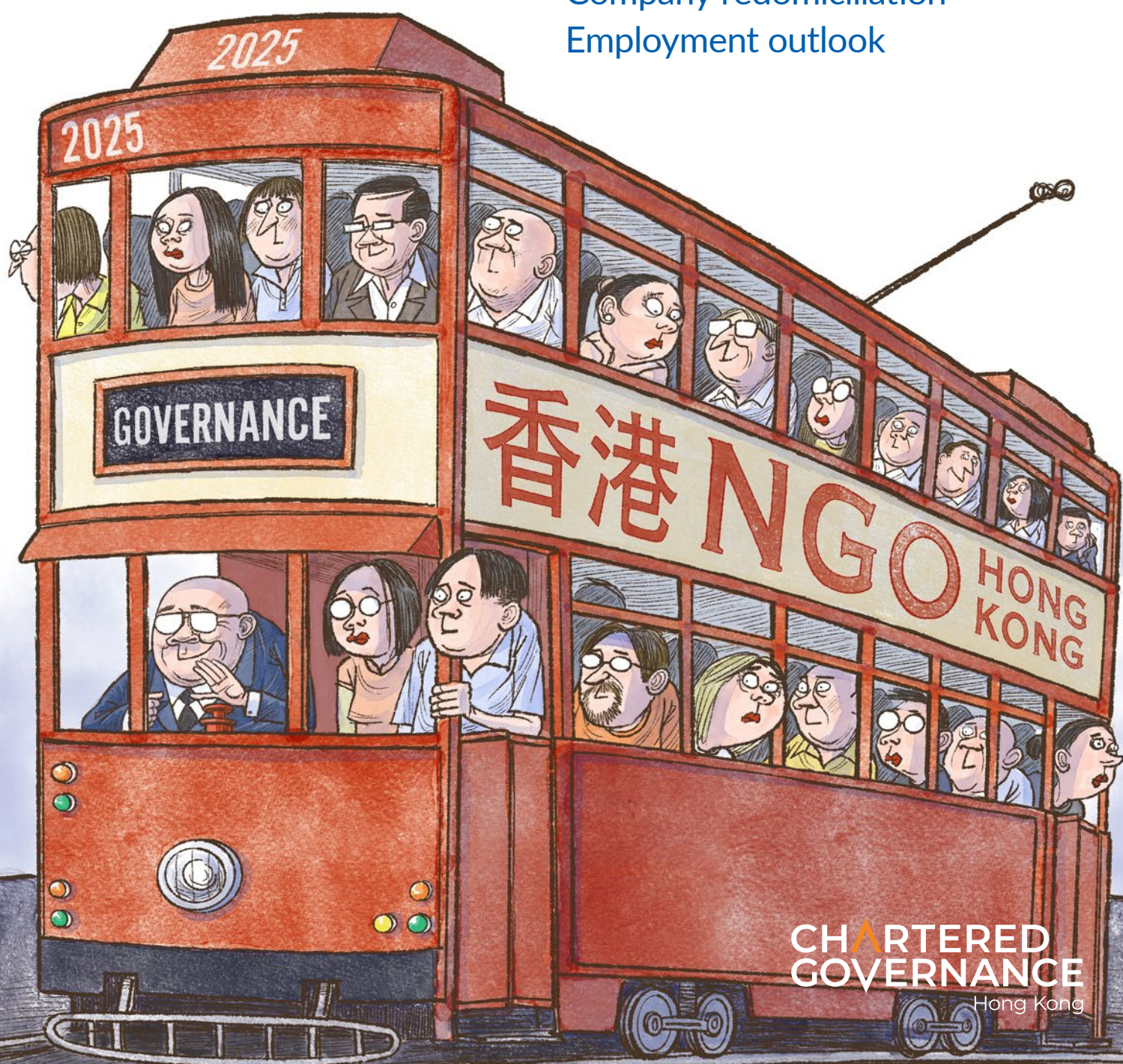
The journal of the Hong Kong
Chartered Governance Institute
香港公司治理公會會刊

NGO governance

Digital nomads and tax

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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.

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睿思智享系列专门采访治理行业的资深成员，今期是第八篇专访，采访对象为公会前会长沈施加美女士 FCG HKFCG。

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NGO governance

I would like to thank everyone who contributed to our 26th Annual Corporate and Regulatory Update (ACRU) held earlier this month. Once again, this forum attracted a massive turnout and has shown the value of hosting a direct dialogue between regulators and market participants about the top corporate and regulatory issues of the day. Our Institute is very grateful to everyone who devoted time and energy, particularly at this busy time of year, to making the event a success.

Next month's CGj will provide you with a full review of ACRU 2025, but this month we explore the challenges faced by non-governmental organisations (NGOs) in Hong Kong. NGOs play a vital role in society through their advocacy and services, but both locally and globally they have had to adapt to an increasingly tough external environment in recent years. Barely have the challenges of the pandemic receded from view before new challenges have arisen – particularly in terms of the current funding crisis among non-profits.

Our cover story this month points out that NGOs in Hong Kong operate in an environment of increased scrutiny and expectations from stakeholders, without the assurances that a formal charity commission or

a comprehensive charity governance code might provide. Institutions, including our own Institute, have been active in promoting best practices in this sector, but marked differences still exist in the degree to which NGOs have implemented sound governance frameworks.

In these circumstances, the role of governance professionals working for NGOs takes on added significance, and not only in relation to our work in ensuring compliance with legal and regulatory requirements. Our board support work – assisting in the formation of a competent and diverse board of directors, as well as keeping the board informed of relevant issues – is all the more important in the context where NGO directors work on a voluntary basis. Members of our profession also bring considerable value by ensuring that NGOs have well-defined strategies on a range of other governance issues. This includes our work building and maintaining strong internal controls relating to transparency, accountability and integrity. These internal controls lay the groundwork for NGOs' long-term success and sustainability in serving the local community.

Lastly, our cover story emphasises that, while the current landscape for NGOs might seem quite bleak, there is good news. Technology, for example, has significantly brought down the cost of enhancing transparency

and engaging with stakeholders. It has also brought down the cost of enhancing governance competencies. Advanced analytics, for example, improves the capacity of the board and management to stay informed about risks and opportunities. These cost savings are particularly material in the NGO sector where limited funding, and the need to demonstrate maximum efficiency in using donor funds, sometimes results in governance being marginalised.

To conclude, NGOs operating in Hong Kong need to overcome the trust deficit that results from the absence of a formal regulatory structure in this sector. In this context, governance should not be left to chance and the work of members of our profession in building governance competencies is all the more crucial.

David Simmonds FCG HKFCG

非政府组织治理

首先，谨向参与本月初举办的第26届「企业规管最新发展研讨会」的各界人士致以谢忱。本次研讨会再次创下参与人数新高，彰显了在监管机构与市场参与者之间就重大企业及监管议题开展直接对话的价值。公会衷心感谢所有在这年度事务最为繁忙的时段为此活动付出时间与精力的参与者，是诸位的努力成就了此次盛会。

下月出版的《CGj》将为大家详细回顾2025年度企业规管最新发展研讨会的精彩内容。在本期会刊，我们将探讨香港非政府组织面临的挑战。非政府组织通过倡议行动及社会服务，在社会担当重要角色；然而近年无论本地或全球的非政府组织，都须应对日益严峻的外部环境。疫情带来的挑战尚未完全消退，新挑战已接踵而至——非营利组织当前面临的资金危机，便是一例。

本期封面专题文章指出，香港的非政府组织在利益相关者日益严格的监督及殷切期望下运作，但香港既没有慈善事务委员会之类的法定机构，亦欠缺全面的慈善机构治理守则，为业界

提供治理方面的保证。公会等众多机构一直积极推动非政府组织领域采纳最佳常规，但各组织在实施良好治理框架方面，仍存在显著差异。

在此背景下，非政府组织治理专业人士的角色尤显关键——其价值不仅体现在确保合规这一基础层面。鉴于非政府组织理事会成员多属义务任职，我们的理事会支持工作（包括协助组建专业多元的理事会架构、确保理事会充分掌握相关资讯）显得尤为重要。通过协助非政府组织在透明度、问责制、廉洁建设等关键领域建立并维护强有力的内部控制体系，我们为机构服务社区的长期可持续发展奠定根基——这类专业工作往往能创造超越合规本身的价值。

最后，值得强调的是，尽管当前环境充满挑战，但积极因素已然显现：技术进步显著降低了提升透明度、与利益相关方互动沟通的成本，也使增强治理能力更具成本效益。例如，先进的数据分析技术正帮助理事会与管理层更精准识别风险与机遇。在资源有限且需展现资金使用效率最大化的非

政府组织领域，这类成本优化措施具有特殊意义——它有助于扭转“治理建设让位于业务运营”的常见困境。

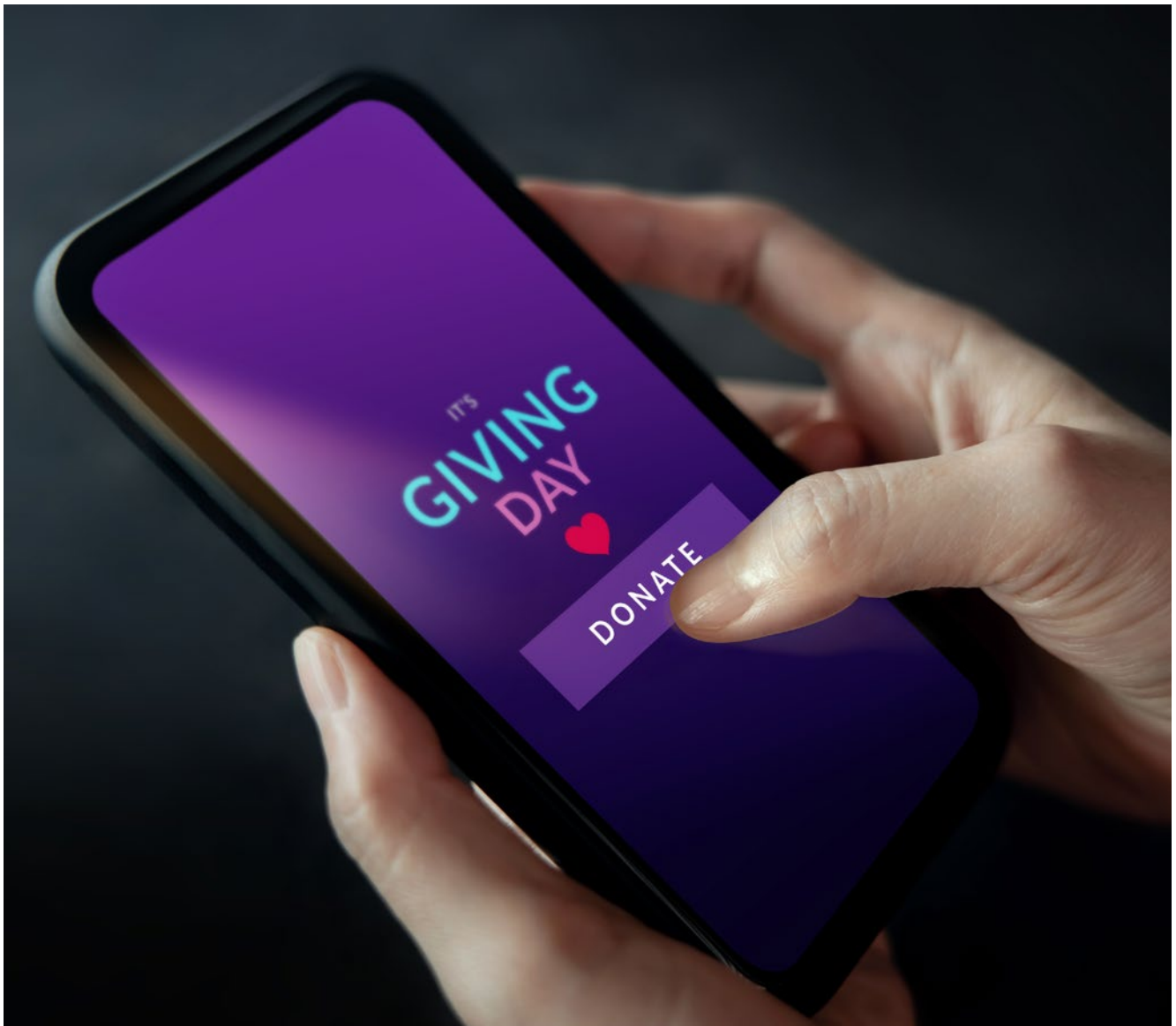
总括而言，香港非政府组织亟需通过主动作为，弥补因行业缺乏正式监管架构而产生的信任缺失。在此背景下，绝不应放任治理问题，公司治理专业人员在建立机构治理能力方面的工作，实在至关重要。



司马志先生 FCG HKFCG

NGO governance in Hong Kong

Patricia Hui FCG HKFCG(PE), lawyer and governance professional, explores the challenges faced by NGOs in Hong Kong and offers a set of practical steps for enhancing accountability, transparency and resilience.



Introduction

Non-governmental organisations (NGOs) play a crucial role in addressing a wide range of social, economic, educational and environmental challenges. They deliver essential services and advocate for marginalised and disadvantaged communities, effectively bridging critical gaps in service delivery and advocacy within Hong Kong's public sector, which strives to meet the diverse needs of its populace.

In recent years, NGOs have encountered a myriad of challenges that mirror those faced by corporations. The competition for funding has intensified, putting significant strain on resources. Many NGOs find themselves without sufficient reserves to navigate external shocks, the recent pandemic being one example. The rapid advancement of digital technology and the greater prevalence of social media have necessitated the implementation of innovative outreach and engagement strategies, requiring considerable investment in skills and infrastructure.

Additionally, the increased scrutiny and expectations from stakeholders, ranging from beneficiaries to the public, is pushing NGOs to demonstrate their measurable impact and transparency akin to corporate accountability. These changes are compounded by political and regulatory pressures that can limit operational flexibility, making it more difficult for NGOs to achieve their missions effectively. In this evolving landscape, the challenges faced by

charities underscore the importance of good governance, now more than ever.

Global NGO governance dynamics

The governance of NGOs varies significantly across the globe, shaped by various factors such as legal and regulatory frameworks, historical and cultural contexts, sociopolitical dynamics and operational environments. In many countries, NGOs are subject to regulatory oversight, including registration requirements, financial reporting and compliance with specific operational standards.

Singapore, for instance, set up its office of the Commissioner of Charities (COC) in 2006 to oversee all charities, with a mission of upholding a well-governed and thriving charity sector that has strong public support. The COC ensures regulatory relevance and compliance, while serving as a proactive charity advisory. Singapore's Charity Council developed the Code of Governance for Charities and Institutions of Public Character in 2007, which aims to enhance the effectiveness of charities

and provide board members with guidance to improve their fiduciary competencies. This Code applies to all registered charities in Singapore, and covers key areas like board governance, conflicts of interest, financial management, fundraising practices, and disclosure and transparency.

In the United Kingdom, the Charity Commission for England and Wales functions as the regulatory body for charities. The Charity Commission registers eligible organisations, ensures compliance with legal requirements, investigates concerns and takes action against charities that fail to meet their obligations. The primary regulatory framework is the Charities Act 2011. The Charity Governance Code is a practical tool to help charities and their trustees develop high governance standards.

All NGOs in Australia must meet the governance standards of the Australian Charities and Not-for-profits Commission prior to registration, as well as to retain registration. These standards, which help maintain public trust in charities,

Highlights

- the absence of a formal charity commission or governance code presents challenges for NGOs in Hong Kong, potentially undermining public trust and donor confidence
- strong governance frameworks, including clear policies, effective board dynamics and robust financial management, are vital for building trust and organisational sustainability
- leveraging technology and fostering collaboration among stakeholders can improve impact, transparency and adaptability in the NGO sector

require NGOs to operate lawfully, remain charitable, and be accountable and responsible in their operations.

NGO governance landscape in Hong Kong

The NGO landscape in Hong Kong features a diverse array of charitable organisations, including subvented and non-subvented entities, social enterprises and so on. Despite the vibrant presence of NGOs, the absence of a formal charity commission and of a comprehensive charity governance code has raised concerns regarding transparency and accountability within the sector. Operating without a regulatory body to oversee and enforce standards, NGOs in Hong Kong enjoy a considerable degree of autonomy, which can lead to inconsistencies in governance practices. This lack of oversight may result in varying levels of professionalism and effectiveness among NGOs, potentially undermining public trust and donor confidence in the sector.

While various government and non-government institutions have made efforts to provide valuable resources and guidance to promote best practices, their influence does not reach all NGOs operating in Hong Kong. Many smaller or less established organisations may lack the capacity or willingness to adhere to these recommended standards. Consequently, the absence of a unifying charity governance code means that best practices are not uniformly adopted, leading to disparities in how NGOs manage their operations, finances and stakeholder relationships.

This situation highlights the urgent need for a more structured approach to NGO governance in Hong Kong. By enhancing transparency and accountability, ensuring ethical practices and ultimately improving the sector's effectiveness, Hong Kong can better address pressing social issues.

Common underlying principles and trends

Let's explore several key principles that form the foundation of effective governance practices for NGOs, whether regulated or unregulated.

- **Transparency.** Transparency is the cornerstone of good governance. It involves open, prompt and honest communication about an organisation's operations, decision-making processes, funding sources and financial management, as well as the provision of accessible information to stakeholders, including programme evaluations, challenges and achievements.
- **Accountability.** Accountability ensures NGOs are answerable to stakeholders, including donors, beneficiaries and the communities they serve. This principle encompasses a commitment to ethical practices, effective resource management and the establishment of clear mechanisms for regular reporting and evaluation to demonstrate impact and efficiency.
- **Integrity.** Integrity emphasises the ethical conduct of NGOs and is fundamental to building trust with stakeholders. Organisations

should adhere to ethical standards, ensuring that their operations align with their mission and values. This includes avoiding conflicts of interest and upholding high standards of conduct.

- **Inclusiveness.** Good governance practices promote inclusiveness by ensuring that diverse perspectives are considered in decision-making. This can be achieved by boosting diversity in terms of gender, ethnicity, background, experience and skills, as well as diversity of thought within the board and the leadership positions in the NGO. Engaging various stakeholder groups in organisational decision-making ensures their voices and viewpoints are respected and valued, generating a sense of belonging. Meaningful engagement with stakeholders allows programmes to respond to community needs and priorities, thereby enhancing the relevance and effectiveness of NGO initiatives.

These fundamental principles are increasingly shaping global NGO governance trends, indicating a growing recognition of the necessity for ethical and responsible practices in the sector. As the nonprofit landscape evolves, NGOs that prioritise good governance will be better equipped to tackle challenges, seize opportunities and fulfil their social missions. Therefore, it is advisable for NGOs to implement a robust governance framework to enhance organisational capacity, demonstrate accountability, and foster trust and credibility.

Practical steps to implement NGO governance

Here are several actionable steps that NGOs can take to implement and maintain effective governance practices.

Promote a culture of integrity

Promoting a culture of integrity within an NGO is essential for building trust, accountability and resilience. This is especially important during challenging times, such as crises or resource constraints, when a strong culture of integrity serves as a north star to help maintain the organisation's credibility, strengthen stakeholder relationships, and ensure that decisions align with its mission and values, ultimately enhancing its capacity to navigate adversity effectively.

To cultivate this culture, organisations can implement practical measures that cover establishing clear ethical conduct guidelines, providing regular training on integrity and transparency, and encouraging open communication among the board, leadership team, staff and stakeholders. Additionally, creating a safe environment for whistleblowing and recognising ethical behaviour can further reinforce the importance of integrity.

Establish clear governance structures

NGOs should establish clear and effective governance structures. Donors increasingly seek organisations that not only have compelling missions, but also robust governance frameworks to ensure responsible and efficient resource utilisation. A governance manual is an essential tool for delineating clear governance structures and operational procedures.

This involves specifying the roles and responsibilities of the board of directors, various board committees and management, as well as outlining the decision-making processes. Furthermore, the governance manual serves as a reference that spurs a unified understanding of the organisation's mission, values and strategic objectives, along with the expected behaviour and conduct of board members. A well-structured governance manual also enhances compliance with legal and regulatory requirements, mitigates risk and improves overall organisational efficiency.

Develop policies and procedures

To enhance accountability and transparency, NGOs should develop policies and procedures that guide organisational operations. These policies may cover critical areas such as financial management, risk management, conflicts of interest, anti-money laundering, anti-bribery and whistleblower protections. Regular reviews and updates of these policies are essential to maintaining their relevance and effectiveness.

Foster board dynamics and development

'Conformity is the jailer of freedom and the enemy of growth.'

John F Kennedy

Creating a dynamic board is essential for good governance and impactful outcomes within NGOs. One effective approach is to utilise a skills matrix to identify and recruit board members with diverse expertise. By mapping

individual strengths – whether in finance, legal, governance, fundraising or programme development – NGOs can ensure they have a well-rounded board. Embracing diversity of thought is vital for enhancing board dynamics and governance. A board that reflects a variety of backgrounds and experiences is better positioned for creative problem-solving and informed decision-making.

Promoting psychological safety within the boardroom allows members to share their thoughts and concerns without fear of negative repercussions, fostering trust and respect. When board members feel respected and valued, they are more likely to engage openly, contributing insights that enhance accountability. Regular team-building activities and workshops can help strengthen these bonds, creating a collaborative atmosphere where innovative ideas can flourish. In the end, a well-functioning board, characterised by a rich blend of skills and perspectives, along with a commitment to psychological safety, strengthens governance practices and lays the groundwork for the NGO's long-term success and sustainability.

Board development ensures members remain informed and equipped with relevant knowledge and skills. For organisations operating with limited resources, implementing practical measures for board development can yield considerable advantages. Organisations can leverage online resources and access free or low-cost training programmes to enhance board members' governance competencies, financial literacy and

“ promoting a culture of integrity within an NGO is essential for building trust, accountability and resilience ”

strategic planning skills. Structuring regular meetings that incorporate educational components, such as sharing insights, presenting articles or inviting pro bono guest speakers, can enrich the learning experience among board members. Additionally, disseminating articles and resources on best practices in governance and nonprofit management can stimulate discussion and continuous learning. Establishing a mentorship system within the board can further facilitate knowledge transfer and support ongoing development.

Demonstrate accountability

To effectively demonstrate accountability, NGOs should implement robust monitoring and evaluation systems that enable them to assess their effectiveness and impact. This entails setting clear performance indicators, conducting regular reviews and using findings to inform decision-making, as well as to improve programmes and service delivery.

NGOs should prioritise the publication of concise annual impact reports that clearly communicate their accomplishments and identified areas for improvement. These reports need not be extensive, thus avoiding undue strain on limited resources.



Instead, they should focus on key metrics and qualitative narratives that underscore the organisation's impact on the community. Visual aids, comprising infographics and concise case studies, among others, can significantly enhance the accessibility and engagement of these reports, facilitating a better understanding of the organisation's progress among stakeholders, including donors, beneficiaries and community members. By delivering information in a clear and engaging format, NGOs can ensure that their stakeholders are adequately informed about their initiatives, thereby fostering transparency, building trust and encouraging ongoing support.

In addition to effective reporting, NGOs must establish a transparent communication system that addresses challenges alongside their achievements. By openly acknowledging setbacks and discussing remediation plans and steps taken, NGOs not only exhibit humility but also highlight their commitment to learning and improvement. Regular updates, newsletters or social media posts that share lessons learned from specific projects can engage stakeholders meaningfully. Implementing feedback mechanisms

allows NGOs to collect insights from their stakeholders, ensuring that their voices shape future initiatives. This two-way communication cultivates a culture of continuous improvement, demonstrating how the organisation adapts based on real-world experiences, ultimately reinforcing accountability and strengthening community relationships.

Financial management

Sound financial governance is a critical component of good governance and a primary focus for donors and stakeholders. To achieve this, NGOs should adopt transparent budgeting processes, maintain accurate record-keeping and produce regular financial reports. Diversifying funding sources – for example, grants, donations and social enterprise revenue – can enhance financial stability. These practices not only build the confidence of stakeholders and donors, but also ensure the efficient use of resources, which is vital for long-term sustainability.

Even with limited resources, NGOs can implement several practical steps to enhance their financial management. First, establishing a robust budgeting process is essential. This involves creating detailed budgets that align with the organisation's strategic goals and regularly monitoring actual expenditures against these budgets. Utilising basic financial software can streamline accounting processes and improve the accuracy of tracking income and expenses. Regular financial reporting, either monthly or quarterly statements, keeps the board and management informed about the organisation's financial health.

Training staff and board members in financial literacy is also beneficial, ensuring they understand key financial concepts and can make informed decisions. Establishing clear financial policies and procedures promotes transparency and accountability, while periodic audits, even if conducted internally, can help identify areas for improvement. Finally, diversifying funding sources through grants, donations and partnership can create a more stable financial base and reduce reliance on any single revenue stream.

Strategic planning

A well-defined strategic plan is essential for guiding an NGO's mission, vision and objectives, contributing to long-term sustainability. Developing the plan through a participatory approach that takes account of stakeholders such as employees, board members and community representatives ensures comprehensive perspectives. Regularly reviewing and updating the strategic plan allows the organisation to remain agile and responsive to changing needs and conditions.

Engage stakeholders

Active stakeholder engagement fosters transparency and accountability within NGOs. Establishing systems to gather feedback from beneficiaries, donors and community members is crucial. This can be achieved through various methods, including surveys, focus groups and consistent communication channels. By prioritising stakeholder engagement, NGOs can better understand the needs of their communities and enhance their overall effectiveness.

Way forward

Embracing technology

As AI continues to reshape the business landscape, NGOs should prepare to leverage technology to enhance transparency and accountability. Advanced analytics can significantly improve their capacity to assess impact, make informed decisions and boost operational efficiency. It also supports improved reporting and communication. Social media platforms can broaden community involvement and gather feedback from a wider range of stakeholders. Moreover, technology strengthens fundraising efforts through online campaigns and crowdfunding, thereby expanding reach and support for various initiatives. By integrating these technological advancements, NGOs can optimise internal processes and nurture a culture of innovation that encourages adaptive problem-solving in the face of complex social challenges.

Fostering collaboration

In an environment where resources are limited and the demand for diversity and inclusiveness is intensifying, promoting collaboration can amplify the sector's overall impact. Building networks and partnerships that unite a range of stakeholders, including community members, private sector entities, partner organisations and government agencies, can facilitate resource sharing, knowledge exchange and collaborative advocacy. This collaborative approach not only offers opportunities for innovation and collective learning but also enhances capacity development.

Ultimately, these efforts ensure that initiatives are more aligned with the needs of the communities they aim to serve, leading to more effective and equitable outcomes in NGO initiatives both locally and worldwide.

Conclusion

Effective governance is essential for the sustainability and impact of NGOs in Hong Kong. By adopting good governance practices, NGOs can remain effective, accountable and responsive to the needs of the communities they serve. The future of NGO governance in Hong Kong will rely on the collective efforts of NGOs, their board members, stakeholders and the community in building a more resilient and equitable society.

'Only a life lived for others is a life worthwhile.'

Albert Einstein

Patricia Hui FCG HKFCG(PE)

Lawyer and governance professional

The author would like to extend her heartfelt gratitude to the board, management and team at The Child Development Centre (CDC). Working alongside them has been a true blessing. Their unwavering commitment to diversity, inclusion and collaboration in pursuit of a common goal, coupled with their dedication to good governance, is truly inspiring. Effective governance empowers NGOs like the CDC to navigate the complexities of Hong Kong's evolving social landscape and to drive meaningful, positive change.

Global work, local taxes

What every digital nomad needs to know



As the digital nomad lifestyle becomes increasingly mainstream, authors at Alvarez & Marsal Tax explore how individuals and employers can navigate complex tax obligations, legal risks and visa requirements across jurisdictions.

Background

In a world where many types of work can be done from virtually anywhere, the rise of the digital nomad has transformed the concept of a traditional job. Picture this – a talented professional, laptop in hand, sipping coffee at a beachside café in Bali or exploring the bustling streets of Tokyo, all while earning a living. This lifestyle, once limited to tech-savvy programmers and creative designers, is now attracting a diverse range of professionals eager for flexibility and adventure.

The Covid-19 pandemic accelerated this trend, prompting many traditional workers to embrace remote work and the freedom it offers. However, while the allure of a nomadic lifestyle is undeniable, navigating the complexities of tax obligations and legal requirements can be daunting. Both digital nomads and their employers must tread carefully to ensure compliance with local laws and regulations.

In this article, we will discuss the key tax obligations that digital nomads and their employers face.

Individual tax obligations

An individual's employment income is generally taxable based on either their tax residency or the source of their income. Different jurisdictions have varying criteria for determining tax residency, often focusing on physical presence and personal ties.

Table 1 provides a high-level and general summary of tax residency tests and obligations in Hong Kong, as well as in Australia, Canada and the UK. These jurisdictions are particularly relevant for Hong Kong digital nomads, as it is common for Hong Kong families to send their children to study in those jurisdictions, and Hong Kong parents often accompany their children abroad for a period while retaining their working positions in Hong Kong.

Digital nomads should pay specific attention to the number of days they stay in a particular jurisdiction, as it could impact their tax residency status and consequently their tax position in that jurisdiction. This is particularly important for Hong Kong digital nomads as the individual income tax rates in those foreign jurisdictions are generally a lot higher than in Hong Kong, especially if the individual is not able to claim a foreign tax credit in the foreign jurisdiction on the Hong Kong tax paid. Additionally, if an individual engages in profit-generating activities in a particular jurisdiction, it may bring

their employer into the local tax net by way of a permanent establishment (PE).

A PE is typically defined as a fixed place of business through which a company conducts its operations. This can include offices, branches or employees conducting business operations in another jurisdiction. For example, a digital nomad working in a hotel, a temporary shared office or a coffee shop could potentially create a PE in that jurisdiction.

Nonetheless, having a PE in Hong Kong does not necessarily mean that the profits will be taxable, unless the profits are arising or derived from Hong Kong. In contrast, in jurisdictions such as Australia, Canada and the UK, income arising or derived from the PE alone will be subject to corporate income tax in the local jurisdiction.

Overview of the Hong Kong tax obligations for employees and employers

Given these considerations, it is important to explore the tax

Highlights

- tax residency rules and income tax obligations vary across jurisdictions such as Hong Kong, Australia, Canada and the UK
- a digital nomad's presence in a foreign country can inadvertently create a permanent establishment, exposing their employer to local corporate tax
- there are legal and reputational risks of failing to comply with visa requirements when working across borders

Table 1: Tax residency tests and obligations

Facts	Hong Kong	Australia	Canada	UK
Physical presence in a jurisdiction	Irrelevant for individual income tax purposes (subject to the 60-day rule)	Tax resident if the individual is physically present for 183 days or more in a tax year		
Ties in a jurisdiction	Irrelevant for individual income tax purposes	Having family ties (children and/or a spouse) may deem an individual a tax resident, despite being physically present for fewer than 183 days in a tax year		
Taxation obligations	Employment income will be subject to Hong Kong individual income tax if the individual visits for 60 days or more in a tax year	Worldwide income will be subject to local tax		

obligations for employees and employers, using Hong Kong, Australia, Canada and the UK as examples, to understand how they may be affected by an individual's residency and activities.

To illustrate these obligations, let us take a closer look at the tax requirements in Hong Kong for employees and employers in the following common scenarios, as illustrated in Table 2.

A closer look at employee tax obligations in Hong Kong

Scenario 1 – individual with non-Hong Kong employment working in Hong Kong

For digital nomads employed by companies outside Hong Kong, their employment income is typically assessed on a day-apportionment basis. However, if they do not stay in Hong Kong for more than 60 days within a year of assessment (that is, a full tax year), their entire employment income will be exempt from individual income tax.

In the event that the digital nomad stays in Hong Kong for more than 60 days in a tax year, he or she will be responsible for reporting the income to the Hong Kong tax authority and paying any tax due on that income.

Scenario 2 – individual with Hong Kong employment working outside Hong Kong

In this scenario, income earned by the digital nomad is prima facie subject to Hong Kong individual income tax. However, since part of the service is performed outside Hong Kong, the digital nomad may be eligible for certain tax exemptions or credits.

If the digital nomad has paid tax in a territory that does not have a double tax agreement with Hong Kong, for example Australia, that portion of their income may be exempt from Hong Kong individual income tax.

Conversely, for income derived in a territory that has a double tax agreement with Hong Kong, for example Canada or the UK, relief

from double taxation is provided through a tax credit rather than an exemption.

Regardless of whether the income is taxable or exempt, both digital nomads and their employers are responsible for reporting the income to the Hong Kong tax authority, and digital nomads should ensure that any taxes due are paid.

Scenario 3 – director working outside Hong Kong

Unlike the taxability of employment income, which depends on the number of days worked and the location of the employment contract, the taxability of director's fees generally follows the location of incorporation of the appointing company, irrespective of where the director resides, and no tax apportionment is allowed for the director's fee.

Hence, for digital nomads receiving director's fees from a Hong Kong incorporated company, irrespective of

Table 2: Tax requirements in Hong Kong

Facts	Non-Hong Kong employment working in Hong Kong	Hong Kong employment working outside Hong Kong
Employee's obligations	<ul style="list-style-type: none"> Calculate amount of income taxable in Hong Kong on a day-in-day-out basis File an annual individual income tax return in Hong Kong 	<ul style="list-style-type: none"> Calculate amount of taxable/exempted income File an annual individual income tax return in Hong Kong May need to file a local tax return outside Hong Kong
Employer's obligations	Notify the tax authority and file an employer's return in Hong Kong	<ul style="list-style-type: none"> File an employer's return in Hong Kong May need to notify and file an employer's return outside Hong Kong

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jurisdiction
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the number of days they stay in Hong Kong, the entire director's fees should be subject to individual income tax in Hong Kong.

Similar to Scenario 2, relief from double taxation of the director's fees may be available through certain tax exemptions or credits.

Visa requirements

Amidst the excitement of exploration lies a vital consideration that cannot be overlooked – visa requirements. Both employers and employees need

to diligently assess whether a valid visa is necessary to work legally in their chosen destination. For example, a digital nomad may need a specific visa to work in Hong Kong, while a Hong Kong resident might require the appropriate visa to seek opportunities abroad. Neglecting visa regulations can lead to serious consequences for both the digital nomad and their employer.

Take, for instance, the case of Tsuguo Sakumoto, a Japanese individual who travelled to Hong Kong to participate in a cultural event on a tourist visa. The Hong Kong Immigration Department determined that, given the nature of the event, Mr Sakumoto had effectively engaged in employment without proper authorisation. Consequently, Mr Sakumoto faced arrest and deportation for breaching local immigration laws. This could be costly both from a monetary and a reputational perspective.

Navigating these complexities is crucial for anyone embracing the digital nomad lifestyle. By

understanding and adhering to visa requirements, digital nomads can fully enjoy their adventures without the looming threat of legal repercussions.

Takeaways

As the digital nomad lifestyle continues to gain popularity, it is vital for both employers and employees to grasp their tax and legal obligations. Thoughtful planning and compliance are essential to sidestep potential pitfalls. While employers may have fewer responsibilities than employees, they should actively monitor the location of their employees, including the number of days in each location, and should support their team members in navigating these complexities to promote sound corporate governance. Consulting with tax professionals or legal advisers can further enhance compliance and provide a peace of mind.

**Yvette Chan, Managing Director,
Ansel Yip, Senior Director, Lucas
Ting, Senior Manager, and Amanda
Huang, Senior Associate**

Alvarez & Marsal Tax

New company redomiciliation regime

CGj reviews a recent Institute seminar that explores the latest trends in the company redomiciliation regime in Hong Kong and related tax controversies.



On 20 February 2025, the Institute hosted a seminar titled New Company Redomiciliation Regime and Latest Trends in Tax Controversy. The seminar provided an in-depth analysis of the newly gazetted company redomiciliation regime in Hong Kong, focusing on its legal framework, eligibility criteria and application process.

The seminar also addressed recent trends in tax controversy, highlighting the Inland Revenue Department (IRD)'s stricter measures on offshore claims, as well as the new rules designed to mitigate tax exposure for businesses operating in the region. This article offers a summary of insights shared by the speakers.

Enhancing Hong Kong's competitiveness

Opening the seminar, Kenneth Lee, Counsel, Chan & Jamison LLP, began his presentation by outlining the core objectives of the company redomiciliation bill, which was gazetted on 20 December 2024 and which seeks to amend the Companies Ordinance (Cap 622) to introduce an inward company redomiciliation regime. It will enable non-Hong Kong companies to transfer their domicile to Hong Kong while preserving their corporate identity and history.

Mr Lee stated that the redomiciliation regime is a significant step forward in reinforcing Hong Kong's position as a global business hub. 'This new regime will attract offshore companies to establish their operational division headquarters in Hong Kong. It will provide a more accessible and streamlined pathway for international

businesses to integrate with the local Hong Kong market, while preserving their existing corporate structure,' Mr Lee said.

The new regime will also serve as an important addition to the toolkit for professionals involved in restructuring or migrating businesses, Mr Lee pointed out. Traditional methods include setting up a new subsidiary or registering a branch in Hong Kong.

The first method he discussed – setting up a new subsidiary – usually takes less than a week. The new company is a separate legal entity, meaning it does not inherit liabilities from the overseas parent company. However, Mr Lee stressed that after migration, clients often face the decision of whether to liquidate or leave the overseas company dormant, which could result in ongoing compliance costs. 'Some clients have British Virgin Islands (BVI) or Cayman companies that have been left hanging doing nothing for 10 years while paying compliance costs,' he said. Additionally, transferring assets such as customer contracts or

employees can be costly and complex, with tax implications such as Hong Kong's share transfer stamp duty.

The second method Mr Lee covered was registering a branch. This is a simple process, requiring only filing with the Companies Registry. It allows businesses to retain their overseas registration, which offers privacy advantages, particularly for jurisdictions like the BVI or the Cayman Islands. Moreover, registering a branch avoids stamp duty when transferring shares. However, Mr Lee drew attention to some challenges, including ongoing tax compliance uncertainties, especially around residency issues, and the need to comply with the regulations of both jurisdictions. He also suggested that third parties, particularly banks, may prefer dealing with Hong Kong entities over offshore companies due to stricter anti-money laundering concerns. 'I have seen banks categorically tell us, no, I don't want to open an account for a BVI entity, but I'm happy to open an account for a Hong Kong entity,' he explained.

Highlights

- Hong Kong's new redomiciliation regime offers beneficial transitional tax relief for businesses shifting their domicile, allowing for tax deductions on pre-redomiciliation expenses and capital expenditures
- offshore structures, once favoured for their privacy and lower maintenance costs, are now losing their appeal due to stricter tax compliance and disclosure regulations
- before committing to redomiciling, businesses should assess potential historical tax risks to avoid unforeseen liabilities under Hong Kong's territorial tax system

Mr Lee then discussed the new redomiciliation regime, which offers significant advantages in terms of legal continuity, tax efficiency and operational simplicity compared with traditional methods. 'Redomiciliation means you change your place of incorporation but you keep your entity, so there's no transfer of assets,' he said. This avoids the complications of transferring assets or liabilities and ensures continuity of the company's legal history, which can be crucial for maintaining client trust.

Mr Lee also noted that once a company redomiciles to Hong Kong, it will only need to comply with Hong Kong's reporting requirements, thus streamlining operations. However, he also pointed out that the company must still register in its original jurisdiction. 'Once you redomicile, you must register in your original home jurisdiction,' he clarified.

Navigating differences

Mr Lee highlighted several potential disadvantages, such as the disclosure obligations that come with redomiciliation. 'Once you redomicile to Hong Kong, you need to file returns in this jurisdiction, so your shareholders are no longer as difficult to find as if you were in a typical jurisdiction where you cannot search for some of the shareholders,' he stated. Additionally, he indicated that the audit requirements, which may be unfamiliar to companies from jurisdictions without such obligations, could lead to higher costs.

Mr Lee also discussed the eligibility criteria for redomiciliation, which are outlined in the current draft of the

bill. These include the requirement for the company to be one of the four types of entity allowed to redomicile, with the most common being private companies limited by shares. 'Companies limited by guarantee are not included. These are usually charities or associations,' he explained. In addition, he mentioned amendments to the Insurance and Banking ordinances, noting that companies in these sectors must first obtain a letter of no objection from the relevant authorities before approaching the Companies Registry.

The process of redomiciliation involves several steps, including obtaining a legal opinion to confirm that the company meets the necessary criteria for redomiciliation. 'A legal counsel has to opine that you can redomicile to Hong Kong,' he clarified, emphasising that this opinion must cover various aspects such as shareholder approval and compliance with local laws.

Mr Lee then reminded participants that the redomiciliation regime in Hong Kong is currently an inward-only regime, meaning that Hong Kong does not permit outward redomiciliation under the current proposal.

Finally, he outlined some practical steps that companies must take after redomiciliation, such as notifying third parties and ensuring that any necessary registrations are updated. 'Contracts carry over under the power of the law, but in practice you may want to notify third parties to explain why the corporation has changed,' he said. He also noted that the process might involve changes in registration

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Kenneth Lee, Counsel, Chan & Jamison LLP

requirements, such as updating the place of incorporation for intellectual property (IP) rights.

Tax status

The second speaker of the seminar, Pau Ka Yan, Tax Partner, Global Business Tax Services, Deloitte China, discussed a major tax issue related to redomiciling companies to Hong Kong.

She made it clear that, from a tax perspective, there are multiple options available for companies considering moving their operations to Hong Kong and that the introduction of the redomiciliation option is a welcome development. 'There is no one solution that fits all,' she said, acknowledging that each option has its pros and cons depending on the company's specific needs.

One of the key points Ms Pau addressed was the tax status of a redomiciled company. Ms Pau explained that the proposed amendments to the Inland Revenue Ordinance clarify that once a

company redomiciles to Hong Kong, it will be treated as a Hong Kong incorporated entity for tax purposes. This is significant for companies that wish to qualify as a Hong Kong tax resident and thus benefit from Hong Kong's extensive network of tax treaties with other jurisdictions.

Ms Pau also highlighted the flexibility that redomiciliation provides, especially for companies that may want to amalgamate or restructure their corporate structure. 'When redomiciliation is enabled, we can amalgamate the entity with another Hong Kong incorporated entity, which would give companies greater flexibility in streamlining their operations,' she observed. This ability to merge entities is not available to companies registered under Part 16 of the Companies Ordinance.

However, Ms Pau pointed out that redomiciled companies would also face new obligations, such as Hong Kong's stamp duty on future transfers of shares. 'Any future transfer of the entity's shares will be subject to Hong Kong stamp duty, just like any other ordinary Hong Kong incorporated entity,' she said. Additionally, the company will be subject to annual statutory audit requirements, unlike companies registered under Part 16.

Ms Pau also discussed the potential challenges associated with exit taxes in the home jurisdiction, especially for companies coming from high-tax jurisdictions and those without a double tax treaty with Hong Kong. 'In the process, you will have to deregister in the home jurisdiction and there may be tax clearance, tax audit and possibly

exit tax costs,' she explained. To address the risk of double taxation, the proposed bill introduces a unilateral tax credit mechanism, allowing companies to claim a tax credit in Hong Kong against any taxes paid overseas, whether or not a double tax treaty with Hong Kong is available.

Tax benefits

Ms Pau also outlined key updates on the transitional tax measures proposed in the Inland Revenue Ordinance, as well as scenarios where the redomiciliation process could benefit taxpayers. For example, after the redomiciled company has commenced business in Hong Kong, the general rule allows Hong Kong profits tax deductions on expenses incurred before the redomiciliation date, as long as no other tax deductions have been claimed in Hong Kong or elsewhere. In addition to this general rule, there may be additional rules governing Hong Kong profits tax deductions on different types of expenditure, such as trading stocks and capital expenditure on R&D.

Hong Kong-listed companies incorporated in jurisdictions like the Cayman Islands or Bermuda might benefit from redomiciliation. These companies would be the first batch of offshore companies to be encouraged to redomicile to Hong Kong as they are already subject to Hong Kong's annual audit and tax filing requirements. In such cases, redomiciliation would be a straightforward process. 'It would be easier for Hong Kong-listed offshore entities to redomicile because they are already doing annual audits under Hong Kong's requirements,' she said.

“with redomiciliation, companies can relocate their R&D activities to Hong Kong, as well as centralise their patents and other types of IP in this jurisdiction”

Pau Ka Yan, Tax Partner, Global Business Tax Services, Deloitte China

There might also be a potential need for European companies in jurisdictions such as Luxembourg, Switzerland, the Netherlands and Malta to redomicile to Hong Kong due to the increasing difficulty of meeting local economic substance requirements. The new regime in Hong Kong offers an incentive for companies to relocate their IP holdings to Hong Kong. 'With redomiciliation, companies can relocate their R&D activities to Hong Kong, as well as centralise their patents and other types of IP in this jurisdiction, benefiting accordingly from the newly introduced patent box tax incentive,' she said.

Lastly, Ms Pau cautioned that businesses should conduct a health check before proceeding with redomiciliation. Since Hong Kong adopts a territorial source principle for taxation, even offshore entities could be subject to historical tax exposure if they have already been carrying on any form of business in Hong Kong.

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under the FSIE regime,
we need to satisfy the
economic substance
requirement if we want
our offshore interest
income to continue to
enjoy an exemption in
Hong Kong
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**Polly Wan, Tax Partner, Global Business
Tax Services, Deloitte China**

Tax controversies

The last speaker of the seminar, Polly Wan, Tax Partner, Global Business Tax Services, Deloitte China, described the scenarios in which offshore entities might be seen as conducting business in Hong Kong, thereby exposing themselves to local tax risks.

A key consideration, according to Ms Wan, is when a foreign entity has significant retained earnings. In such cases, the company may face challenges when redomiciling, as the IRD might inquire about the company's activities prior to redomiciliation.


The treatment of interest-bearing loans also becomes a potential issue during the redomiciliation process. Ms Wan detailed two tests that the IRD uses to determine the source of interest income – the operation test and the provision of credit tax. The operation test applies if the company

is a financial institution or is engaged in moneylending or intragroup financing, whereas the provision of credit tax generally applies to simple loans of money. However, Ms Wan pointed out that the IRD does not have a clear definition of what constitutes a simple loan, which can lead to complications for companies during audits.

For companies with offshore income, Ms Wan discussed the Foreign-Sourced Income Exemption (FSIE) regime, which has been in effect since 2023. Under the FSIE regime, offshore income may become taxable in Hong Kong if specific conditions are not met, including the need to demonstrate economic substance. 'Under the FSIE regime, we need to satisfy the economic substance requirement if we want our offshore interest income to continue to enjoy an exemption in Hong Kong,' she

said. This adds another layer of complexity for companies looking to restructure their loans or operations after redomiciliation.

Ms Wan also addressed the issue of IP income, noting that many offshore entities hold valuable IP assets. She explained that the determination of the source of IP income can be complex, depending on whether the IP was developed in Hong Kong or acquired from another entity. 'If this IP was developed or created in Hong Kong, the IRD will generally consider that the IP income generated by this IP is Hong Kong-sourced,' she said.

Ms Wan urged companies to carefully assess their structures, especially in terms of interest-bearing loans and IP income, before proceeding with any redomiciliation process. 'It is very important to consider these aspects beforehand,' she emphasised. 

Driving policy forward – redomiciliation as a strategic advantage

The Institute welcomes the HKSAR Government's commitment to implementing a general redomiciliation regime and would like to extend its sincere thanks to the Financial Services and the Treasury Bureau (FSTB) for adopting its pioneering thought leadership proposal submitted in May 2019. Since then, the Institute has actively engaged with the Administration – including correspondence with the Chief Executive and the FSTB in 2023 – to advocate for this important policy.

The Institute is encouraged by the phased development of the regime, beginning with open-ended fund companies and limited partnership funds, and now expanding more broadly, as reflected in the latest Budget Speech. This initiative enhances Hong Kong's competitiveness as an international financial centre. It offers a timely compliance advantage in the context of BEPS 2.0, particularly for sectors like insurance, where global mobility and regulatory alignment are key.

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New land, new rules

Registration of Titles and Land (Miscellaneous Amendments) Bill 2025



Eugene YC Wong, Partner, Alvin LY Yeung, Partner, and Wayne KW Cheng, Partner, Johnson Stokes & Master, explore the transformative impact of the recent amendments to the Land Titles Ordinance on Hong Kong's property ownership and land system.

Background

For nearly two centuries, Hong Kong has adopted a deeds registration system under the Land Registration Ordinance (Cap 128) (LRO). The existing deeds registration system governs the priority of instruments registered in the Land Registry, but does not serve as a guarantee of title to the property. As a result, in order to ascertain whether a vendor has good title, it is still common practice for the purchaser to engage solicitors to inspect historical title deeds and documents relating to the relevant property for each conveyancing transaction.

This title investigation process is labour-intensive and time-consuming, and is inevitably subjective and uncertain at times. Further, upon completion of each transaction, the purchaser or mortgagee must safekeep the voluminous title deeds and documents, which will similarly be required for future transactions.

On the other hand, a title registration system recognises the person registered in the title register kept by the Land Registry (Title Register) to be the true owner and the Title Register will be conclusive evidence of title.

A title registration system was introduced by the enactment of the Land Titles Ordinance (Cap 585) (LTO) in 2004, but the LTO has yet to come into operation due to a number

of unresolved legal and operational issues.

After lengthy consultation and discussion, on 28 February 2025, the Hong Kong Government gazetted the Registration of Titles and Land (Miscellaneous Amendments) Bill 2025 (Amendment Bill) to amend the LTO, with a view to implementing the title registration system in stages. The title registration system, as modified in the Amendment Bill, will represent a significant step forward in modernising the land system in Hong Kong, which we welcome and support.

The Amendment Bill will revamp almost the whole LTO, and is a piece of complex and extensive legislation. In the first part of this update, we summarise the legal positions and key differences under the existing regime, the LTO and the Amendment Bill. In the second part, we have selected and

further elaborated on some salient features of the Amendment Bill that may be of interest to readers. Any reference to a section of the LTO in this update is a reference to the relevant section of the LTO as may have been amended or added by the Amendment Bill.

'New land first' proposal

Before delving into the summary, the most significant feature of the Amendment Bill is certainly the government's proposal to adopt the title registration system to 'new land first'.

The concept of 'new land' is introduced in the Amendment Bill to mean land held under a government lease or an agreement for a government lease granted on or after the commencement date of the LTO. Subject to certain exceptions (please refer to item 1 of Part 2 below), new land generally includes land granted

Highlights

- the Amendment Bill seeks to implement a title registration system for 'new land first', which will update Hong Kong's land system and enhance certainty in property ownership
- key changes to the Land Titles Ordinance include abolishing the mandatory rectification rule, introducing higher indemnity caps and defining overriding interests to protect bona fide purchasers of new land
- the Amendment Bill proposes a streamlined, self-financing indemnity system and clarifies interactions between the Land Titles Ordinance and the Companies Ordinance to minimise legal ambiguities

by the government through land sale, private treaty grant or land exchange (each a 'new land'). New land is free from prior interests or title defects and provides a clean start to the Title Register.

After the implementation of the title registration system to new land, the government will work out the mechanism for conversion or transition of the existing land interests into the Title Register.

Part 1 – a succinct summary

The legal positions and key differences under the existing regime, the LTO and the Amendment Bill are summarised in Table 1.

Part 2 – salient features

The legal positions and key differences under the existing regime, the LTO and the Amendment Bill are summarised below.

1. Exceptions to new land

Some pieces of land may at first glance appear to fall within the scope of 'new land', but are in fact excluded from the title registration system for the time being, namely:

- land held under short-term tenancy from the government, which is usually of a temporary nature (typically for seven years or less)
- land granted to extend the term or size of an existing government lease (for example, by an extension letter)
- land where the lease is modified without being surrendered and

regranted (for example, by deed of variation or modification letter)

- land deemed to be held under a new government lease upon renewal by virtue of the Government Leases Ordinance (Cap 40)
- land under a government lease deemed to be issued upon issuance of a Certificate of Compliance by virtue of the Conveyancing and Property Ordinance (Cap 219), and
- land held under a direct lease from the government under the Block Crown Lease (Cheung Chau) Ordinance (Cap 488).

2. Indefeasible title

Under the existing LTO, the mandatory rectification (MR) rule allows the court to restore ownership to innocent former owners if they lost their titles as a result of fraud. The Amendment Bill proposes to abolish the MR rule (by repealing the relevant section under the existing LTO). This provides for title certainty to a purchaser who genuinely pays for valuation consideration to buy the property. The innocent former owner would have no recourse against such a purchaser, but could instead be potentially compensated through the Indemnity Fund, subject to the revised cap of HK\$50 million.

However, where the purchaser is a party to the fraud or has knowledge of the fraud or has contributed to the fraud (in other words, the purchaser is not bona fide), the court may still grant an order to rectify the Title Register under section 82 of the LTO.

The Land Registrar will also have the power to make a restriction order under section 78 of the LTO to prohibit the registration of property transfer if fraud is suspected.

3. Nature of indemnifiable loss and time limit for application

For parties entitled to be compensated for their loss of title through the Indemnity Fund, sections 85 and 85D of the LTO clarify the amount of indemnity payable in case of fraud, mistake or omission.

Generally, the amount of indemnification to which a person is entitled in relation to a fraudulent entry is the lesser of:

- the value of the indemnifiable interest as at the date on which a specified order is made in relation to the entry, or
- the value determined by the Financial Secretary.

On the other hand, the amount indemnifiable in case of mistake or omission is the actual and foreseeable amount of loss suffered as a result of the indemnifiable mistake or omission.

Those entitled to be indemnified should be mindful of the time when the application has to be made. If the court is satisfied that an entry was registered or omitted by fraud, mistake or omission, and subsequently makes a specified order to rectify, the party who failed to recover the property must claim for indemnity within one year after the rectification order is made.

Table 1: Legal positions and key differences

Key changes	LRO (existing regime)	LTO	Amendment Bill
Mode of passing title	Title to property passes upon execution of instrument (for example, an assignment).	Title to property passes upon registration of the transfer with the Land Registry.	
Effect of registration with the Land Registry	Registration determines the priority of registered instruments, but does not guarantee title to the property or give effect to the instruments.	Registration determines the priority of registered instruments and also gives effect to dispositions.	
Certainty of title	Land register is not conclusive. Title may be subject to unregistered interests and title defects.	Title is subject to certain registered matters or overriding interests affecting the land (for example, easements or rights implied by law).	
Means to check title of a property	Checking of land register and title deeds is required.	Title Register is conclusive evidence of title.	
Treatment of title lost due to fraud	Innocent owner who lost his or her title as a result of fraud of a third party will recover his or her property through court proceedings.	Introduced a mandatory rectification (MR) rule: the court may order rectification of Title Register if satisfied that former innocent owner lost his or her title due to fraud. In other words, a bona fide purchaser may not have an indefeasible title.	The MR rule is abolished. A bona fide and innocent purchaser of new land for valuable consideration and in possession of the property will enjoy an indefeasible title, even if the property transfer was affected through the fraud of a third party. Please also refer to item 2 of Part 2.
Indemnity against loss of title due to fraud	Purchaser who lost ownership could only claim against the fraudster through court proceedings.	Depending on the court's decision as to whether to rectify the Title Register, the former innocent owner or the bona fide purchaser could claim indemnity under the Land Titles Indemnity Fund (Indemnity Fund), subject to a cap of HK\$30 million. The Indemnity Fund will be built up by levy (at the rate of 0.017%) on property transfers registered under the LTO and will be operating on a self-financing basis.	Proposing a higher indemnity cap of HK\$50 million and a (reduced) flat levy rate of 0.014% on the consideration amount of each property being transferred (with a cap of HK\$7,000) for contribution towards the Indemnity Fund. Please also refer to item 3 of Part 2.
Disapplication of adverse possession on new land	Land may be subject to adverse possession in Hong Kong.		Claims for adverse possession will not arise for new land registered in the Title Register.

4. Introduction of overriding interests

Under the existing registration system, registrable instruments that are not registered in the Land Registry would be void against bona fide purchaser or mortgagee for valuable consideration, except that this does not apply to a tenancy or lease at market rent for less than three years.

The LTO and the Amendment Bill introduce a list of exhaustive definitions of 'overriding interests', which are interests that affect the land despite not being registered, such as (among others) easements out of necessity and rights of way. This means that the registered owners of new land may be subject to certain unregistered overriding interests. That said, under section 46 of the LTO, generally the vendor will have an obligation to provide the purchaser with the full particulars of the relevant overriding interests of which the vendor has, or ought reasonably to have, knowledge.

Under section 48 of the LTO, the grant of lease of new land could only be effectual if such lease is registered in the Title Register. This raises the question of whether a tenancy or lease at market rent held in good faith for less than three years (which is not required to be registered under the existing the LRO) must also be registered in the Title Register. To align with this prevailing legal position, both the LTO and the Amendment Bill have already specified such tenancy or lease as an overriding interest, the registration of which in the Title Register is not necessary.

5. Interests of purchasers for valuable consideration not affected by notice

Interests not registrable under the existing LRO (such as a resulting trust or constructive trust in favour of other family members or occupants of the property) are common in Hong Kong due to informal family arrangements. Under the doctrine of notice, a purchaser who has actual or constructive notice of such non-registrable interests will take the property subject to such non-registrable interests.

After section 28A of the LTO comes into operation, purchasers of new land for valuable consideration without fraud will no longer be affected by such non-registrable interests. The exception is when the purchaser acquired the property as a result of fraud, even though the purchaser has paid valuable consideration for acquiring the property. The operative effect of this section 28A also means that the doctrine of notice in *Wong Chim-Ying v Cheng Kam-Wing* ([1991] 2 HKLR 253) will cease to apply to new land, to the extent varied by section 28A.

Practically, this means that, in the absence of fraud, even if a purchaser is aware of certain non-registrable interests in a property, their title to the property will not be affected by such non-registrable interests.

6. Effect of breach of trustee's duty

A trustee may be registered as owner, chargee or lessee of new land. If the trustee disposes of new land in breach of the trustee's duty, the transaction will still be valid and enforceable if

the purchaser is bona fide acting in good faith and has provided valuable consideration. The disposition cannot be overturned simply because of the breach of trust.

While the above protection is offered to bona fide purchasers, the LTO and the Amendment Bill do not extend the indemnity to other affected third parties (such as the beneficiaries of the relevant trusts).

In other words, such third parties will probably have to claim relief against defaulted trustees through legal proceedings for breach of duty.

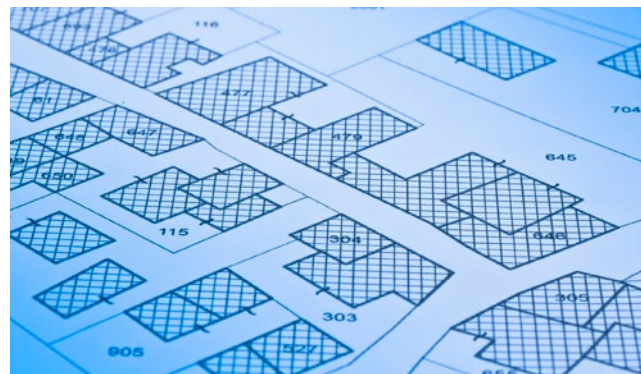
7. Rights of succession

The LTO and the Amendment Bill stipulate that certain succession rights in relation to new land will not be affected by the title registration system. Specifically, under section 58 of the LTO, the right of owners of new land to dispose of their new land through a will is preserved. The law governing intestate succession also remains unchanged.

Furthermore, the operation of sections 15 and 18 of the New Territories Ordinance (Cap 97), which address matters related to land in the New Territories, is preserved by the said section 58 (to the extent they apply to new land).

The law of intestate succession is also not affected by the LTO and the Amendment Bill. Nevertheless, it is very common for beneficiaries under intestate estate to enter into a deed of family arrangement to reallocate the distribution of estate among the beneficiaries. It remains to be seen

“
the title registration system, as modified
in the Amendment Bill, will represent a
significant step forward in modernising
the land system in Hong Kong
”



how such family arrangements may interact with the title registration system.

8. Stamp duty charge on the registered land

The Amendment Bill provides (through a proposed additional amendment to the Stamp Duty Ordinance (Cap 117)) that there will be a charge in favour of the Collector of Stamp Revenue on the registered land, when an instrument relating to the registered land is submitted to the Stamp Office for adjudication and the adjudication is pending.

Such charge will stand until the earlier of the date on which such instrument is stamped, or the date on which the Stamp Office confirms that no stamp duty is payable on such instrument or that such instrument is not chargeable with stamp duty.

There is uncertainty (from the text of the LTO and the Amendment Bill) as to how this charge impacts on the security of banks and lenders who provide secured financing involving instruments that require adjudication. Banks and lenders may therefore have to seek additional legal protection

from the borrower to cover such potential stamp duty exposure.

9. Interaction with the Companies Ordinance

Section 37(2) of the LTO states that in relation to registered charges, in case of conflict or inconsistency between the provisions of the LTO and the provisions of Part 8 of the Companies Ordinance (Cap 622), the latter should prevail over the LTO.

One important possible consequence is that if a company creates a charge relating to registered land, such charge should be registered in both the Title Register and the Companies Registry. However, where the charge is (only) registered in the Title Register but is not registered with the Companies Registry within the prescribed time period, the charge will then be void against any liquidator and creditor of the company by virtue of section 337 of the Companies Ordinance. The registration of the charge in the Title Register cannot cure such a defect.

Conclusion

As mentioned above, we welcome the introduction of the title registration

system beginning with new land first, as we agree that it will offer a higher degree of certainty in property ownership, simplify the traditional conveyancing process and enhance business efficiency in property transactions with respect to new land.

As the Amendment Bill will go through discussions and debate in the Legislative Council, we expect there will be further improvements and clarifications. Inevitably, there are also likely to be teething problems and legal issues arising from the new regime coming into force.

Meanwhile, we also look forward to the government introducing plans in due course for a progressive, comprehensive and seamless conversion of existing lands registered under the LRO to become lands regulated under the title registration system.

Eugene YC Wong, Partner, Alvin LY Yeung, Partner, and Wayne KW Cheng, Partner

Johnson Stokes & Master

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Hong Kong employment outlook 2025

What employers and HR specialists should know



David Kong, Managing Associate, Lewis Silkin, breaks down the upcoming legislative changes and evolving employment trends in Hong Kong for 2025, from redefining continuous contracts to navigating cryptocurrency compensation and managing AI in the workplace.

As we step into 2025, the employment landscape in Hong Kong is poised for significant transformation. This article delves into anticipated legislative changes and emerging key trends enabling employers and HR professionals to stay ahead of the curve and equip themselves with the knowledge to navigate the evolving employment environment in Hong Kong.

New definition of continuous contract – from 418 to 468

Under the Employment Ordinance (EO), employees could only enjoy certain statutory benefits – such as statutory holiday pay and statutory annual leave – if they are employed under a ‘continuous contract’, which is currently defined to mean being continuously employed by the same employer for four or more consecutive weeks and having worked for at least 18 hours per week. This is what is commonly referred to as the 418 rule and this rule has been a cornerstone of Hong Kong employment law for many years.

To extend statutory benefits to a wider pool of employees, such as part-time employees and potentially gig workers, the Hong Kong government has proposed to relax the 418 rule to the effect that ‘continuous employment’ will be triggered once an employee has worked at least 68 hours over a four-week period (known as the 468 rule). A bill to amend the EO will likely be

tabled before the Legislative Council in the first half of 2025.

The new 468 rule is more adaptive to the flexible work structures that have become increasingly popular following the Covid-19 pandemic. Employers, especially gig economy companies, should review their existing HR policies to ensure compliance with the amended laws.

The abolition of the MPF offsetting mechanism

The government has announced that the abolition of the MPF offsetting arrangement will take effect on 1 May 2025. This means that starting from 1 May 2025, employers in Hong Kong will no longer enjoy the statutory right to use the accrued benefits derived from their mandatory contributions to their employees’ MPF scheme to offset statutory severance payments (SP) or long service payments (LSP) payable to them. However, for

employees who were already in employment before 1 May 2025, employers would still be able to apply the offset mechanism to the pension contributions that were provided prior to that date.

To relieve the financial pressure of employers in paying SP/LSP following the abolition of the MPF offsetting arrangement, the government has set up a subsidy scheme to share employers’ costs on SP and LSP.

Impact of cryptocurrency on compensation

Currently, according to section 26 of the EO, wages must be paid in ‘legal tender’ and it can only be paid by other means – such as by cheque, money order or bank transfer – with the consent of the employees. As cryptocurrencies are not legal tender, paying employees’ wages in cryptocurrencies may be in violation of the EO.

Highlights

- Hong Kong’s proposed shift from the 418 rule to the 468 rule aims to extend statutory benefits to part-time and gig workers
- from 1 May 2025, employers in Hong Kong will no longer enjoy the statutory right to apply an MPF set-off against the statutory severance or long service payments payable to their employees
- to avoid compliance risks in relation to data privacy, employers should take careful note of the PCPD’s increasingly rigorous expectations for organisations using AI systems and take prompt action to implement a number of employment-related recommendations

“ the new 468 rule is more adaptive to the flexible work structures that have become increasingly popular following the Covid-19 pandemic ”

Given Hong Kong's position as an international fintech hub, an increasing number of employers, especially those in the blockchain industry, are offering bonuses in cryptocurrencies to attract tech-savvy talents. This would be legally permissible provided that the payments concerned do not fall under the statutory definition of 'wages'. Under the EO, wages means 'all remuneration, earnings, allowances (including travelling allowances, attendance allowances, commission, overtime pay), tips and service charges, however designated or calculated, capable of being expressed in terms of money, payable to an employee in respect of work done or to be done'. Annual bonuses, whether contractual or discretionary, are however expressly excluded from the definition of wages.

The integration of cryptocurrency in compensation raises legal challenges and regulatory uncertainties, and can create apprehension among employers. Against this background, in December 2024, the government published its first draft Stablecoins Bill to provide a framework for the licensing and supervision of fiat-

referenced stablecoin activities. Although the Stablecoins Bill recognises that stablecoins can, amongst other things, be used as a medium of exchange for payment for services, they are still not considered legal tender in Hong Kong. Like other cryptocurrencies, stablecoins are considered a subset of virtual assets. This means that paying employees' wages in stablecoins would give rise to the same legal risks as paying employees in other types of cryptocurrencies, but it may be permissible to pay in stablecoins as a means of awarding annual bonuses.

When considering paying employees' remuneration in cryptocurrencies, employers are recommended to navigate the evolving regulations carefully and to seek legal advice to avoid potential legal pitfalls.

The rise of AI in the workplace

Artificial intelligence (AI) is reshaping the workplaces around the world and Hong Kong is no exception. Whilst AI can allow businesses to streamline operations and reduce costs, it also poses data privacy challenges.

In response, the Office of the Privacy Commissioner for Personal Data (PCPD) published the Artificial Intelligence: Model Personal Data Protection Framework (Framework) in June 2024. The Framework sets out the PCPD's expectations for organisations adopting AI systems in Hong Kong.

Amongst other recommendations, the PCPD recommends organisations take the following employment-related actions:

- develop clear, accessible communication strategies to explain the use of AI and its implications to employees
- provide training for employees using AI, particularly those involved in handling personal data and AI system management
- develop internal policies and procedures to enable employees to flag and report AI incidents (for example, data leakage), and
- adopt risk mitigation measures (such as human oversight) when deploying AI in HR settings that carry legal risks (for example, unlawful discrimination risks), such as assessment of job applicants and termination of employment.

It is expected that the PCPD will take an increasingly robust approach to scrutinising the use of AI by organisations in Hong Kong. Employers should take prompt action to follow the PCPD's recommendations under the Framework.

Concluding remarks

As we move further into 2025, Hong Kong's employment landscape is likely to evolve significantly in response to societal changes and technological advancements. Employers should be aware of these developments and adapt to these changes, ensuring that they are prepared for the future of work.

David Kong, Managing Associate
Lewis Silkin

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HKCGI Sustainability Governance Academy (Academy)



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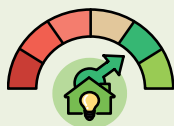
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To be recognised as a powerhouse on sustainability and ESG concerns.

Natalia Seng FCG HKFCG



When did you first join the Institute and what was your professional role at that time?

'I first became involved with the Institute when I was a student at Hong Kong Polytechnic, studying for a three-year higher diploma. In 1977, I began preparing for the professional qualification examinations of The Institute of Chartered Secretaries and Administrators of London (now The Chartered Governance Institute (CGI)). After graduating and gaining three years of relevant experience, I officially became an Associate of the Institute in 1983. At that time, I was working in the Company Secretarial Practice of Ernst & Young – which was acquired by the Tricor Group in 2002 – having joined the firm in 1979.

I later became a Fellow of the Institute and served on its Council, including as President from 2007 to 2009.'

Did membership of the Institute support your career development and, if so, in what ways?

'Yes, the Institute supported my career development significantly. As a Fellow, Council member and President, I

gained exposure to market trends and built strong industry connections. When Tricor was first established, we were relatively unknown in our core service areas. But through active participation in Institute events, and collaboration with regulators like the Stock Exchange, the Securities and Futures Commission and the Companies Registry, we raised our profile. These platforms allowed us to showcase our expertise, build trust and bring in business, such as acting as an outsourced company secretary and share registry for a number of IPOs, including H share and red chips issuers. The professional recognition we gained helped open doors and advance both my career and Tricor's standing.'

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

'One of the most significant milestones in my mind was the elevation of our professional qualification framework around the early 2000s. At that time, our examination structure transitioned from A-level equivalency to one that was recognised at master's degree level. This allowed the Institute to raise the entry bar, requiring candidates to first

hold a university degree, which in turn helped position the qualification both as more rigorous and as more appealing. We were then able to reach out to undergraduates from a broader range of disciplines – such as English language and translation, history and law – many of whom appreciated the career prospects the profession offered. Many of these undergraduates joined the Institute as students and went on to become full members.

A second major milestone came around 2003/2004, when the Stock Exchange facilitated the listing of more H shares from Chinese state-owned enterprises in Hong Kong. Our members played a vital role in guiding these companies through the unfamiliar Hong Kong Listing Rules, disclosure requirements and AGM procedures, becoming trusted governance advisers during a pivotal phase of market development.

The third key milestone was our more recent rebranding as governance professionals. This shift broadened the identity of our members beyond company secretaries, better reflecting the wide range of roles they play in corporate governance, ESG, risk management and anti-money laundering (AML) and compliance across both listed and non-listed sectors.'

Can you share some of your personal golden reflections of your time with the Institute?

'One of my most memorable reflections was representing the Institute, as CGI's Hong Kong/China Division, on the international stage during and after my presidency. At that time, we were actively engaging with other divisions, including those in Singapore, Malaysia, Australia and South Africa, to advocate for a fairer governance structure within the international body. Through persistent dialogue, we succeeded in pushing for proportional representation, based on the number of members and students, thereby increasing the number of Hong Kong/China Division seats on the International Council. That was a breakthrough.

Another golden moment was our collaboration with the Companies Registry during the early development of electronic company registration. We worked closely with the Registry to ensure that digital transformation wouldn't compromise corporate governance or AML standards. I also take pride in contributing to the groundwork for

“
the Institute has always provided
a strong platform for women,
offering equal opportunities,
training and support that help our
gender thrive professionally
”

Natalia Seng FCG HKFCG, Institute Past President

Hong Kong's Trust and Company Service Provider licensing regime, which raised compliance standards in that industry. These collective efforts reflect how the Institute plays a proactive role in shaping practical, forward-looking reforms.'

What has changed for women in the governance profession since your own career began and how has the Institute helped in that regard?

'When I began my career, the majority of those studying to become company secretaries were women, many of whom then entered the profession. Over the years, more women have risen to leadership roles in governance. The Institute has always provided a strong platform for women, offering equal opportunities, training and support that help our gender thrive professionally.'

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

'I would encourage young people to consider governance as a solid professional path. In today's world, governance knowledge is highly relevant across all industries. Whether you work in business or public organisations, understanding governance principles equips you to make sound decisions, especially at senior levels. It helps you assess risks, ask the right legal questions and avoid potential pitfalls. You'll be better prepared to speak up when something goes wrong, and this will protect both your organisation and yourself. Gaining a professional qualification in governance early on is a smart investment as it builds your confidence, judgement and long-term career resilience.'

沈施加美女士 FCG HKFCG



您是什么时候加入公会的？当时您的专业身份是什么？

‘我是在香港理工学院读三年制高级文凭课程期间第一次认识公会。1977年，我开始准备伦敦特许秘书及行政人员公会（现称特许公司治理公会）的专业资格考试。毕业后我取得三年相关工作经验，于1983年正式成为公会会士。那时候，我在安永会计师事务所的公司秘书部工作，我是1979年加入该事务所的，后来该部门于2002年被卓佳集团收购。

后来我成为公会的资深会士，并曾担任理事会成员，还在2007年至2009年期间担任会长。’

公会的会员资格是否有助于您的职业发展？如果有，在哪些方面？

‘是的，公会在我的职业发展中起到了重要作用。作为资深会士、理事和会长，我能够紧贴市场趋势，并建立起坚实的业界人脉网络。卓佳刚成立时，我们在市场上的知名度还不高。但通过积极参与公会活动，并与香港交易所、证券及期货事务监察委员会、公司注册处等监管机构合作，我们提升了自身的行业形象。这些平台帮助我们展示专业能力、建立信任并拓展业务，例如担任多家首次公开招股的H股和红筹公司的公司秘书和股票过户登记处。我们所获得的专业认可

打开了许多大门，帮助我本人的职业发展，也提升了卓佳集团的地位。’

您认为公会历史上有哪重要的里程碑？

‘在我看来，其中一个重要的里程碑是在2000年代初，我们的专业资格框架得到了提升。当时我们的考试体系，从相当于高级程度上升到硕士学位水平。这个转变使得公会能够提高入会门槛，要求考生先取得大学学历，从而让这个资格的定位更严格，也更有吸引力。我们因此能吸引更多来自不同学科背景的本科生，例如英语语言与翻译、历史和法律等，他们都看好这个专业的职业发展前景。许多这些学科的本科生加入公会成为学员，最终成为正式会员。’

第二个重要里程碑是大约在2003/2004年，当时香港证券交易所促成更多国有企业在香港上市成为H股公司。我们的会员在指导这些公司了解香港的上市规则、信息披露要求及股东周年大会流程方面发挥了关键作用，成为这些企业在市场发展关键阶段的可信治理顾问。

第三个关键转变是我们最近将品牌重新定位为治理专业人士。这一转变拓宽了会员的职业身份，不再局限于公司秘书的角色，更加真实地反映了他们在上市和非上市公司中企业治理、ESG、风险管理、反洗钱和合规等领域所扮演的广泛角色。’

您能分享一些关于公会的美好回忆吗？

‘我最难忘的时刻之一是在我担任会长及卸任后的时期，代表公会作为公司治理公会香港/中国分部在国际舞台上发声。当时我们积极与新加坡、马来西亚、澳大利亚及南非等分部沟通，推动国际总会设立更公平的治理架构。通过持续的对话，我们成功推动了基于会员和学员人数的比例代表制，增加了香港/中国分部在国际理事会中的席位，这是一个重大突破。’

另一个重要时刻是我们与公司注册处合作，参与推动电子公司注册系统的早期发展。我们紧密合作，确保数码化转型不会牺牲企业治理和反洗钱的标准。我也很自豪能为香港建立信托及公司服务提供者发牌制度的基础工作贡献一份力量，这一制度提升了行业的合规水平。这些努力体现了公会在推动务实、前瞻性改革方面的积极角色。’

与您职业生涯刚开始时相比，治理行业中女性的地位发生了怎样的变化？公会在这方面起到了什么作用？

‘我刚入行时，学习公司秘书专业的大多数是女性，当中很多随后也进入了这个行业。多年来，越来越多女性在治理领域中晋升为领导角色。公会一直为女性提供强有力的平台，

“

公会一直为女性提供强有力的平台，给予平等的机会、培训和支持，让女性在专业领域中能够有出色表现

”

沈施加美女士 FCG HKFCG，公会前会长

给予平等的机会、培训和支持，让女性在专业领域中能够有出色表现。’

您对刚刚开始治理生涯的年轻一代有什么建议？

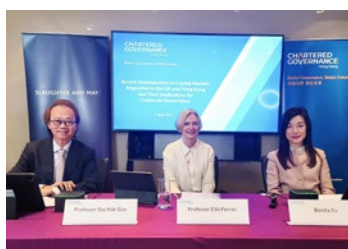
‘我鼓励年轻人把治理视为一条稳健的专业发展路径。在当今社会，无论在哪个行业，治理知识都至关重要。不论你在企业还是公共机构工作，尤其是担任高层职位时，掌握治理原则都能帮助你作出明智的决策。它能帮助你识别风险、提出适当的法律问题、避免陷阱。当有问题发生时，也会敢言，保护公司，也保护自己。尽早考取治理专业资格是非常明智的投资，它能帮助你建立信心、判断力以及长期的职业抗压能力。’



Professional Development

Seminars: April 2025

2 April Recent developments in capital markets regulation in the UK and Hong Kong and their implications for corporate governance



Chair: Benita Yu FCG HKFCG, Institute Technical Consultation Panel (TCP) – Company Law Interest Group Chairman and TCP member, and Senior Partner, Slaughter and May

Speakers: Professor Eilis Ferran, FBA PhD, Company & Securities Law, the University of Cambridge; and Professor Say Hak Goo FCG HKFCG, Faculty of Law, the University of Hong Kong (panellist)

3 April Managing difficult annual general meetings



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

Speakers: Maxwell Chan, Partner, ONC Lawyers; Dr Eva Chan FCG HKFCG(PE), Head of Investor Relations, C C Land Holdings Ltd; and Benny Au Yeung ACG HKACG, Senior Manager of IPO & Share Registry, Vistra

8 April Uncertificated securities market (USM) becomes effective – must-know for issuers



Chair: Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive

Speakers: Thrity Mukadam, Senior Director, Supervision of Markets, and Hoi Yan Leung, Senior Manager, Supervision of Markets, Securities and Futures Commission; Paul Malam, Head of Policy and Secretariat Services, Listing, and Alan Chuen, Senior Vice President, Post Trade, Operations, Hong Kong Exchanges and Clearing Limited; and Richard Hough, Chairman, Federation of Share Registrars, and Chief Executive Officer, Issuer Services, Computershare Asia

23 April New Corporate Governance Code changes: overview and application



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

Speakers: Vivian Chow, Director, Risk Advisory Services, and Herman Tsui, Principal, Risk Advisory Services, BDO; and Kitty Chan, Group General Counsel and Company Secretary of China Gas Holdings Ltd (panellist)

24 April

Decoding annual general meetings for Hong Kong private and guarantee companies: update on virtual meetings and scrutineers' roles



Speakers: Ivy Chow FCG HKFCG(PE), Institute Council member, Professional Development Committee Vice-Chairman, Membership Committee member, Professional Services Panel and Assessment Review Panel member, and Tax – Corporate Services Director; Alice Cheng ACG HKACG, Tax – Corporate Services Senior Manager; and Jeffrey Ip ACG HKACG, Tax Reporting and Strategy Senior Manager, PwC Hong Kong

25 April

CSP training series: disclosure of interests in securities – practice and application

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

29 April

Automatic exchange of financial account information (AEOI) and its implications for TCSP licensees



Chair: Ivy Chow FCG HKFCG(PE), Institute Council member, Professional Development Committee Vice-Chairman, Membership Committee member, Professional Services Panel and Assessment Review Panel member, and Tax – Corporate Services Director, PwC Hong Kong

Speakers: Kathleen Wang, Tax Partner, Jeffrey Ip ACG HKACG, Tax Reporting and Strategy Senior Manager, and Terri Yu, Corporate Tax Practice Manager, PwC Hong Kong

30 April

Sports governance: leadership by the company secretary



Speakers: Dr Davy Wu, Senior Lecturer, Department of Accountancy, Economics and Finance, Hong Kong Baptist University; Matthew Young FCG HKFCG(PE), Institute Council member, Qualifications Committee Vice-Chairman, NextGen Group Co-Convenor and Assessment Review Panel member, and Head of the Corporate Secretarial Department, The Hong Kong Jockey Club; and CK Low FCG HKFCG, Institute Investigation Group Chairman, Qualifications Committee member, TCP – Securities Law and Regulation Interest Group member and Editorial Board member (panellist)

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.hkcg.org.hk.

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

Membership

New Fellows

The Institute would like to congratulate the following Fellows elected in March and April 2025.

Ban ZeFeng FCG HKFCG

Mr Ban is currently the Vice President, Secretary of the Board of Directors and Joint Company Secretary of China Suntien Green Energy Corporation Ltd (Stock Code: 956). Mr Ban has over 11 years of experience in corporate financing, corporate governance, information disclosure and investor relations management. He holds a bachelor's degree from Central University of Finance and Economics and a master's degree in business administration from Nankai University. Mr Ban is also a Chief Senior Economist.

Hu Rukun FCG HKFCG

Ms Hu has over 10 years of experience in law, accounting, investment and financing, as well as ESG governance. Ms Hu has been the Company Secretary of Donson Marketing Technology Group Ltd since 2021. Ms Hu holds a master's degree from China University of Political Science and Law and has obtained the PRC's National Unified Legal Professional Qualification.

Jiang Qun FCG HKFCG

Mr Jiang is the Secretary to the Board and Company Secretary of China Coal Energy Co Ltd (Stock Code: 1898), and Secretary to the Board of the China Coal Group. Mr Jiang has extensive professional experience, possessing rich management expertise in corporate financial management, corporate governance, investor relations and stakeholder communications. Mr Jiang holds a bachelor's degree in economics from Beijing College of Finance and Commerce.

Lo Chu Wing FCG HKFCG(PE)

Mr Lo is the Company Secretarial Manager of China Overseas Grand Oceans Group Ltd (Stock Code: 81). Mr Lo has substantial experience in Hong Kong listed companies, having previously acted as Company Secretary of several listed companies in Hong Kong. Mr Lo holds a bachelor's degree in business administration from Hong Kong Baptist University and an LLB from the University of London. He is currently a member of the Institute's NextGen Group and is a registered Sustainability Professional of the Institute.

Lo Siu Ting FCG HKFCG

Ms Lo is the Advisory Director of PKF Hong Kong Ltd, a professional accounting firm. She provides risk management and compliance advisory services. She holds a bachelor's degree in business administration from The Chinese University of Hong Kong and an LLB from the University of London.

Su Shaojun FCG HKFCG

Mr Su serves as the Board Secretary and Joint Company Secretary of China Pacific Insurance (Group) Co Ltd (Stock Code: 2601). He is responsible for corporate governance and investor relations management. Mr Su holds a PhD from Tongji University and is a Fellow of The Australian and New Zealand Institute of Insurance and Finance.

Wang Wei FCG HKFCG

Mr Wang is currently the Assistant President, Board Secretary and Joint Company Secretary, and General Manager of the Securities Affairs Department, of Legend Holdings Co Ltd (Stock Code: 3396). He is responsible for investor relations, legal compliance and information disclosure. Mr Wang obtained his bachelor's degree from Zhongnan University of Economics and Law and holds a master's degree in accounting and finance from the University of Southampton. He serves as accountant for The Chinese Institute of Certified Public Accountants, the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

Xu Yugao FCG HKFCG

Dr Xu is the Chief Compliance Officer and Deputy General Counsel of China National Offshore Oil Corporation (CNOOC) (Stock Code: 883), and concurrently serves as the General Counsel, Director of Laws and Regulations and Company Secretary of CNOOC Ltd. Dr Xu holds a PhD from Tsinghua University and a master's degree in technology policy from the Massachusetts Institute of Technology. Dr Xu is a professor-level senior economist, a certified senior risk manager and an enterprise legal advisor.

Li Shun FCG HKFCG

Chief Financial Officer and Company Secretary, Xizang Zhihui Mining Ltd



Certificate for Module









(The Hong Kong Chartered Governance Institute Examinations Preparatory Programme)

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

COURSE INFORMATION

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

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


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

TARGET STUDENTS

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

Award:

Certificate for Module

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

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



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.

CONTACT INFORMATION
Programme Enquiries (HKU SPACE)

 (852) 2867 8485
 hkcgi@hkuspace.hku.hk



Membership (continued)

Sheung Sze Kai FCG HKFCG

Chief Financial Officer, Off-site Treasury Solutions Ltd

Sung Nga Lee FCG HKFCG

Director, Vistra Group

Woo Catherine Lok See FCG HKFCG

New graduates

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

Chan Ho Wing
Ngai Chui Ching
Siu Chung Tin

Tang Po Man
Tse Ho Yin
Wong Yan Yan

Membership activities: April 2025

11 April and 25 April

Lifestyle series – kokedama workshops



12 April

Lifestyle series – Easter texture painting workshop



26 April

Lifestyle series – film photography workshop



Forthcoming membership activities

Date	Time	Event
10 July 2025	7.30pm–8.30pm	Summer sports series – CrossFit training workshop
12 July 2025	2.00pm–5.00pm	Summer sports series – first aid workshop for hikers
17 July 2025	7.30pm–9.00pm	Summer sports series – running technique workshop
2 August 2025	11.00am–1.00pm	Summer sports series – bowling fun day
8 August 2025	7.30pm–8.30pm	Summer sports series – hatha yoga workshop
15 August 2025	7.30pm–8.30pm	Summer sports series – back-care yoga workshop

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

Membership/graduateship renewal for the financial year 2025/2026

The renewal notice, together with the debit note for the financial year 2025/2026, will be sent to all members and graduates by email in mid-June 2025 to the email address registered with the Institute. Members and graduates should settle the payment as soon as possible, but no later than Tuesday 30 September 2025.

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

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

Advocacy

Ernest Lee appointed to the Securities and Futures Appeals Tribunal of the HKSAR Government

The Institute is delighted to announce that Ernest Lee FCG HKFCG(PE), Institute Past President and Technical Partner, Deloitte China, has been appointed as a member of the Securities and Futures Appeals Tribunal of the HKSAR Government. This appointment speaks to his considerable expertise and extensive public service record, and we congratulate him on this achievement.



Nominations for the HKCGI Prize 2025

Nominations are now open for the HKCGI Prize 2025. This is an opportunity to recognise individuals who have made significant contributions to the Institute and to the profession of the Chartered Secretary and Chartered Governance Professional during their careers. Members are invited to submit nominations on or before 30 September 2025.

For more information about the Prize and details of the nomination procedure, please visit the News & Events section of the Institute's website: www.hkcgj.org.hk.

Chartered Governance Qualifying Programme (CGQP)

June 2025 examination diet

Candidates who were unable to attend the scheduled CGQP June 2025 examinations may apply for an examination postponement by submitting a relevant medical certificate and/or supporting document(s). All applications must be submitted to the Institute by 10 July 2025.

Key dates

Key dates	Description
10 July 2025	Closing date for examination postponement applications
Late August 2025	Release of examination results
Late August 2025	Release of examination papers, mark schemes and examiners' reports
Early September 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 of the CGQP examinations, please visit the *Examinations* page under the *Chartered Governance Qualifying Programme* subpage of the *Studentship* section of the Institute's website: www.hkcggi.org.hk.

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

Learning support

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

Revision guidance

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

For details, please visit the *Past Examination Papers* page under the *Learning Support* subpage of the *Studentship* section of the Institute's website: www.hkcggi.org.hk.

CGQP examination technique online workshops and student seminars

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

Students enrolled in the June 2025 examination diet have been granted complimentary access to the pre-recorded videos for all eight modules.

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.hkcggi.org.hk.

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

HKU SPACE CGQP Examination Preparatory Programme – autumn 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 autumn 2025 intake will commence in September 2025.

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

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(852) 2830 6039

student@hkcgi.org.hk

www.hkcgi.org.hk

Chartered Governance Qualifying Programme (CGQP) (continued)

Studentship activities: April 2025

16 April

City University of Hong Kong – career talk



24 April

HKU SPACE – professional talk



Reception and award presentation at universities

28 April

The Hang Seng University of Hong Kong – Scholarship & Award Presentation Ceremony



29 April

Hong Kong Shue Yan University – Annual Scholarship Award Ceremony cum Donor Appreciation Reception 2024-2025



30 April

Hong Kong Baptist University – Scholarship and Financial Aid Donor Appreciation Reception 2024-25



Studentship renewal for the financial year 2025/2026

The renewal notice for the financial year 2025/2026 will be sent to all students to the email address registered with the Institute in mid-June 2025. Students should settle the payment as soon as possible, but no later than Tuesday 30 September 2025.

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

For enquiries, please contact the Studentship Registration Section: (852) 2881 6177, or email: student_reg@hkcg.org.hk.



Thinking about



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-  Hong Kong Shue Yan University
-  Saint Francis University
-  The Hang Seng University of Hong Kong



Need assistance?

Reach out to the HKCGI Qualifications and Assessments Section at +852 2881 6177 or email student@hkcgil.org.hk.



Learn more

ISSB proposes amendments to IFRS S2 in relation to GHG emissions disclosures

On 28 April 2025, the International Sustainability Standards Board (ISSB) published an Exposure Draft outlining targeted amendments to IFRS S2 Climate-related Disclosures, with the aim of clarifying and easing certain requirements for disclosing greenhouse gas (GHG) emissions. These proposed changes are intended to enhance the practical implementation of climate-related disclosures, particularly for entities in the financial sector.

'The amendments are not focused on reductions in disclosures about GHG emissions, but are instead making it easier for companies to apply the Standards while retaining the decision-usefulness of information provided to investors,' ISSB said in a statement.

The Exposure Draft is open for public comment for 60 days, with the consultation period closing on 27 June 2025.

Key proposed amendments

The ISSB is proposing four main amendments to IFRS S2:

1. **Scope 3 Category 15 GHG emissions relief.** Entities would be exempt from disclosing GHG emissions associated with investments in derivatives and facilitated emissions relating to investment banking and insurance-associated emissions. Entities will still be required to report on Scope 3 Category 15 for emissions attributed to loans and investments, as well as assets under management.
2. **Flexibility on GICS classification.** IFRS S2 currently requires disaggregated financed emissions data to be disclosed based on the Global Industry Classification Standard (GICS). The proposed amendment would allow entities, in certain cases, to use alternative industry classifications where the use of GICS would be impractical or misaligned with jurisdictional practices.
3. **Clarification on measurement methodologies.** The Exposure Draft reaffirms that, while the Greenhouse Gas Protocol remains the default method for calculating GHG emissions, jurisdictional relief provisions already allow entities to use alternative methods, where legally required, without additional ISSB approval.
4. **Use of jurisdiction-required GWP values.** The ISSB proposes to permit the use of global warming potential (GWP) values mandated by local regulations, even if these are not from the latest Intergovernmental Panel on Climate Change (IPCC) reports. This aims to reduce the reporting burden and support alignment with local climate disclosure regimes.

reflect feedback from stakeholders, particularly in the financial services sector, about implementation challenges.

Organisations preparing climate-related disclosures under IFRS S2 should review the Exposure Draft and consider how the proposed changes may affect their reporting obligations. Those interested in influencing the final Standard are encouraged to submit comments before the 27 June deadline.

The Exposure Draft is available here in full: <https://www.ifrs.org/content/dam/ifrs/project/amendments-greenhouse-gas-s2/issb-ed-2025-1-greenhouse-gas-s2.pdf>

Context and implications

These amendments are part of ISSB's ongoing efforts to ensure IFRS S2 can be applied effectively across jurisdictions with differing regulatory and data environments. They

New legislation for the protection of Hong Kong's critical infrastructures

On 19 March 2025, the Legislative Council of Hong Kong passed the Protection of Critical Infrastructures (Computer Systems) Bill, marking the city's first comprehensive cybersecurity legislation. The law aims to enhance the resilience of essential services against cyberthreats by imposing stringent obligations on designated critical infrastructure operators (CIOs). The Ordinance is set to take effect on 1 January 2026.

Scope and applicability

The Ordinance applies to organisations operating in eight designated sectors deemed vital to Hong Kong's societal and economic functions:

- energy
- information technology
- banking and financial services
- land transport
- air transport
- maritime transport
- healthcare services, and
- telecommunications and broadcasting services.

Additionally, entities managing major sports and performance venues, as well as significant technology parks, may also be designated as CIOs under the Ordinance.

Key obligations for CIOs

Under the new law, CIOs are required to implement a series of measures to safeguard their critical computer systems (CCSs).

- **Establishment of a local presence.** CIOs must maintain an office

in Hong Kong to facilitate communication with regulatory authorities.

- **Designation of a security management unit.** CIOs are obligated to establish and maintain a dedicated computer system security management unit, overseen by an employee with adequate professional knowledge in computer-system security.
- **Submission of security management plans.** Within three months of designation, CIOs must submit a comprehensive computer system security management plan outlining measures to manage and mitigate cybersecurity risks.
- **Regular risk assessments and audits.** CIOs are mandated to conduct annual computer-system security risk assessments and biennial independent security audits, submitting reports to the Commissioner within three months of each assessment or audit period.
- **Incident reporting.** Significant changes to CCSs and serious security incidents must be promptly reported to the relevant authorities, with serious incidents requiring notification within two hours.

Enforcement and penalties

The Ordinance will be enforced by the Commissioner under the

Security Bureau, with designated regulators such as the Hong Kong Monetary Authority overseeing compliance within specific sectors. The Ordinance introduces a tiered enforcement regime with substantial penalties for non-compliance. These aim to ensure that CIOs prioritise cybersecurity risk management and adopt appropriate governance practices.

- **Fines.** Organisations may face fines ranging from HK\$500,000 to HK\$5 million, depending on the severity of the breach.
- **Daily penalties.** For continuing offences, additional daily fines ranging from HK\$50,000 to HK\$100,000 may be imposed for each day the offence persists.

While the penalties primarily target organisations, individuals may be held personally liable in cases involving criminal acts such as providing false information or engaging in fraudulent activities.

For a detailed overview of the Ordinance and its stipulations, refer to the official publication: https://www.legco.gov.hk/yr2024/english/brief/sbcr132312022pt5_20241204-e.pdf

PCPD issues guidelines on employees' use of generative AI in the workplace

On 31 March 2025, the Office of the Privacy Commissioner for Personal Data (PCPD) published its Checklist on Guidelines for the Use of Generative AI by Employees. This guidance serves as a practical tool for organisations to manage the responsible adoption of generative AI technologies, particularly large language models, in a manner that complies with Hong Kong's Personal Data (Privacy) Ordinance (PDPO).

The publication comes amid growing interest in generative AI tools across industries, with applications ranging from content creation and summarisation, to data analysis and workflow automation. As these tools become more embedded in business operations, the potential risks surrounding data privacy, accuracy, accountability and ethical use have also grown. The PCPD's guidance aims to support employers in balancing innovation with regulatory compliance and risk mitigation.

Key recommendations

The Guidelines outline five main areas where employers should formulate policies and exercise oversight:

1. **Clearly define permissible use.** Employers are advised to specify which generative AI tools are authorised, the functions for which they may be used – such as drafting emails or summarising documents – and the limitations on their usage. Restrictions should also be put in place for high-risk or sensitive use cases

to prevent misuse or over-reliance on the technology.

2. **Safeguard personal data privacy.** Since generative AI tools may collect and process input data, organisations must ensure that employees do not input personal data, confidential information or proprietary content, unless it is in compliance with internal data handling protocols and the PDPO. This includes guidance on input limits, storage of outputs and avoidance of AI models that retain user inputs for further training.
3. **Promote ethical and lawful usage.** The PCPD recommends that AI-generated content be reviewed and validated before adoption to avoid the dissemination of inaccurate, misleading or biased information. Employers should also consider the use of watermarks, labels or disclaimers to flag content generated by AI tools, particularly in external-facing communications.
4. **Strengthen data security controls.** The checklist advises that access to generative AI tools be limited to designated staff, based on job responsibility and proper training. It also recommends the use of secure devices and robust login credentials, along with IT controls to manage and monitor tool usage. Organisations should have incident reporting protocols in place for any AI-related data breaches or operational anomalies.

5. **Address non-compliance and establish governance.**

Organisations are urged to outline disciplinary procedures for breaches of AI use policies. The PCPD also refers employers to its Artificial Intelligence: Model Personal Data Protection Framework for setting up AI governance mechanisms such as steering committees, risk assessment procedures and internal audit protocols.

Supporting measures to ensure compliance

In addition to policy formulation, the PCPD encourages organisations to adopt a series of support measures to enhance the safe and effective use of generative AI. These include enhancing transparency, investing in training and awareness, providing dedicated support, and establishing feedback and improvement mechanisms.

The PCPD's initiative underscores the need for proactive governance as generative AI technologies continue to evolve. Organisations are encouraged to review the new Guidelines and consider how they can be integrated into existing data protection and corporate governance frameworks.

The full publication is available on the PCPD website: https://www.pcpd.org.hk/english/resources_centre/publications/files/guidelines_ai_employees.pdf

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