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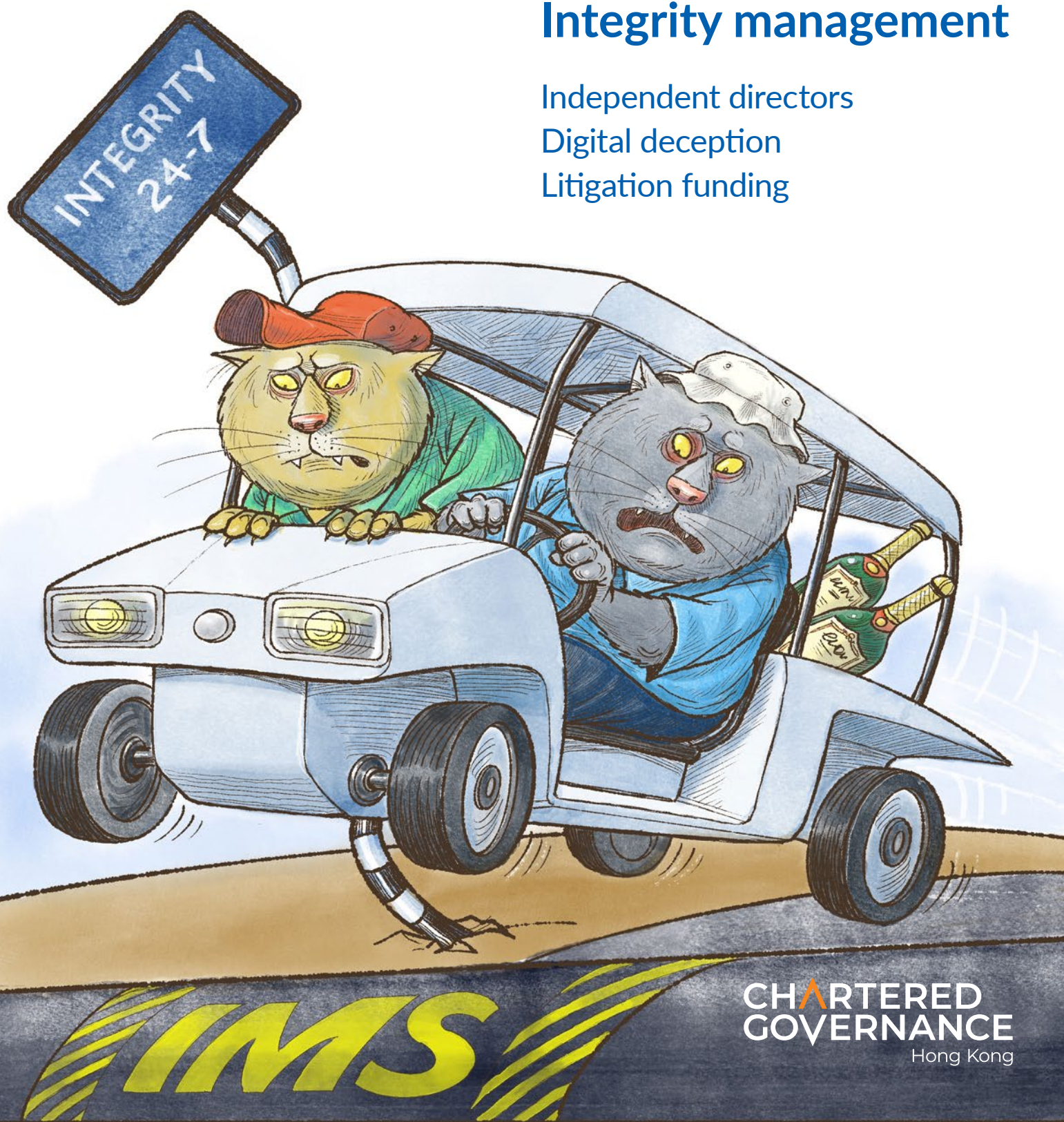
The journal of the Hong Kong
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About The Hong Kong Chartered Governance Institute

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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August 2025

CGj, the journal of the Institute, is published 12 times a year by Ninehills Media and is sent to members and students of the Institute and to certain senior executives in the public and private sectors.

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 ISSN 1023-4128

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本期睿思智享系列访谈嘉宾为香港上市公司独立非执行董事龙卓华博士 FCG HKFCG。

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Integrity management

The term 'integrity management' has been getting a lot of attention recently among governance stakeholders and you might be wondering whether this is another case of old wine in new bottles. Haven't we as governance professionals always been managing integrity issues albeit under a different rubric? Establishing and maintaining internal controls for the proper handling of conflicts of interest; ensuring that our organisation has a well-defined code of conduct; and monitoring and investigating potential ethical breaches – these are par for the course for anyone engaged in governance work.

The new focus on integrity management, however, is not just about new terminology. Integrity management has evolved and gained prominence in recent years as organisations, both locally and globally, seek to address complex ethical challenges in a more structured way.

Our cover story this month takes a very practical approach to this topic. Business ethics is sometimes seen as a nebulous concept – more a matter of philosophy than actual business practices, but nothing could be further from the truth. In the course

of our working lives very real ethical dilemmas are never far away. Conflicts of interest are an obvious example, but ethical issues impact decisions at every level of an organisation and an effective integrity management system (IMS) can raise our game in addressing this challenge.

One of the key strengths of an IMS is that it encourages a proactive approach to preventing ethical breaches before they occur, through education and culture-building initiatives. This is an important asset where organisations rely heavily on reactive measures, such as disciplinary actions.

Another important feature of an IMS, and one highly relevant to members of our profession, is the strong focus on board-level involvement. The board of directors plays a crucial role in setting the tone from the top and ensuring that ethical considerations are part of strategic and risk management goals. Governance professionals also play a central role here in our board support work. This includes ensuring that directors are well briefed on issues relevant to integrity management at induction and as part of their ongoing director training.

To conclude, good business ethics has long been recognised as foundational

to good governance, so integrity management is not a new practice area for members of our profession. Nevertheless, the new focus on this particular area is not about PR – it represents an attempt to build more robust frameworks for promoting integrity and requires a more systematic approach to embedding integrity into organisational culture, policies and operations.

We live in an era of intensified stakeholder expectations regarding the ethical standards of organisations and, in this context, our Institute is proud to be playing a part in ensuring wider awareness of the benefits of an IMS. We are exploring the possibility of working with the Independent Commission Against Corruption on a new initiative to promote better integrity management and training in Hong Kong. Watch this space!

David Simmonds FCG HKFCG

诚信管理

“诚信管理”一词近来在治理利益相关方中备受关注，您或许在想这是否又是“新瓶装旧酒”。作为治理专业人士，我们难道不是一直在处理诚信问题吗？只不过冠以不同的名称罢了。为妥善处理利益冲突而建立和维护内部控制；确保机构组织拥有定义明确的行为准则；监控和调查潜在的道德违规行为——这些对于任何从事治理工作的人士来说都是常规工作。

然而，对诚信管理的新的聚焦点不仅仅在于新术语。近年来，随着香港本地及全球的机构组织都寻求以更结构化的方式应对复杂的道德挑战，诚信管理已逐步发展并日益受到重视。

本月的封面专题将从一个非常务实的视角来阐述这个主题。商业道德有时被视为一个模糊的概念——更像是哲学问题而非实际的商业实践，但事实绝非如此。在我们的职业生涯中，非常现实的道德困境无处不在。利益冲突是一个显而易见的例子，然而道德问题影响着机构组织各个层面的决策，而一个有效的诚信管理体系(Integrity Management

System, IMS)可以提升我们应对这一挑战的能力。

诚信管理体系的一个关键优势在于，它鼓励通过教育和文化建设举措，采取主动策略来预防道德违规行为的发生。对于那些严重依赖被动措施（如纪律处分）的机构组织来说，是一项重要的资产。

诚信管理体系的另一个重要特征，也是与治理专业人士高度相关的一点，是高度重视董事会层面的参与。董事会会在“高层定调”以及确保道德考量融入战略和风险管理目标方面，扮演着至关重要的角色。治理专业人士在董事会支持工作中也发挥着核心作用。这包括确保董事在入职培训及持续的董事培训中，能够充分了解与诚信管理相关的议题。

总而言之，良好的商业道德长久以来已被公认为良好公司治理的基础，因此诚信管理对治理专业人士来说并非新的实践领域。然而，对这一特定领域的新聚焦并非公关(PR)——它代表着

构建更强大框架以促进诚信的一种尝试，并要求采取更系统化的方法，将诚信深植于机构组织文化、政策及运营之中。

在我们生活的这个时代，利益相关者对机构组织道德标准的期望日益提高。在此背景下，公会很荣幸能在确保公众对诚信管理体系的益处有更广泛的认知方面发挥作用。我们正在探索与香港廉政公署合作推出一项新举措，以促进香港更完善的诚信管理及培训。敬请期待！



司马志先生 FCG HKFCG

What integrity management means for governance professionals



In today's complex business environment, integrity management is a vital pillar of corporate governance. Four senior leaders of the Institute talk to CGj about how to translate integrity management principles into practice.

While business ethics has long been recognised as a cornerstone of good governance, integrity management is emerging as a distinct and more focused approach to embedding ethical principles throughout an organisation.

'Ensuring good business ethics has always been a foundational element of good governance,' says David Simmonds FCG HKFCG, Institute President, and Chief Strategy, Sustainability and Governance Officer, CLP Holdings Ltd. 'Integrity management is about the way this objective can be achieved in the most effective manner.'

This is also the approach taken by Edith Shih FCG(CS, CGP) HKFCG(CS, CGP)(PE), Honorary Adviser to Council, Past International President and Institute Past President, and Executive Director and Company Secretary, CK Hutchison Holdings Ltd. She points out that, while the term may be relatively new, the concepts it encompasses are not. 'At its core, integrity management includes anti-corruption efforts, proper handling of conflicts of interest, upholding high ethical standards at all levels and promoting overall integrity,' she notes. 'These are part and parcel of sound business ethics and good governance.'

Gill Meller FCG HKFCG(PE), International Vice President and Institute Past President, and Legal and Governance Director, MTR

Corporation Ltd, offers a nuanced distinction between the closely related concepts of ethics and integrity. 'Ethics is more of a decision-making framework, while integrity is more personal and behavioural, focusing on honesty and consistent adherence to that ethical framework,' she says.

In an era where organisations are facing increasing stakeholder expectations and scrutiny, Ernest Lee FCG HKFCG(PE), Institute Past President, and Technical Partner, Deloitte China, believes the need for a more strategic approach to ethics is pressing. 'Integrity management is not new, but it has become more important,' he says. 'Given the ever-increasing complexity of the business environment, the potential conflicts of interest and the intensified expectations of stakeholders about ethical standards of organisations, there is an even stronger demand

for a more structured and strategic approach to ensuring ethical behaviour, as well as for implementing more potent anti-corruption measures within organisations. Integrity management is an essential element of such an approach.'

Principles and practice

When asked what a strong integrity management framework should include, all four leaders emphasise the role of leadership.

'The tone from the top is paramount,' Mr Simmonds asserts. 'You can have the world's best practice policies, but if there's no commitment from the top, they're just words on paper.' He advocates embedding ethical standards into an organisation's value framework, covering its purpose, vision, mission and core values, supported by governance policies that translate those values into daily practice.

Highlights

- Institute leaders highlight the growing urgency of embedding integrity throughout organisational culture and governance systems, not just as a symbolic gesture but as a functional strategy
- whether integrity oversight is housed in a dedicated committee or incorporated into existing committees, the board must set expectations and reinforce them with action
- from drafting codes of conduct to managing director induction and overseeing whistleblower protection, governance professionals are on the front lines of integrity implementation

“
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from the top, they’re just
words on paper
”

David Simmonds FCG HKFCG,
Institute President, and Chief Strategy,
Sustainability and Governance Officer,
CLP Holdings Ltd



Ms Shih outlines six key components of an effective integrity management framework, as follows:

1. a board that sets the tone and prioritises integrity
2. a well-defined code of conduct
3. integration of ethics into risk management and internal controls
4. ongoing training and communication
5. robust enforcement, including monitoring, investigation and whistleblower protection, and
6. regular reviews and updates to ensure relevance.

Ms Shih adds that transparency is vital. ‘Integrity policies and documents should be easily accessible to both internal and external stakeholders.’

For Ms Meller, a successful integrity management framework must balance ‘hard’ and ‘soft’ controls. ‘You need both procedures, along with relevant training, but also the right culture and performance management system that ensures the right behaviours are measured and rewarded,’ Ms Meller says.

Mr Lee agrees, adding that an indispensable component of the framework is having a clear code of conduct that articulates the expectations for behaviour and how ethics and integrity can be effectively built into decision-making. Mr Lee further emphasises that implementation is just as important as drafting. ‘A clear code of conduct alone is not enough – its successful implementation depends on the unwavering support of the board to ensure that the expected ethical culture and behaviour is firmly implanted throughout the day-to-day operations,’ he says.

Code of conduct, conflicts of interest and whistleblower protection

A clear and regularly updated code of conduct is fundamental to an effective integrity management system and it should cover such high-priority issues as conflicts of interest and whistleblower protection. ‘These are critical elements, and they should be reinforced through regular staff training and strong leadership involvement,’ says Mr Simmonds.

In terms of conflicts of interest, Ms Shih stresses that clarity, accountability and accessibility are the foundation of any effective policy. ‘The policy should contain practical examples and clearly set out expected behaviours,’ she says. This is also the approach taken by Ms Meller. She notes that training in this area needs to go beyond theoretical definitions of conflicts of interest and that organisations should use case studies to demonstrate how the principles apply in practice.

Mr Lee adds that in complex business environments, conflicts of interest can take many forms and arise at different times. ‘There could be temptations to compromise ethical standards to achieve personal or professional goals, such as ignoring safety regulations or the need to maintain quality in a bid to meet deadlines, as we’ve seen in a number of documented compliance breaches.’

When it comes to whistleblowing, Ms Shih emphasises that employees need to be assured that investigations will be conducted fairly and transparently. In addition, whistleblowers should be able to take comfort in the express

“
by overseeing integrity management,
the board ensures that it – as well
as management – is accountable for
upholding ethical standards
”

**Edith Shih FCG(CS, CGP) HKFCG(CS, CGP)(PE), Honorary
Adviser to Council, Past International President and Institute
Past President, and Executive Director and Company
Secretary, CK Hutchison Holdings Ltd**



understanding that there will be no punitive consequences.

Mr Lee warns that policy alone is insufficient if employees fear retaliation. ‘Many organisations have whistleblower policies, but people worry about confidentiality and retaliation,’ he says. ‘A robust framework for reporting misconduct should include adequate safeguards to encourage transparency without fear.’ He adds that board-level commitment is crucial here too. ‘Boards must ensure a workplace free from retaliation and this might include a retaliation-monitoring programme to protect whistleblowers.’

The importance of a clear integrity framework and training

Among the core pillars of good governance – accountability, transparency and integrity – it is integrity that remains the most elusive to define and measure.

‘Accountability refers to accepting responsibility, whereas transparency relates to access to information,’

explains Ms Shih. ‘As for integrity, it is more difficult to quantify or define because it is less concrete. That’s why there is very little consensus on what it means. But that does not make it any less important.’ This lack of consensus is precisely why organisations should establish clear codes of conduct and foster an ethical culture through strong leadership.

Ms Meller adds that, however the concept of integrity is defined, its presence or absence is easy to identify. ‘It’s fairly easy to recognise high and low levels of integrity in people’s actions and behaviours,’ she says.

All four interviewees concur that any ambiguity in definition reinforces the need for stronger ethical leadership, as well as clearer frameworks and better training. Mr Lee points out that, while the management of integrity issues will often involve subjective judgements, its role as a cornerstone of governance and sustainable growth remains undiminished. ‘Integrity management

should be a greater focus in the initial training, as well as in the continuing professional development (CPD) of governance professionals and directors,’ he says. ‘This will help build a strong ethical culture and a common understanding of integrity in practice.’

Mr Simmonds agrees, adding that CPD training should include real-world case studies. ‘It would be helpful to ensure governance professionals are up to date on best practice and to learn from examples where integrity management systems have failed.’

The role of the board

Another area of agreement between our interviewees for this article is the need for integrity management to be a board-level concern. The board of directors needs to play a visible role in setting the appropriate tone, but it also needs to ensure that integrity is not merely aspirational but operational.

‘While detailed oversight of integrity management can be delegated to committees such as the audit

“ failing to actively practise integrity presents actual legal, regulatory and reputational risks ”

**Gill Meller FCG HKFCG(PE),
International Vice President and
Institute Past President, and Legal
and Governance Director, MTR
Corporation Ltd**



and risk committees, the primary responsibility always rests with the full board. The values underlying integrity management and the efforts required to uphold integrity should be prioritised at board level,' says Mr Simmonds.

Ms Shih adds that integrity governance from the top facilitates both the mitigation of legal risks and the safeguarding of corporate reputation. 'The board, as the governing body, must lead by example and must set the tone from the top. By overseeing integrity management, the board ensures that it – as well as management – is accountable for upholding ethical standards,' she says.

Ms Meller adds that integrity is central to long-term organisational sustainability. 'It's a key part of an organisation's values and culture, which must align with its purpose and strategy. Failing to actively practise integrity presents actual legal, regulatory and reputational risks.'

There were differing views, however, on whether organisations should create a specific committee dedicated to monitoring integrity initiatives. Ms Shih pointed out that whether a dedicated committee is needed or not depends on an organisation's size, risk profile and structure. Mr Simmonds adds that, while integrity management should be the responsibility of all directors, its day-to-day oversight can be integrated into existing committees.

Mr Lee believes that setting up a dedicated integrity management committee could be useful, but only if it is independent, impartial and free from conflicts of interest, with clear terms of reference and authority.

The role of the governance professional

Governance professionals play a central role in embedding integrity into corporate culture and one of the primary ways they do this is via their director induction and board support work.

Ms Shih notes that many companies already integrate integrity-related content into their existing director orientation materials, with governance professionals playing a decisive role in developing and presenting these. 'Governance professionals in many companies, such as my own, provide comprehensive orientation packages for new directors,' she says. 'These cover essential integrity topics such as bribery prevention, conflicts of interest and ethical conduct. These materials are presented to the directors by senior executives in the form of a detailed induction to governance practice.'

Ms Meller adds that integrity should also be addressed in legal briefings for incoming directors, particularly in relation to their duties and responsibilities.

Beyond director inductions, governance professionals have an ongoing role in ensuring that leadership behaviour aligns with the desired organisational culture. While this may seem a daunting task, all four of our interviewees see this as a central value brought to organisations by governance professionals.

'Governance is fundamentally about how we regulate human behaviours and make effective trade-offs between competing priorities,' says Mr Simmonds. 'That can only be done with an understanding of culture and leadership drivers.'

For Ms Meller, this is where governance professionals come into their own. 'The tone from

“

a clear code of conduct alone is not enough – its successful implementation depends on the unwavering support of the board to ensure that the expected ethical culture and behaviour is firmly implanted throughout the day-to-day operations

”

Ernest Lee FCG HKFCG(PE), Institute Past President, and Technical Partner, Deloitte China



the top is critical for most aspects of governance and governance professionals are well placed to manage that complexity.'

Integrating integrity

Hong Kong's Banking Industry Integrity Charter, launched by the Independent Commission Against Corruption (ICAC) in collaboration with the Hong Kong Monetary Authority and the Hong Kong Association of Banks, articulates core principles that resonate far beyond the financial sector – and our four interviewees agree that this initiative offers valuable insights that governance professionals in all industries can build upon.

'Even though the Charter targets the banking sector, many of its principles can be applied broadly,' says Ms Shih. 'Promoting an ethical culture, establishing a clear code of conduct and providing adequate training are exemplary practices universal to companies in all industries.'

Ms Shih adds that these are areas where governance professionals


already play a cardinal role and that the Institute's members have long implemented similar policies in their organisations. 'The annual integrity training that the ICAC provides to integrity officers of banks would be helpful if extended to governance professionals, who perform similar duties,' she says.

Ms Meller echoes the value of the initiative. 'A charter can be helpful as it raises awareness and sets clear expectations, albeit on a voluntary basis.'

One of the most compelling elements of the ICAC initiative is the recommendation to appoint an integrity officer, a role that governance professionals are well positioned to fill. 'The role of an integrity officer would work well for governance professionals,' Mr Lee says, 'as they have the expertise to oversee ethical standards and ensure compliance with integrity policies.' He adds that the role can serve as a blueprint for similar positions in other industries, and sees potential for the Institute to

collaborate with regulators and banks to provide training and promote best practices.

Ms Shih agrees, noting that governance professionals already manage integrity-related responsibilities. 'Governance professionals work closely with the board to formulate corporate values and strategy. They also develop compliance and ethical culture frameworks, and advise the board on integrity management issues,' she explains. 'As the board oversees the integrity management work of the entire company, governance professionals are responsible for assisting the board in this regard and for ensuring the entire company complies with integrity management regulations, as well as other legal and regulatory requirements.'

Ms Meller says that governance professionals meet the requirements for independence, competence, experience and integrity. 'I suspect it is a role already played by governance professionals in many organisations,' she concludes. 

Litigation funding alternatives

The transformative potential of third-party funding and after-the-event insurance

Sammy Koo, Strategic Advisor, Des Voeux Chambers, and Founder, Strategic Key Ltd, explains how third-party funding and after-the-event insurance are enabling financially constrained claimants to pursue meritorious cases through the legal system.



Prohibitive litigation fees constitute a major obstacle to businesses, as well as to claimants fighting for justice or pursuing meritorious claims. Two financial mechanisms, namely third-party funding (TPF) and after-the-event (ATE) insurance, have emerged as potential solutions to the problem of litigation expenses that could transform the judicial landscape by making justice through legal channels more equitable and accessible.

Although both financial tools can serve to mitigate the financial burden of litigation, TPF plays a more important role in enabling access to justice by supplying upfront capital, whereas ATE insurance plays a more complementary role, covering unforeseen adverse costs in the event the claimant loses the case. Given the immense potential of these two financial systems, it is worth exploring their merits, mechanisms and future applications in relation to how they could potentially alter the justice system.

Regulatory landscape

The regulatory framework governing TPF and ATE varies across jurisdictions. TPF has been widely used around the world for years. However, it is still in its infancy in Hong Kong due to a lack of familiarity with the funding process on the part of both legal practitioners and the general public.

Currently, TPF for litigation is prohibited for third parties without justifiable interest from funding lawsuits for a share of the proceeds. Among the few exceptions, TPF in Hong Kong is mostly used for

insolvency proceedings. In recent years, there have been major developments regarding TPF with significant regulatory progress. Since 1 February 2019, TPF has been permitted for arbitration and ancillary court proceedings, with outcome-related fee structure in arbitration being allowed since 16 December 2022.

There are a number of jurisdictions – such as England and Wales, parts of Australia, Canada and the US – that have noticeably fewer restrictions in terms of the types of case that can be funded. Some jurisdictions, such as the UK, have robust regulatory frameworks on TPF, while in other jurisdictions, legal guidelines are still in development. Similarly, the requirement for funders to disclose obligations and the limitations on the percentage of recovery also vary across jurisdictions. This creates a patchwork of global standards in relation to the implementation of TPF.

What TPF constitutes

TPF is an arrangement whereby the funder provides a financial resource

for claimants or law firms that covers the litigation or arbitration costs in return for an agreed-upon portion of proceeds if the case is won. If the case is unsuccessful, the funder bears the financial loss. This ‘no cure, no pay’ allows claimants without financial means to pursue their meritorious claims that would not have been otherwise possible. The model ensures that clients with strong claims and limited resources are provided with funds, serving the interests of justice.

The process of applying for TPF involves the key stakeholders of the claimants, legal representatives, introducers and funders, and it begins when a claimant or their legal representatives seek financial resources from a funder, either directly or through an introducer. Conflict checks will be conducted and a non-disclosure agreement signed for the purpose of protecting the confidentiality of any information in relation to the case provided to the funder and/or the introducer.

The application of a funding request proceeds when the details of a given

Highlights

- third-party funding (TPF) supplies upfront capital for legal costs in exchange for a share of the proceeds, allowing claimants to pursue cases they might otherwise abandon
- after-the-event insurance protects claimants from adverse costs if they lose, often working hand-in-hand with TPF to create a complete risk-mitigation structure
- with increasing global demand and evolving regulations, Hong Kong’s arbitration sector leads the way in embracing TPF, hinting at broader adoption in the future

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 otherwise possible**
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case’s legal merits, claim amount, estimated legal costs, key documents or evidence and the enforcement strategy of the claim, as well as any other essential information, have been submitted to the funder. After favourable initial assessment, funders will conduct a more thorough due diligence on the case’s merits, risks and expected recovery.

Meanwhile, a non-binding indicative offer of the funding terms may be provided by the funder to facilitate an early negotiation of the financial terms. An exclusivity agreement may also be signed during this negotiation period. Funders with in-house enforcement teams may also utilise their in-house resources to facilitate the tracing of assets and enforcement judgments in different jurisdictions, adding strategic value to the case. Once deemed satisfactory, funders and claimants enter a binding funding agreement outlining the key terms for providing the necessary funding, encompassing the funding amount, purpose, recovery or compensation for the funder, decision-making control, confidentiality, and termination grounds and mechanism, as well as the main rights and

obligations of the funded parties and the third-party funder, among other essential provisions, to be reviewed and advised upon by lawyers to align with both the funder’s and the claimant’s interests. Once a funding agreement is signed, the legal expenses will be disbursed according to its terms.

It is typical for the funded party to remain in control of the legal proceedings and to choose its own legal representatives. The added advantage of TPF lies in the strategic advice and resources provided by the funders, in addition to the financial support. Leveraging their expertise in other areas, and because of their strategic guidance, the funders often enhance the likelihood of success. If the case is successful, the proceeds are distributed as per the terms of the funding agreement, whereas if it fails, the funder typically bears the full financial loss. The financial risk of commencing an action is thus shifted from the funded party to the third-party funder.

Relationship between TPF and ATE insurance

It is common practice for third-party funders to include ATE insurance in their offers to cover costs if the funded party loses the case. While TPF provides the funds to initiate legal action, ATE insurance can help mitigate the risk of adverse costs a claimant may incur when the court orders the claimant to pay the opposing party after losing the case, including but not limited to court fees and other legal expenses. The advantage of ATE insurance is that it is a bespoke policy that

can be purchased after a dispute, indemnifying the claimant against the agreed-upon amount. In certain cases, the ATE insurance can also cover the claimant’s own legal fees, depending on terms. The premiums are calculated mainly based on the insurer’s risk assessment, the extent of coverage and the level of indemnity.

TPF and ATE insurance often work in tandem to create a comprehensive financial safety net for claimants, with TPF covering upfront legal costs, enabling claimants to initiate litigation, while ATE insurance protects against the downside risk of losing the case in a funding scenario. As such, many funders may require claimants to obtain ATE insurance as a condition of securing funding or, on the other hand, they might include premiums in the funding package. This practice speaks to the complementary relationship between the two financial mechanisms that are designed to protect both the claimant and the funder, thus allowing claimants to pursue meritorious claims without fear of financial risk.

In the case of liquidation scenarios, ATE insurance provides critical protection against the personal liability of liquidators for adverse costs, enabling them to focus on the case. Furthermore, law firms and funders also benefit from the risk reduction offered by this combination. ATE insurance mitigates against unexpected cost demands, while TPF allows firms to process cases without depleting their resources. When combined, these two financial tools can empower

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while TPF provides the funds to initiate legal action, ATE insurance can help mitigate the risk of adverse costs a claimant may incur
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claimants to pursue complex and high-stakes cases that would not have been otherwise possible due to financial constraints. When used well, the combination can also level the playing field against well-resourced opponents.

Other considerations

Their advantages notwithstanding, TPF and ATE insurance also pose challenges. The funder's claim on the portion of the proceeds and the insurance premiums can drastically reduce the claimant's final recovery – thus, claimants must carefully weigh the potential benefits against these costs. Ethical concerns may also arise regarding the funders' influence on the case strategy or settlement decisions, which has the potential to compromise the attorney–client relationship. Communication with and the selection of reputable funders whose interests are aligned with those of the claimants is therefore of the utmost importance, requiring

claimants to conduct thorough due diligence on the funder's track record or reputation.

Another consideration is the complexity of TPF and ATE insurance agreements. Claimants must spend time understanding all the terms and their obligations in order to avoid disputes after the fact. Transparency and constant communication between the stakeholders is vital in preventing misunderstanding and may necessitate legal counsel to navigate the complex multiparty communications, incurring additional costs.

Future outlook

Despite the potential drawbacks, the TPF and ATE insurance markets are poised for growth, driven by regulatory reforms and investor interest. While TPF for litigation remains limited to only certain cases in Hong Kong, its use in arbitration and insolvency proceedings is

increasing. Globally, there is also a trend in which jurisdictions are redefining regulations for TPF to facilitate access to legal proceedings. With the advent of AI tools, the claimants' viability and funding applications can be streamlined to prioritise cases with the highest likelihood of success, potentially making TPF more common.

Ultimately, TPF and ATE insurance open a new avenue to pursue justice in the ever-evolving legal landscape by providing the means for those who are financially constrained to resolve disputes. Given the expanding global interest in funding and funding activity, steady growth in demand for TPF in Asia can be expected in the coming years, and its importance and prevalence will also undoubtedly increase.

Sammy Koo, Strategic Advisor, Des Voeux Chambers, and Founder, Strategic Key Ltd

Digital deception

Fighting fraud in the era of emerging technology



From AI-generated scams to deepfake identity fraud and blockchain abuse, the digital threat landscape is evolving at breakneck speed. Authors from Alvarez & Marsal share how organisations can strengthen their defences through smarter detection systems, robust investigative protocols and ongoing vigilance.

In today's rapidly evolving digital landscape, we find ourselves in a relentless battle to keep pace with increasingly sophisticated fraudsters. As cybercriminals harness cutting-edge technologies such as artificial intelligence (AI), deepfakes and advanced social engineering, the tactics they employ become more complex and challenging to detect. Staying informed about the latest developments in fraud technologies and understanding effective mitigation strategies are crucial for safeguarding organisations and consumers.

Artificial intelligence

AI refers to the capability of computer systems to perform tasks that typically require human intelligence, such as learning, reasoning, problem-solving, perception and decision-making. AI broadly encompasses machine learning, enabling systems to learn from data; deep learning, providing powerful neural network models for complex tasks; and generative AI (GenAI) that creates new content from vast datasets.

While AI offers tremendous benefits, it also introduces new risks, particularly in the realm of fraud. AI-enabled fraud schemes are growing rapidly, with reports of such scams rising over 450% between May 2024 and April 2025. These scams leverage large language models and

AI agents that operate with minimal human oversight to personalise attacks and scale fraud operations across multiple platforms. The use of AI makes these scams harder to detect and more believable, posing significant challenges to individuals and organisations alike. Moreover, fraudsters continuously evolve their tactics using AI, necessitating ongoing innovation and collaboration to stay ahead.

Biometrics and deepfakes

Biometrics refers to the automated identification and authentication of individuals based on their unique physical characteristics. Common biometric traits include fingerprints, facial features, iris patterns and voice. Biometric authentication systems capture these unique traits and compare them against stored data to verify a person's identity. This method is generally more secure than traditional passwords or PINs because biometric traits are difficult to replicate or share.

GenAI tools enable scammers to fool biometric authentication systems by creating highly convincing deepfake videos, voice samples and AI-powered social media bots that impersonate real people. For example, deepfake scams have been used to manipulate individuals into transferring large sums of money by impersonating executives, as seen in a high-profile case in Hong Kong where a company was defrauded of \$25 million in this way.

Blockchain technology

Blockchain technology is a decentralised, distributed digital ledger that securely records and stores data, most notably ownership records of digital assets, across a network of computers, or nodes. Each transaction is grouped into a block, encrypted and linked chronologically to the previous block, forming an immutable chain. This immutability means data on the blockchain cannot be altered or deleted without consensus from the network, ensuring transparency,

Highlights

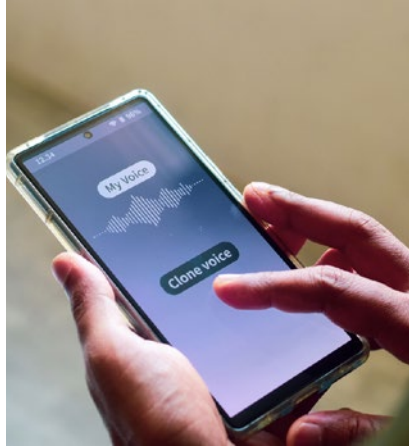
- AI is transforming the tactics of fraudsters and can enable personalised, large-scale scams that are increasingly difficult to detect
- deepfakes and biometric spoofing are now being used to bypass identity verification and to defraud companies of millions of dollars
- digital investigations must adapt, incorporating mobile chat data, forensic expertise and AI-driven tools to preserve evidence and respond swiftly

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the use of AI makes
these scams harder
to detect and more
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significant challenges
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organisations alike
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security and trust, without relying on central authorities like banks or governments.

Despite its strong security features, blockchain technology is increasingly exploited by fraudsters using various sophisticated tactics. The pseudonymous nature of blockchain transactions makes it difficult to identify fraudsters, allowing them to operate with relative impunity to launder stolen funds through decentralised finance (DeFi) platforms, amongst other methods.

Regulatory gaps mean that fraudulent schemes may slip through with less scrutiny compared to traditional financial markets that operate with more oversight. Moreover, many investors have a limited understanding of blockchain technology and cryptocurrency, making them more susceptible to misleading claims and fraudulent schemes. Although knowledge of blockchain and cryptocurrency amongst investors has improved in recent years, this problem is still prevalent.



Blockchain and cryptocurrency fraud: red flags to look out for

- **Promises of unrealistic returns.**
Offers guaranteeing extremely high or quick profits, which are often too good to be true.
- **Unable to withdraw money.**
Investors are advised to either wait or invest additional funds before they can retrieve their money, for example by paying additional fees, taxes or deposits, or are locked out after initial small withdrawals.
- **Fake or impersonated platforms.**
Fraudulent websites or apps that closely mimic legitimate crypto exchanges or wallets, but are designed to steal your personal information, login credentials or crypto assets. These sites may lack contact details, with no physical address and no customer service phone line, or only offer unreliable contact methods like chatbots or web forms. Legitimate platforms provide verifiable contact information and responsive support.

- **Fake social media posts and celebrity endorsements.** Posts or ads featuring celebrities or influencers endorsing crypto products or platforms, which may be digitally altered or AI-generated (deepfakes) to appear authentic.

Key steps to take when a fraud hits: digital fraud investigations

Once an organisation is hit by a fraud, following structured steps to perform a digital fraud investigation is important and ensures thoroughness, legal compliance and integrity, enabling organisations to effectively detect, analyse and respond to the fraud.

1. Define the scope of the investigation

- **Identify relevant jurisdictions.**
Determine the legal territories and regulatory environments applicable to the case to ensure compliance and proper authority for the investigation.
- **Identify persons to be investigated.** List all individuals, employees, third parties and entities suspected to be involved in the fraud (if any). Often, as the investigation expands, additional persons will be included so it is important not to narrow down the persons of interest.
- **Identify data sources.** Catalogue all potential evidence sources, including paper documents, electronic files, cloud storage, emails, transaction logs and communication records.

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by combining AI-
powered fraud detection
with strengthened
biometric frameworks
and continuous human
oversight, organisations
can significantly enhance
their defences against
digital fraud
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- **Identify who will conduct the investigation.** Assemble a multidisciplinary team that includes fraud experts, forensic accountants, forensic technology specialists, legal counsel and possibly external consultants or law enforcement.

2. Practical considerations

- **Custodians.** Identify and secure custodians of relevant data, employees or systems responsible for maintaining or controlling access to critical information. Identifying who has or had access to data prior to the fraud incident is very important.
- **Data location.** Determine where data resides, including on-premises servers, cloud platforms, personal devices or external storage, to plan for secure data acquisition and preservation.
- **Types of data.** Understand the nature of data involved, such as structured financial records,

unstructured emails, system logs, multimedia files or encrypted data, to select appropriate forensic tools and methodologies.

Key dos and don'ts with digital investigations

- **Do understand the law.** Do factor in and take legal advice on data privacy regulations or laws governing cross-border data transfer.
- **Do obtain proper authorisation.** Ensure necessary permissions to access digital evidence have been obtained, particularly to access personal devices or accounts. Should there be an absence of a bring-your-own-device (BYOD) company policy for using personal devices for work, it is best practice to obtain individual written consent from the individual where data preservation is required over such devices. Assistance from the HR team may be helpful in obtaining such consent or permission from employees.
- **Do use qualified experts.** Asking an organisation's internal IT team to perform the investigation may not be best for preserving important information. For example, if the incorrect process is conducted to make copies of data, the metadata of such data may be altered, which can taint and ruin critical data and information for the investigation.
- **Do preserve confidentiality.** Particularly with internal investigations, keeping the

findings of the investigation in a small, closed-loop team is important to ensure an effective investigation.

- **Do ensure the integrity of the evidence chain.** To preserve the chain of custody, do not tamper with original evidence. For example, a file containing the smoking-gun critical evidence could be tampered with in the process of collection, thus affecting the chain of custody and undermining its admissibility in court as evidence. While it may seem a good idea for HR or IT teams to go through evidence at the beginning of an investigation, there is a chance that doing so prior to forensic data preservation may ruin the integrity of the evidence.

New forms of data: mobile devices and ephemeral chat data

The way we communicate both at work and in our personal lives has changed drastically in recent years. Organisations are increasingly adopting chat applications for internal communications, driven by the need for faster, smarter and more integrated collaboration tools in remote and hybrid work environments. Chat applications like WhatsApp, WeChat and Microsoft Teams have become a primary form of business communication, often replacing email.

Given that fraudsters exploit communication channels to conduct scams, phishing, social engineering and impersonation attacks, chat messages have become critical evidence sources in digital fraud

investigations. The growing reliance on chat apps in organisations correlates with an increased volume of chat message data being scrutinised in fraud investigations, underscoring the importance of monitoring and securing these communication channels.

Challenges of investigating ephemeral chat data

Investigating chat communications presents significant challenges due to the transient and often encrypted nature of these data types.

Automatic deletion

Ephemeral chat messages are designed to disappear after a set time (from seconds to minutes), making it difficult or impossible to preserve relevant communications before they vanish permanently. Audio, video and image files sent via ephemeral chats may also self-destruct, removing crucial multimedia evidence from investigations.

Lack of backups

Many ephemeral platforms like Signal or WhatsApp do not back up messages by default, while end-to-end encryption further complicates data recovery. In such cases, it is important to investigate other sources of backups such as on-cloud data or PC versions of chat apps.

Complex file types

Gone are the days of merely sending basic texts. Now chat users are also sending audio and video messages, emojis and GIFs. To investigate such data, the latest technology and AI tools are now being used to transcribe audio and video into text for easier review – and even for translating

the data into multiple languages. By transcribing and translating the files, investigators then gain the ability to search through the data and find the evidence in a far more efficient manner than listening to many minutes and hours of recordings.

Best practices for preventing digital fraud

By combining AI-powered fraud detection with strengthened biometric frameworks and continuous human oversight, organisations can significantly enhance their defences against digital fraud. This multilayered approach not only improves fraud detection accuracy and speed, but also fosters trust and compliance in an increasingly complex fraud landscape.

Enhance fraud detection with machine learning-based systems

AI systems learn from vast data inputs such as inventory records, expenses and transaction histories to establish a baseline of normal business activity. Any deviation or suspicious pattern is flagged automatically, enabling early detection of fraudulent behaviour.

Real-time behavioural analysis

Modern AI models analyse behavioural patterns and contextual anomalies in real time, moving beyond static rule-based systems to detect evolving fraud tactics quickly and accurately.

Deploy AI tools to detect AI-generated fraud

With the rise of AI-generated deepfakes and synthetic phishing, AI tools can now analyse voice, text and video to identify synthetic content, helping combat sophisticated fraud schemes.

Strengthen biometric and voice control frameworks

Use multifactor authentication by combining biometrics with additional authentication factors (such as passwords or tokens) to increase security layers.

User education

Despite AI's sophistication, human judgement remains critical. Training employees to recognise red flags indicating fraud and to be aware of what steps to take in these situations is key. For example, a potential fraud victim could verify an unusual transaction by directly contacting the requester via phone or by arranging a face-to-face meeting.

Conclusion

Understanding the different types of digital deception, from AI-generated fraud to blockchain-enabled fraud scams, is crucial. While AI and cryptocurrency hold great promise, their misuse by fraudsters demands vigilant adaptation and robust safeguards to protect individuals and institutions in an increasingly digital world. By leveraging AI-powered fraud detection tools and having a well-thought-out plan in case a fraud is encountered, organisations can build stronger defences and foster trust in an environment where fraud threats are constantly evolving. Ongoing vigilance and constant innovation are essential to outsmart fraudsters and to protect organisations from fraud in 2025 and beyond.

Davin Teo and Henry Chambers,
Managing Directors and Co-leaders of
Disputes and Investigations Asia

Alvarez & Marsal



2024
**The Honourable
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FCG HKFCG
Financial Secretary, HKSAR

Calling for Nominations of HKCGI Prize 2025



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Dr Anthony Neoh
QC SC JP FCG HKFCG



2022
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FCG HKFCG
Past President and Former
Chief Executive, HKCGI



2021
April Chan
FCG HKFCG
Past President, HKCGI



2020
Ada Chung
FCG HKFCG
Privacy Commissioner for
Personal Data



2019
Edith Shih
FCG(CS, CGP)
HKFCG(CS, CGP)(PE)
Honorary Adviser to Council,
Past International President and
Institute Past President;
Executive Director and
Company Secretary of
CK Hutchison Holdings Limited



2018
Peter Greenwood
FCG HKFCG
Former HKCGI
Representative to CGI
Council



2017
Natalia Seng
FCG HKFCG
Past President,
HKCGI



2016
Gordon Jones
BBS FCG HKFCG
Former Registrar of
Companies



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GBS QC JP FCG HKFCG
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Court of Appeal of Hong Kong



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Aligning investor expectations of independent directors



CGj reviews an Institute seminar held in March 2025 exploring how listed companies can align with Hong Kong's new regulations on board independence, tenure limits and investor expectations.

Following the publication of its Consultation Conclusions in December 2024, The Stock Exchange of Hong Kong Limited (the Exchange)'s proposed amendments to the Corporate Governance Code and related Listing Rules, designed to advance good corporate governance practices in Hong Kong and to enhance board effectiveness – particularly in relation to independent non-executive directors (INEDs) – came into effect on 1 July 2025. In preparation for these regulatory amendments, the Institute held a seminar in March 2025, titled Aligning Investor Expectations of Independent Directors – Tenure, Responsibility and Commitment, to explore the practical implications of the reforms, with a special focus on board independence and renewal, tenure limits, nomination processes and investor expectations.

Hong Kong's governance landscape

In his presentation, Herman Choi, Head of APAC Advisory, ISS-Corporate, first pointed out that the board composition and shareholder structure of Hong Kong listed companies has created a structural challenge to board independence.

'In Greater China, shareholding is highly concentrated in founding families or the state,' Mr Choi said. 'We can easily identify companies in which significant shareholders, or even controlling shareholders, have a stake of 50% or more. With such a shareholder structure, it is inevitable

that the board is more likely to be dominated by the executive and non-executive directors affiliated with the significant shareholders.'

Such an ownership structure poses a unique challenge for investors. 'From an investor perspective, a significant shareholder may have an economic incentive to exploit its control over the board, or to utilise its economic influence or control over financial resources to gain profit, but that generally comes at the expense of the minority shareholders,' Mr Choi explained.

Another concerning trend in Hong Kong is the number of companies in which the nomination committee is chaired by an executive director. This is the case for approximately 30% of Hong Kong listed companies, according to the International Shareholder Services (ISS) Governance QualityScore, a proprietary governance rating that assesses a company's corporate governance risk across four pillars, comprising board

structure, remuneration, shareholder rights and takeover defences, and audit and risk oversight.

This raises a red flag for institutional investors. 'Investors may be worried about the nomination process and how much that is influenced by the executive, as well as whether independent directors are selected based on personal relationship, or on professional background and skill sets,' Mr Choi said.

He stressed that independence should be assessed both quantitatively and qualitatively, with a robust and impartial nomination process being key to ensuring genuine board diversity and independence.

Balancing experience and independence

The discussion then turned to tenure caps, a key theme in the recent Corporate Governance Code amendments. Mr Choi outlined how different markets approach tenure. While some, such as India and South

Highlights

- the new regulations on INED tenure aim to accelerate board renewal, but Hong Kong's shallow talent pool may slow the pace of change
- institutional investors are increasingly scrutinising INED appointments, as well as demanding stronger disclosure and succession planning
- Hong Kong's remuneration levels and informal nomination networks may hinder efforts to attract and retain truly independent directors

“ beyond tenure limits, developing a nomination process and identifying the right talents for your board is very important ”

**Herman Choi, Head of APAC Advisory,
ISS-Corporate**

Korea, impose mandatory limits of 10 and six years, respectively, others, like the US, take a case-by-case approach. Effective from 1 July 2025, Hong Kong now implements a nine-year tenure limit for INEDs, with grace periods depending on board composition.

Drawing on ISS-Corporate data, Mr Choi demonstrated that jurisdictions without hard caps tend to have a higher proportion of long-serving directors. For example, S&P 500 companies in the US, where tenure limits are not imposed, showed the highest percentage of INEDs with more than nine years of service. Conversely, markets with regulatory or investor-driven limits, such as France and India, show significantly lower levels of board entrenchment. He added that investor pressure has been a significant driver of reform, particularly in Japan, where ISS will begin applying a maximum 12-year tenure in its updated benchmark policies as part of its consideration when establishing the independence

of a long-serving outside director, effective from February 2026 after a one-year grace period.

Mr Choi then revisited the evolution of board independence in Hong Kong since the December 2021 requirement that listed companies must appoint at least one new INED if all existing INEDs had served over nine years. While there was an immediate drop in the proportion of Hang Seng Index constituents with a majority of long-serving INEDs, from 31% to 24% in 2022, that figure crept back up to 28% by 2024.

In contrast, Singapore's stricter rule requiring all long-serving INEDs to step down or be redesignated by 2024 slashed the share of long-tenured directors from 25% to just 9%. With Hong Kong's six-year grace period still in place, Mr Choi anticipated a more gradual transition, tempered by the challenge of sourcing suitable candidates from a relatively shallow talent pool. 'We will keep monitoring the impact in the coming years, but we expect a more gradual change within the six-year grace period. However, board renewal is likely to be accelerated,' he said.

Lead INEDs

The presentation then shifted to the role of lead INEDs. Mr Choi presented a comparative chart on how jurisdictions like the US, the UK and Singapore have implemented either independent board chairs or lead INEDs, or both, as a mechanism for board independence. While the UK and Australia adopt independent chairs as standard practice, Singapore

uses lead INEDs more frequently, particularly when the chair is not independent.

In Hong Kong, however, the lead INED concept is still rare, while in the Chinese mainland it is 'almost non-existent'. Mr Choi suggested that Hong Kong companies consider looking to the UK and Singapore for precedents. In the UK, the senior INED often serves as a sounding board for the chair, leads board evaluations, handles shareholder concerns and facilitates succession planning. In Singapore, the lead INED also acts as an intermediary with stakeholders, resolves boardroom conflicts and evaluates the board chair's performance and remuneration.

A key concern raised by companies is whether Hong Kong's current director fee levels are reasonable or not, given the increasing expectations being placed on INEDs. To illustrate this concern, Mr Choi presented comparative fee data showing that in markets where lead INEDs are common, such as the US and the UK, those directors earn 1.1 to 1.2 times more than regular INEDs. In Singapore and Australia, the number rises to 1.5 to 1.8 times.

In contrast, Hong Kong INEDs earn significantly less, about half the amount compared with their counterparts in developed markets. 'The remuneration committee may have to consider some adjustment in the director's fee when they are trying to appoint or recruit a new independent director,' Mr Choi advised.

Regulatory gaps in overboarding

Mr Choi then addressed the issue of overboarding, meaning when directors hold too many board seats to discharge their duties effectively. While jurisdictions like the Chinese mainland, South Korea and India impose numerical limits on listed directorships, regulations in many other jurisdictions overlook cross-border board seats. Institutional investors and proxy advisers, however, assess directorship limits globally.

Mr Choi's data showed that more than 10% of executive directors in Hong Kong, India and Singapore hold more than two board seats, which is considered excessive by many investors. Moreover, a concerning proportion of Hong Kong INEDs serve on more than four boards. 'These trends reinforce the need for the new Hong Kong regulations on director overboarding, especially given the global expectations of institutional shareholders,' he said.

To close, Mr Choi highlighted findings from ISS-Corporate's proxy voting analysis, focusing on director re-elections in Hong Kong. Between 2023 and 2024, ISS voted against 6% of directors at Hong Kong listed firms, while major institutional investors like BlackRock, Fidelity and State Street cast even higher rates of dissenting votes. 'This tells us that ISS's policies are just the baseline and that some shareholders apply even more stringent standards,' Mr Choi explained.

Top concerns cited in voting outcomes include director overboarding, poor meeting

attendance, excessive non-audit fees paid to auditors and past regulatory sanctions. In addition, environmental factors are increasingly being considered, while companies failing to meet climate disclosure standards may face votes against board members under ESG-related guidelines, such as those under the Climate Action 100+ initiative.

As Hong Kong companies adapt to ongoing reforms, Mr Choi stressed the importance of proactive board evaluation, improved disclosure and early engagement with institutional investors. 'Understanding institutional investor requirements in advance is crucial to minimise negative surprises in your upcoming director elections,' he said.

Rethinking board independence and oversight

The second part of the seminar was a panel discussion, chaired by Tom Chau FCG HKFCG(PE), Institute Vice-President, and Partner, Haiwen & Partners LLP. Mr Chau and Mr Choi were joined by two additional guest speakers – panellist Tina Chang, Associate Director, Sustainable Investing, Fidelity International, and Dan Cheng, Associate Director, ISS-Corporate.

In response to a question on the broader benefits of board independence, beyond counterbalancing controlling shareholders, Ms Chang emphasised that independence is not solely about avoiding conflicts of interest. The real value of INEDs, she pointed out, lies in their ability to contribute diverse perspectives and ensure

strategic oversight. 'The value of having a group of people come together is that they will be able to complement each other's strengths and weaknesses. This diversity of thought is very important.'

She also noted that increasing the number of independent directors can help draw out underrepresented viewpoints and reduce the minority effect, in which individuals may hesitate to speak up if they are in the minority. In practice, as board responsibilities are expanding with the introduction of ESG, governance and risk committees, more independent directors are essential to share the growing workload and maintain board effectiveness.

Mr Cheng addressed the contentious issue of tenure and how that relates to independence. While Hong Kong adopts a nine-year 'comply or explain' threshold for INEDs, he observed that requirements in jurisdictions around the world vary quite widely, with thresholds ranging from six to 12 years. He acknowledged the arbitrariness of the nine-year benchmark, but explained that prolonged service risks compromising independence. 'It's a generally accepted idea that if a director serves too long, they can lose their independence because they may be too close to the management or the executive directors,' he said.

To mitigate potential investor pushback during reappointments, Mr Cheng recommended that issuers proactively review proxy adviser policies or engage governance advisers to assess director suitability

before annual general meetings (AGMs).

When asked for her view on the optimal tenure period, Ms Chang echoed the sentiment that no magic number determines when independence is lost, but affirmed Fidelity's policy stance. Fidelity generally votes against INEDs serving over 12 years and enforces a strict red line at 18 years. However, exceptions are made in certain cases, for instance, when a long-serving director provides continuity during a period of board refreshment.

'We are not just looking for a number,' she said. 'We want to see credible plans for renewal and actual evidence of refreshment.' If companies demonstrate recent changes in board composition and provide transparent plans, Fidelity may be flexible in its voting decisions.

Combating groupthink and encouraging board renewal

In response to Mr Chau's question on how boards can avoid groupthink and encourage renewal, especially when long-serving INEDs dominate the boardroom, Mr Choi stressed the importance of annual board evaluations to assess whether the existing skill sets align with the company's evolving strategic needs. He cited ISS-Corporate data indicating that 25% of Hong Kong listed companies still have a majority of long-tenured INEDs. While tenure in itself is not inherently problematic, Mr Choi emphasised that the nomination process is where governance quality becomes most evident. 'Beyond tenure limits, developing a nomination process

and identifying the right talents for your board is very important,' said Mr Choi.

Mr Choi also pointed to the 'superman phenomenon' found in some board skill matrices – where certain individual directors are characterised as possessing an implausible breadth of competencies – as being a red flag that indicates a company may not fully understand or be able to identify what skill sets are required by the board.

He further warned against overly informal networks in director appointments, citing cases where all INEDs were university classmates or former colleagues. 'This is a clear indication to investors that you do not have a robust nomination process,' he said.

Ms Chang echoed these concerns and highlighted the often-overlooked area of INED succession planning. She shared best practices from investee companies that maintain a pipeline of potential director candidates and plan transitions well in advance.

'The companies that are leading in corporate governance have robust practices and planning processes so that they have a mixture of different tenured directors on the board. We also see good practices from companies that have a pool of potential independent director candidates who they would like to invite to the board, but who are not available right now for various reasons,' Ms Chang observed.

She mentioned a case where a Hong Kong listed company exceeded the accepted three-term tenure limit for a


particular long-serving INED, but was granted investor support to re-elect that director for a further year, instead of the full three-year term, due to its transparent explanation and explicit intention to reappoint the director for a limited term only while a suitable successor was identified.

Strengthening board diversity and evaluation

The discussion then turned to whether enhancing board independence could act as a substitute for appointing a lead INED, which is an increasingly common practice in jurisdictions such as Singapore, Japan and India, particularly where the chair is not independent.

Ms Chang clarified that the two are not mutually exclusive and she urged boards to move beyond the traditional 'legal and accounting' profile when selecting INEDs. 'Professional management experience, sector knowledge and international exposure can be just as important. Boards need to consider what other perspectives are missing,' she said.

Mr Cheng then raised the importance of third-party input in preventing groupthink. 'Boards should consider external board evaluations and seek independent feedback, especially when navigating contentious proposals or planning AGMs,' he advised.

He also pointed out that companies frequently turn to governance advisers to assess director candidates for red flags. 'There's a limited pool, but that doesn't excuse informal selection practices. Screening and independent assessment should be part of the nomination process.' 

Corporate Governance Paper Competition and Presentation Awards 2025

Theme: Is Governance a Driver for Growth?

The annual Corporate Governance Paper Competition and Presentation Awards aims to promote the importance of good governance among local undergraduates. The six finalist teams will give their presentations on 6 September 2025 to compete for the Best Presentation Awards and the 'Audience's Favourite Team' Award. Registration is open to join the event online, where you can view the presentations and vote for your favourite team.



**Register
Now**

Date: Saturday 6 September 2025

Time: 10.00 AM – 1.00 PM

Mode: Online

Awards:

 Paper Competition	 Paper Presentation	 Audience's Favourite Team
Best Paper Award \$11,000	Best Presentation Award \$6,000 +  \$4,000	\$2,000
First Runner-up \$7,000	First Runner-up \$3,000 +  \$3,000	
Second Runner-up \$5,000	Second Runner-up \$2,000 +  \$2,000	
Three Merit Prizes \$1,000 each	Three Merit Prizes \$1,000 +  \$1,000 each	



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Hong Kong's new VA staking services regulatory guidance

Hong Kong's SFC and HKMA advance a virtual asset ecosystem with new staking services guidance for virtual asset trading platforms, banks and authorised virtual asset funds



Authors from Herbert Smith Freehills Kramer explore the latest regulatory guidance from the SFC and HKMA on virtual asset staking services for Hong Kong to foster a secure, innovative and responsive virtual asset ecosystem.

Hong Kong has demonstrated a steadfast commitment to supporting the development of virtual assets (VAs) and, through continuous efforts in recent years, has positioned itself as a leading hub in the digital economy. Both the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) continue to lead the way, introducing new regulatory guidance to secure and grow virtual asset markets.

Most recently:

- the SFC and HKMA have respectively issued circulars to permit SFC-licensed VA trading platforms (VATPs) and authorised institutions (AIs) to provide staking services to clients, and to set out the regulatory requirements for providing such services
- the Appendix to the SFC VATP circular also contains specific conditions which the SFC will impose on a VATP's licence before it may provide staking services, and
- the SFC has revised its circular on SFC-licensed funds with exposure to VAs (SFC-licensed VA Funds) to facilitate their engagement in staking, and has also updated the relevant FAQs.

The new guidance was made in response to investors' demand

for staking services, as well as the potential for staking activities to contribute to the security of the blockchain network. These initiatives are part of the SFC's 'ASPIRe' roadmap to develop Hong Kong's virtual asset ecosystem, which aims to enhance the security, innovation and growth of Hong Kong's VA market. Specifically, staking and VA-related activities were identified as an initiative under Pillar P (Products) of the roadmap.

What are staking services?

Both the SFC and the HKMA refer to staking services as any arrangements that involve the process of committing or locking client VAs for a validator to participate in a blockchain protocol's validation process, based on a proof-of-stake consensus mechanism, with returns generated and distributed for that participation (Staking Services). Staking allows investors to lock up their VAs to support blockchain networks and therefore earn rewards in return.

SFC's regulatory guidance to VATPs on provision of staking services

On 7 April 2025, the SFC issued a circular setting out its regulatory approach and expected standards in respect of VATPs that wish to provide Staking Services to their clients. VATPs seeking to provide Staking Services should note the following regulatory requirements.

First, VATPs must maintain strong internal controls.

- **Possession or control.** VATPs should maintain possession or control of all mediums through which the client VAs may be withdrawn from the Staking Services. Custody of client VAs by third party service providers is not permitted.
- **Safeguarding assets.** VATPs should maintain effective policies to prevent or detect errors and other improper

Highlights

- SFC now permits licensed virtual asset trading platforms to offer staking services, subject to strict internal controls, disclosure and licensing conditions
- HKMA has issued parallel guidance for banks and their subsidiaries, aligning standards on custody, risk management and third-party oversight
- SFC-licensed virtual asset funds may engage in staking under updated requirements covering strategy alignment, disclosures and regulatory approvals

“

Hong Kong has demonstrated a steadfast commitment to supporting the development of virtual assets and, through continuous efforts in recent years, has positioned itself as a leading hub in the digital economy

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activities associated with its Staking Services, and ensure the 'staked' client VAs are adequately safeguarded.

- **Operational risk and conflicts.** VATPs should implement internal controls to manage operational risks and address conflicts of interest that may arise. Operational rules governing the provision of Staking Services should be in place.
- **Provision of information to the SFC.** VATPs should provide the SFC with any information in relation to its Staking Services as requested from time to time.

Second, VATPs must make disclosures regarding the details of the Staking Services and risks involved.

- **General information.** VATPs should disclose on their website and mobile application (if applicable) general information about their Staking Services, including specific VAs involved, any third parties involved in providing such services, fees and charges, minimum lock-up periods, the unstaking process

and its length, arrangements during outages, business resumption arrangements and custodial arrangements.

- **Risk disclosure.** VATPs should disclose the risks that clients may be exposed to in using their Staking Services, including the types and nature of additional risks that the 'staked' client VAs may be subject to, and the manner in which losses relating to such risks would be dealt with. Examples of these additional risks are slashing risk, lock-up risk, blockchain technical error/bug risk, hacking risk and inactivity risk relating to the validators, as well as the legal uncertainty relating to staking that may affect the nature and enforceability of clients' interests in the 'staked' client VAs.

Third, VATPs must perform due diligence when selecting blockchain protocol and third party service providers.

- **Blockchain protocols.** VATPs should act with due skill, care and diligence when including a blockchain protocol for providing

Staking Services. They must perform all reasonable due diligence and ensure that their internal controls and systems, technology and infrastructure can support the provision of Staking Services in that blockchain protocol, and manage any risks arising from it.

- **Third party service providers.** If the provision of Staking Services involves outsourcing to a third party service provider, VATPs should perform proper due diligence and conduct ongoing monitoring on the third party. For example, VATPs should look into the third party service provider's experience and track record in participating in the validation process of a particular blockchain protocol, its technology infrastructure and risk mitigation measures, and its security measures including security controls.

Fourth, VATPs should also obtain prior written approval from the SFC to provide Staking Services. The SFC will impose specific conditions on the VATP's licence before allowing the provision of these services.

HKMA's standards for provision of staking of VAs as a service by AIs

Separately, the HKMA has published a circular to impose requirements on AIs and subsidiaries of locally incorporated AIs that provide Staking Services from custodial services to clients. Locally incorporated AIs should ensure that their subsidiaries' business conduct, practices and controls comply with the circular's requirements.

We set out below the key requirements under the HKMA circular, which apply to both AIs and subsidiaries of locally incorporated AIs (both fall within the term 'AI' for the purposes of this circular). These requirements follow similar principles as the SFC's requirements to VATPs summarised above.

Internal controls

AIs should:

- maintain possession or control of all mediums through which client VAs may no longer be 'staked'
- maintain effective policies to prevent or detect errors and other improper activities associated with their Staking Services
- ensure the 'staked' client VAs are adequately safeguarded
- implement internal controls to manage operational risks and address conflicts of interest that may arise, and
- put in place operational rules governing the provision of Staking Services.

Disclosure of information

AIs should disclose general information about their Staking Services. This includes the specific VAs for which the AIs provide Staking Services, any third parties involved in providing such services, fees and charges, activation periods, minimum lock-up periods, reward payout arrangements, the unstaking process and its length, uptime performance, arrangements during outages, business resumption arrangements and custodial arrangements. AIs should disclose the risks that clients may be exposed to in using their Staking Services, including the types and nature of additional risks that the 'staked' client VAs may be subject to, and the manner in which losses relating to such risks would be dealt with. Examples of these additional risks include (among others) slashing risk and lock-up risk.

Blockchain protocol selection and third party service providers

AIs should act with due skill, care and diligence when including a blockchain protocol for providing Staking Services. They must perform all reasonable due diligence and ensure their internal controls and systems, technology and infrastructure can support the provision of Staking Services in that blockchain protocol, and manage any risks arising from it. Where the provision of Staking Services involves outsourcing to a third party service provider, the AI should perform proper due diligence and conduct ongoing monitoring on the third party service provider. For example, the AI should look into the third party service provider's experience and track record in

participating in the validation process of a particular blockchain protocol, its technology infrastructure and risk mitigation measures, and its security measures including security controls.

Before engaging in Staking Services, AIs are reminded to implement adequate policies, procedures, systems and controls to ensure compliance with the requirements set out above and other applicable requirements, and discuss these with the HKMA in advance.

SFC's updated guidance for SFC- authorised VA Funds to facilitate engagement in staking

On 7 April 2025, the SFC updated its circular to include new requirements for SFC-authorized VA Funds engaging in VA-related activities, including staking.

The revised circular supersedes the previous version of the circular issued on 22 December 2023.

The SFC may allow SFC-authorized VA Funds to engage in staking and other VA-related activities conducted through SFC-licensed VATPs or, where applicable, AIs (or subsidiaries of locally incorporated AIs), subject to adhering to the general guiding principles set out below.

Objective and strategy

The management company should ensure that the VA-related activities are consistent with the fund's investment objective and strategy.

Internal controls

The management company should implement robust internal controls

to monitor and manage material risks and conflicts of interest arising from the VA-related activities. It should also establish appropriate custody arrangements in the best interests of investors for investor protection.

Due diligence

The management company should perform proper due diligence and conduct ongoing monitoring of the counterparties and service providers engaged for the VA-related activities.

Disclosure

The fund's offering documents, including the key facts statements (KFS), should disclose the amount of VAs that may be used for VA-related activities, and the key features and risks associated with these activities.

Notification obligations

If engagement in VA-related activities will result in a material change to the fund's existing investment objective and strategy, or a material change or increase in the fund's overall risk profile, prior notice should be provided to investors with a reasonable notice period. The management company should also assess whether shareholders' approval and/or amendments to constitutive documents are required.

Interim and annual reports

In addition to complying with the relevant disclosure requirements in Appendix E of the Code on Unit Trusts and Mutual Funds (UT Code), the interim and annual reports should disclose the total amount of VA holdings committed to each type of VA-related activities as a proportion of the fund's net asset value, the

amount of revenue, and the direct and indirect expenses incurred through each such activity.

SFC-authorized VA Funds intending to engage in staking and other VA-related activities would require prior consultation with and approval of the SFC.

Additionally, the SFC has also updated its FAQs on the UT Code to include the newly added Question 20F, which outlines further requirements for management companies of SFC-authorized VA Funds engaged in staking.

Cap on staking activity

The fund should only engage in staking through VATPs and AIs (or subsidiaries of locally incorporated AIs), subject to a cap reasonably determined by the management company taking into account the liquidity needs and investment strategy of the fund.

Custody

The management company should ensure that the fund's staked VA holdings remain under custody by the VATP or AI (or subsidiary of a locally incorporated AI).

Due diligence

The management company should perform proper due diligence and conduct ongoing monitoring of VATPs or AIs (or subsidiaries of locally incorporated AIs) and the Staking Services that they provide either directly or by outsourcing to a third party service provider.

Disclosure obligations

The offering documents, including the

KFS, of the fund should, as a minimum, disclose the following:

- general information about the staking arrangements (including the name of the service provider and whether it is an affiliate of the VATP or AI (or subsidiary of locally incorporated AI))
- the amount of VAs that can be staked
- a general statement that there is no change in the ownership of VA held by the fund during the staking process
- the manner in which losses relating to staking would be dealt with, and
- key risks associated with staking include slashing risk, lock-up risk, blockchain technical error/bug risk, hacking risk and inactivity risk relating to the validators, as well as the legal uncertainty relating to staking that may affect the nature and enforceability of the fund's interest in the 'staked' VAs.

Hannah Cassidy, Partner, Head of Financial Services Regulatory, Asia; Simone Hui, Of Counsel; Valerie Tao, Knowledge Lawyer; and Christie Tsang, Trainee Solicitor

Herbert Smith Freehills Kramer, Hong Kong

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This article is reprinted from a Herbert Smith Freehills Kramer note published on [7 May 2025](#).

ESG Reporting Certification Course

7th Cohort

Overview



This Course covers the latest international climate change disclosure standards adopted by HKEX. The Institute's ESG Reporting Certification will validate your competencies in ESG and sustainability, as well as your understanding of the processes and procedures for ESG reporting in line with the HKEX Listing Rules, earning the trust of your employer and peers.

A Certificate that Matters

Participants of the Course who successfully fulfil attendance requirements (by 30 October 2025) and pass a final assessment (in November 2025) will be accredited for two years (from 1 December 2025 to 30 November 2027), and will also be permitted to use the post-nominal, 'HKCGI Cert: ESG' during the accreditation period. The names and post-nominals of those who have successfully obtained the certification will be listed on the Institute's designated webpage for prospective employers and public searches.

Topics Covered

In line with the latest climate-related disclosure requirements, the ESG Reporting Certification Course will cover:



Introduction to
HKEX's new ESG
Reporting Code



Key climate disclosure
requirements under
the ESG Code



Directors' duties in
ESG & climate
reporting



Governance
structure for ESG
and climate-related
disclosures



Setting strategy,
materiality assessment,
and identifying risks
and opportunities



Setting metrics
and targets



ESG and
climate-related
disclosures



Data collection,
report drafting, and
timeline



Workshops –
ESG report drafting

Government Funding

This programme is eligible for the Pilot Green and Sustainable Finance Capacity Building Support Scheme (Scheme) (<https://greentalent.org.hk/>). Eligible applicants can apply for a subsidy of 80% of the enrolment fees (\$2,800 for members and \$3,500 for non-members). Full-time students can apply for a subsidy of 100% of the enrolment fee.

Programme Provider: **The Hong Kong Chartered Governance Institute**
Identification Code: **GTP-919235**
Effective date under the Scheme*: **2023/04/28**

*For details, please visit the Scheme website: <https://greentalent.org.hk> or contact the Scheme enquiry hotline: (852) 2258 6000 or email enquiry@greentalent.org.hk.

Enquiries

For enquiries, please contact the Professional Development Section by phone (852) 2881 6177 or email cpd@hkcggi.org.hk.

REGISTER HERE



Dr Albert Lung FCG HKFCG



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

'I first came into contact with the Institute in 1986. At that time, I was working in the accounts department of a large foreign-owned corporation. In such a big organisation, you're really just a cog in the machine. The company didn't encourage us to get involved in other departments or to gain a broader perspective on the business, such as the overall financial picture or development strategy. I heard that the Institute was hosting an information session and I decided to attend. I really wanted to understand more about business and to contribute more to society, so I enrolled in the Institute's exams in 1987. I became an Associate in 1992 and was elected as a Fellow in 2006.

Over the years, my professional role has undergone several changes, from being an accountant to becoming

an accounting manager, a finance manager and, later, the financial controller and company secretary of a listed company.'

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

'It has been extremely helpful. The exams, although tough, gave me a very solid professional foundation, which in turn helped me build a more stable career path. As a member, I regularly attended seminars to keep my knowledge up to date and I also met many professionals from different disciplines. I later set up several networking groups, including both professional and academic lunch groups, which have been meeting monthly since 2004. These groups now have over 800 members, including company secretaries, accountants, lawyers and professors. These networks have not only expanded my professional connections but have

also provided an excellent opportunity for exchanging ideas and growing together.'

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

'What left the deepest impression on me was the first information session I attended in 1986. The Institute's staff were incredibly proactive and dedicated to promoting professional development and the Institute's mission. Several senior Fellows also spoke to us and shared their experiences, which truly inspired and motivated me.'

What prompted your move into teaching?

'Membership of the Institute afforded me an internationally recognised professional qualification and, since I had spent so much time studying by then, I wanted to share that knowledge with others. As I had some free time in the evenings, I began teaching, initially accounting and management courses in 1996.'

In 2016, when the Hong Kong Stock Exchange introduced new Listing Rules requirements for risk management and internal controls, I approached the School of Continuing and Professional Studies at The Chinese University of Hong Kong (CUSCS) and offered to teach these particular subjects.

I've always had a passion for education and a love of continuous learning. I'm currently teaching two integrated courses at CUSCS that cover all Listing Rule requirements. As a home-grown professional in Hong Kong, I also want to contribute in my own way to the city's role as an international financial centre.'

You remain active in the Institute's Governance Professional Mentorship Programme. Do you feel that mentorship is important?

'I believe the mentorship system is extremely important. Many members join the Institute after passing their exams, but they may not necessarily be familiar with how the industry operates in practice. Launched in 2015 with the core aim of nurturing young professionals, the Governance Professional Mentorship Programme serves as a valuable platform for students, graduates and members to meet and share views, and to better understand potential career paths, as well as to gain valuable insights from senior Fellows.'

“

I have always enjoyed my role as a mentor since one of my personal goals is to guide the next generation and to pass on my knowledge and experience

”

Dr Albert Lung FCG HKFCG, INED of a Hong Kong listed company

Young members are very keen to hear our experiences, and we are equally happy to share and engage. I have always enjoyed my role as a mentor since one of my personal goals is to guide the next generation and to pass on my knowledge and experience.'

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

'First, the Institute is a highly respected professional body and I encourage everyone to join as soon as possible, to take the exams and to gain experience in a listed company, if feasible. Having worked in both private and listed companies, I am acutely aware of the differences in the scope and depth of work between the two. Working in a listed company allows you to engage with a wider group of stakeholders and investors, considerably broadening your perspective. You can also learn much more, enjoy a higher professional status and benefit from greater job stability.'

Second, it is important to keep up with the times and maintain ambition. Corporate governance is a profession that requires continuous learning, constant updating of knowledge and diligent effort. There is an enormous amount of information to absorb, which cannot be mastered all at once. You need perseverance and the ability to pick yourself up after any setbacks in order to achieve your goals.'

Last but not means least, remember that talent without integrity is dangerous and can have a severe negative impact on society. As professionals, we must uphold a strong sense of responsibility and ethics to ensure a long and successful career.'

龙卓华博士 FCG HKFCG



您是什么时候加入公会的？当时您的专业身份是什么？

‘我第一次接触公会是在 1986 年。当时我在一家大型外资企业担任会计工作。在那样的大机构里，你只是一个螺丝钉，公司也不鼓励我们涉猎其他部门或更全面地了解企业，比如整个公司的财务状况或发展策略。后来我听说公会举办简介会，就决定参加。我很想了解更多商业知识，也希望自己能够对社会多作贡献，于是在 1987 年报名参加公会考试，并于 1992 年成为会士，2006 年获选为资深会士。’

这些年来，我的专业角色经历了几次转变，从担任会计主任，会计经理，财务经理，后来成为一家上市公司的财务总监兼公司秘书。’

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？

‘帮助非常大。考试虽然辛苦，但为我打下了非常扎实的专业基础，也让我建立起更稳定的专业路径。加入公会后，我经常参加研讨会，不断更新知识，同时结识了很多来自不同领域的专业人士。我后来建立了多个群组，包括专业和学术午餐群组，从 2004 年开始每月聚会一次，目前已有 800 多位成员，包括公司秘书、会计师、律师和教授。这些人脉网络不仅拓展了我的专业联系，也是非常好的思想交流和共同成长的平台。’

能否分享一些您在公会期间最难忘的回忆？

‘我印象最深的是 1986 年参加的第一场介绍会。当时公会的职员非常积极，致力推广专业发展和公会的使命。资深会士当时也到场分享他们的经验，令我深受启发和鼓舞。’

是什么促使您投身教学工作？

‘成为公会会员让我取得国际认可的专业资格。既然花了这么多时间钻研，我也希望能与人分享这些知识。当时我晚上有些空闲时间，1996 年就开始教授会计和管理课程。’

2016 年，香港交易所引入了有关风险管理和内部监控的新要求，我便主动联系香港中文大学专业进修学院，提出开设相关课程。

我一直热衷教育，也喜欢不断学习。目前我在香港中文大学专业进修学院教授两门综合课程，涵盖上市规则的所有规定。作为香港土生土长的专业人士，我也希望为香港作为国际金融中心的角色出一分力。’

您一直积极参与公会的治理专业导师计划，您认为导师制度重要吗？

‘我认为导师制度非常重要。很多会员通过考试后加入公会，但未必熟悉行业的实际运作。治理专业导师计划于 2015 年推出，旨在培养年轻专业人士，为学生、毕业学员

“

我一直很享受担任导师的角色，因为指导下一代、传承知识和经验，是我个人的一个目标。

”

龙卓华博士 FCG HKFCG, 香港上市公司独立非执行董事

和会士提供宝贵的平台，让他们会面交流，了解专业发展路径，并向资深会士请益。

年轻会员都非常渴望听我们分享经验，而我们也乐意参与其中。我一直很享受担任导师的角色，因为指导下一代、传承知识和经验，是我个人的一个目标。’

您对刚刚开始治理生涯的年轻一代有什么建议？

‘首先，公会备受尊重的专业机构，我建议大家尽早加入、参加考试，并尽可能在上市公司汲取经验。我自己既在私人公司也在上市公司工作过，深知两者在工作深度和广度上的差异。在上市公司工作，你有机会接触不同类型的持份者和投资者，视野会宽阔得多，也能学到更多，专业地位更高，工作也相对稳定。

其次，要与时俱进，保持上进心。公司治理是一门需要不断学习的专业，要持续更新知识、勤奋努力。有太多知识需要吸收，不可能一蹴而就。你要靠毅力坚持下去，有挫折就重新站起来，才能达成目标。

最后但同样重要的是，有才而无德是很危险的，可能对社会造成严重影响。作为专业人士，我们必须具备强烈的责任感和职业道德，才能建立长期成功的事业。’

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Professional Development

Seminars: June 2025

12 June Navigating Hong Kong's new redomiciliation regime: insights from company administration, legal and tax perspectives



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: Joyce Tung, Partner, and Matthew Lo, Senior Solicitor, Tiang & Partners; and Candice Mak, Senior Manager, Tax and Business Advisory, PwC Hong Kong

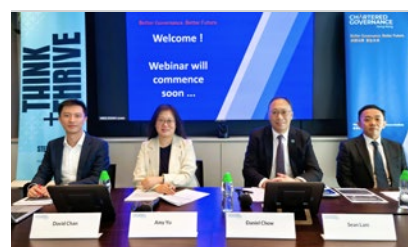
18 June Alternative dispute resolution: in-depth comparison between mediation and arbitration



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

Speaker: Professor Albert So, Senior Partner, AC Lawyers LLC

23 June Navigating the latest regulatory landscape: enforcement trends and proactive measures



Chair: Daniel Chow FCG HKFCG(PE), Institute Treasurer, Professional Development Committee Vice-Chairman, Qualifications Committee member and Investment Strategy Task Force member, and Senior Managing Director, Corporate Finance and Restructuring segment, FTI Consulting (Hong Kong) Ltd

Speakers: Amy Yu, Partner, and David Chan, Associate, Stephenson Harwood; and Sean Lam, Senior Managing Director, Forensic & Litigation Consulting, FTI Consulting (Hong Kong) Ltd (panellist)

26 June Family disputes: key trends and pre- emptive measures



Chair: Patricia Hui FCG HKFCG(PE)

Speakers: Fion Leung ACG HKACG, Partner, Restructuring, Turnaround and Cost Transformation, and Jeffrey Ip, Partner, Family Enterprise Consulting, Deloitte China; and Patrick Chan, Partner, Charles Russell Speechlys LLP

27 June CSP training series: share capital and capital raising – practice and application

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

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

Membership/graduateship renewal for the financial year 2025/2026

The renewal notice, together with the debit note for the financial year 2025/2026, was sent by email to all members and graduates in 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 pay their annual subscription directly online. Please ensure that you settle your annual subscription by the deadline, as failure to do so will constitute grounds for membership or graduateship removal.

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

New graduates

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

Cai Jingyi
Cheung Hiu Ming
Lau Kit Yan

Membership (continued)

New Fellows

The Institute would like to congratulate the following Fellows elected in May 2025.

Bi Xin FCG HKFCG

Mr Bi is Secretary of the Board of PICC Property and Casualty Co Ltd and is responsible for the company's investor relations and corporate governance. He holds a master's degree in economics from Central University of Finance and Economics in Beijing. Mr Bi is a Fellow Certified Insurance Professional of the Australian and New Zealand Institute of Insurance and Finance.

Chan Tsz Fung FCG HKFCG

Mr Chan is the General Manager of Finance and Investor Relations of Noah Holdings (Stock Code: 6686). Mr Chan holds an MBA in finance from Kellogg School of Management, Northwestern University, an LLB from the University of London, and a bachelor's degree in finance and accounting from The Hong Kong University of Science and Technology. He is also a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Chan Wai Hung FCG

Mr Chan is a senior banker based in Hong Kong with over 23 years of experience in advising boards of directors on capital markets and M&A transactions, investor relations and corporate governance. He is a Fellow of CPA Australia and a member of HKICPA.

Du Ning FCG HKFCG

Ms Du has over 15 years of cross-sector experience in corporate

governance and capital markets in conglomerates. She currently serves as Company Secretary and Head of the Board Secretariat at Shandong Hi-Speed Group (Stock Code: 412). Ms Du oversees corporate governance, internal controls, multijurisdictional disclosures and investor relations. She holds a master's degree in finance from The Chinese University of Hong Kong.

Ge Xiaolei FCG HKFCG

Mr Ge is the Chief Financial Officer, Secretary to the Board of Directors and Joint Company Secretary of Aluminium Corporation of China Ltd (Stock Code: 2600). He is mainly responsible for the company's financial management, capital operations, legal compliance and securities affairs. He has extensive experience in financial management and capital operations, as well as corporate management. Mr Ge holds an MBA from the University of Texas.

Guo Guangli FCG HKFCG

Ms Guo serves as Senior Vice President, Board Secretary and Company Secretary of Semiconductor Manufacturing International Corporation (Stock Code: 981). She has extensive experience in corporate governance, financial management, and investment and financing projects for capital markets. Ms Guo holds an LLB from Beijing University of Aeronautics and Astronautics and a master's degree in accounting from the Central University of Finance and Economics. She is a member of The Chinese Institute of Certified Public Accountants.

Lai Wai Ki FCG HKFCG

Mr Lai is an Assistant Director of the Independent Commission Against Corruption. He holds a bachelor's degree in civil and structural engineering from The Hong Kong University of Science and Technology, an LLB from the University of London and a master's degree in corporate governance from The Hong Kong Polytechnic University. He is a Chartered Engineer and a member of the Institution of Civil Engineers.

Lau Tat Man, Desmond FCG HKFCG(PE)

Mr Lau is the Institute's Director and Head of Professional Development. Before joining the Institute in January 2020, Mr Lau served as the Director of China Business Development at Tricor. He holds a bachelor's degree in accountancy from The Hong Kong Polytechnic University.

Li Chenhui FCG HKFCG

Ms Li is the Investor Relations Director at Xiabu Xiabu Catering Management Co Ltd (Stock Code: 520). Ms Li has extensive global experience in the real estate, consumer and internet sectors. She holds a master's degree from London Business School and a bachelor's degree from McGill University. Ms Li is a Chartered Management Accountant and a Chartered Global Management Accountant of the Chartered Institute of Management Accountants.

Mok Mei Gee FCG HKFCG

Ms Mok is the Legal and Compliance Manager of McDonald's Hong

Kong. She was recognised as an Outstanding Employee in 2022 and continued to excel, earning the prestigious Presidents' Award from McDonald's Corporation in 2023. Her expertise contributed to her team being named the Retail and Hospitality In-House Team of the Year in 2024. She is also a certified ESG Analyst (CESGA) who drives impactful strategies that ensure ethical business practices, sustainability and long-term success in an evolving corporate landscape.

Qin Jiehai FCG HKFCG

Mr Qin has pursued a distinguished career at Huadian Power International Corporation Ltd since 1999. He has led strategic planning and administrative management, and has held senior positions including Assistant to the General Manager, Deputy General Manager and Trade Union President. Mr Qin holds a bachelor's degree from Xi'an Jiaotong University, a master's degree from Harbin Institute of Technology and an MBA from Texas Tech University.

Siu Heng Yee FCG HKFCG

Ms Siu is the Senior Consultant of High Point Consultants Ltd. She has extensive experience and knowledge of contract law, corporate law, corporate restructuring, compliance and corporate governance, which she gained through her roles with several listed companies and a leading law firm. Ms Siu obtained an LLB from the University of London and a master's degree in corporate governance from Hong Kong Metropolitan University.

Song Jinggang FCG HKFCG

Mr Song serves as the Chief Financial Officer and Secretary to the Board of Directors of China Shenhua Energy Co Ltd (Stock Code: 1088). He is responsible for financial operations, capital operations, corporate governance and investor relations management. Mr Song has extensive experience in financial management and corporate governance, and serves as the Representative of the Vice Presidents group of the China Association for Public Companies (CAPCO) and is a member of the Fourth Session of the Board Secretaries Specialised Committee of CAPCO.

Wu Sanqiang FCG HKFCG

Mr Wu is Secretary to the Board of China International Marine Containers (Stock Code: 2039). His career spans over 23 years at the company and he has held key positions across various business areas, gaining extensive cross-industry management experience and a strategic vision. His expertise encompasses cross-border mergers and acquisitions, capital operations, corporate governance and investor relations management. Mr Wu holds a bachelor's and a master's degree from Peking University, as well as a doctorate in economics from Jilin University.

Xiao Feng FCG HKFCG

Mr Xiao serves as the Chief Economist, Board Secretary and Joint Company Secretary of Air China Ltd (Stock Code: 753). He spearheads corporate governance frameworks, ensures rigorous regulatory compliance and facilitates effective Board operations. His responsibilities include overseeing

shareholder communications and corporate disclosures, as well as ensuring strict compliance with listing requirements. Mr Xiao also serves as a non-executive director of Cathay Pacific Airways Ltd and as a director of Air China Cargo Co Ltd.

Yip Pui Tsang FCG HKFCG

Ms Yip is a registered PRC Lawyer at AllBright Law (Hong Kong) Offices LLP, specialising in cross-border legal and corporate governance matters. She combines legal expertise with strategic insight. Ms Yip holds an MBA from Anglia Ruskin University and an LLB from East China University of Political Science and Law.

Zheng Xuci FCG HKFCG

Ms Zheng is the Company Secretary of China Qidian Guofeng Holdings Ltd (Stock Code: 1280). She holds a master's degree in corporate governance and compliance from Hong Kong Metropolitan University and a bachelor's degree in economics from South China Normal University. Ms Zheng is also a member of The Chinese Institute of Certified Public Accountants.

Lau King Ho FCG HKFCG(PE)

Company Secretary, CR Construction Group Holdings Ltd (Stock Code: 1582)

Yip Hiu Man FCG HKFCG

Head of Trusts Team, Equiom Hong Kong

Zheng Lingning FCG HKFCG

Manager, Board Secretary Office, China-Singapore Suzhou Industrial Park Development Group Co Ltd

Membership (continued)

Membership activities: June 2025

14 June

Community Service – shared vision, shared joy: an inclusive workshop with the Hong Kong Blind Union (「與視同樂」共融工作坊)



21 June

Mentorship training – increasing your influence with DISC



24 June

Sustainability and legacy: a visit to the Swire Archive Centre



Forthcoming membership activities

Date	Time	Event
20 August 2025	6.45pm–8.15pm	Welcome drinks for new qualifiers and joiners (by invitation only)

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

Advocacy



Thank you for making our 26th ACRU such a success

On 6 June 2025, over 2,300 delegates, comprising governance professionals, directors, senior management, market practitioners and key industry leaders, attended the 26th Annual Corporate and Regulatory Update (ACRU 2025).

Government authorities and regulators shared their insights on the following:

- listing and enforcement updates, issuers' financial statement disclosures, and preparing for the USM and open market reforms from Hong Kong Exchanges and Clearing Limited
- anti-misconduct tools, duties and obligations of IPO sponsors, governance enhancement via detection,

prevention and investigation, and the USM regime overview from the Securities and Futures Commission

- legislative updates in the Companies Ordinance from the Companies Registry
- the latest policies for the development of the financial services industry from the Financial Services and the Treasury Bureau
- digital transformation and digital corporate identity from the Digital Policy Office, and
- uplifting integrity management and corporate governance through public-private partnership from the Independent Commission Against Corruption.

The Institute would like to express its deepest gratitude to all regulators, panel chairs and delegates who contributed to ACRU 2025.

For more information on ACRU 2025, please visit the Institute's dedicated ACRU website: <https://minisite.hkcg.org.hk/acru2025/>.

Advancing governance: supporting Hong Kong's redomiciliation regime

The Institute first officially proposed a new company redomiciliation regime for Hong Kong in May 2019 and we are delighted to announce that this came into effect on 23 May 2025.

On 27 June 2025, Institute Past President Ernest Lee FCG HKFCG(PE) and Institute Deputy Chief Executive Mohan Datwani FCG HKFCG(PE) led a delegation of practitioners and support service providers – namely trust and company service providers, lawyers and other consultants – to a cross-agency briefing organised by the Financial Services and the Treasury Bureau, along with the Inland Revenue Department and the Companies Registry, to engage on practical implementation and governance issues.

To provide governance professionals with a clear and detailed understanding of the technical and regulatory requirements of the redomiciliation regime, the Institute has issued a two-part guidance note ([13th issue](#) and [14th issue](#)), developed with input from these key agencies, demonstrating our role as a trusted thought leader in applied governance.



Chartered Governance Qualifying Programme (CGQP)

June 2025 examination diet

The examination results of the June 2025 diet will be released on 19 August 2025. Candidates can access their examination results from their accounts on the Institute's website. The examination papers, mark schemes and examiners' reports are also available to download from the Login area of the Institute's website.

Candidates may apply for a review of their examination results by submitting an application form to the Institute within 10 working days from the release date of the examination results.

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 pages under the Chartered Governance Qualifying Programme subpage of the Studentship section of the Institute's website: www.hkcg.org.hk.

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

November 2025 examination diet timetable

The November 2025 examination diet of the CGQP opened for enrolment on 15 July 2025, with a cut-off date of 29 August 2025. All examination enrolments must be made online via the Login area of the Institute's website.

Week one

Date/Time	17 November Monday	18 November Tuesday	19 November Wednesday	20 November Thursday
9.15am–12.30pm*	Hong Kong Taxation	Hong Kong Company Law	Interpreting Financial and Accounting Information	Corporate Secretaryship and Compliance

Week two

Date/Time	24 November Monday	25 November Tuesday	26 November Wednesday	27 November Thursday
9.15am–12.30pm*	Corporate Governance	Strategic Management	Risk Management	Boardroom Dynamics

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

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

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

Learning support

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

CGQP examination technique online workshops

The Institute's examination technique online workshops are designed for students with substantive knowledge of their respective examination modules. Under the new structure implemented from September 2024 to better facilitate students' examination preparations, the workshops for the Interpreting Financial and Accounting Information and the Strategic Management modules for the November 2025 examination diet will be extended, in this instance from three hours to 12 hours, in line with earlier workshop extensions for the Boardroom Dynamics, Corporate Governance, Corporate Secretaryship and Compliance, Hong Kong Company Law and Risk Management modules, from six hours to 12 hours.

The three-part examination technique online workshops for the CGQP November 2025 examinations will be held between early September and late October 2025.

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

From early September 2025 onwards, students enrolled in the November 2025 examination diet will have complimentary access to the pre-recorded videos for all enrolled modules. Registered candidates will receive all relevant information after the examination enrolment deadline.

Key dates for the three-part examination technique online workshops

Key dates	Description
1–29 August 2025	Enrolment period for part three
Early September 2025	Complimentary pre-recorded videos – parts one and two – available for candidates enrolled in the November 2025 examination diet
Early September 2025	Release of mock examination paper
Early October 2025	Submission deadline for mock examination paper
Mid- to late October 2025	Examination technique online workshops – part three

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

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

Chartered Governance Qualifying Programme (CGQP) (continued)

Corporate Governance Paper Competition and Presentation Awards 2025

The annual Corporate Governance Paper Competition and Presentation Awards, organised by the Institute, is designed to foster appreciation of corporate governance among local undergraduates. The theme this year asks applicants to evaluate the topic: 'Is governance a driver for growth?'

Undergraduates of all disciplines in Hong Kong are eligible to enrol for the competition in teams of two to four members each. We are delighted to announce that, this year, 139 undergraduates in 45 teams from the following nine universities (in alphabetical order) have submitted their papers.

- City University of Hong Kong
- Hong Kong Baptist University
- Hong Kong Metropolitan University
- Hong Kong Shue Yan University
- Lingnan University
- The Chinese University of Hong Kong
- The Hang Seng University of Hong Kong
- The Hong Kong University of Science and Technology
- The University of Hong Kong

The submitted papers will be reviewed and assessed by a panel of judges comprising the following academics (in alphabetical order):

Reviewer's name	University
Dr Alice Chung	Hong Kong Shue Yan University
Professor Sammy Fung	The University of Hong Kong
Dr Lisa Goh	The Hang Seng University of Hong Kong
Eva Lai ACG HKACG	Hong Kong Metropolitan University
Dr Tommy Leung	The Hong Kong University of Science and Technology
Dr Bruce Li FCG HKFCG(PE)	The Hong Kong Polytechnic University
Professor Normann Witzleb	The Chinese University of Hong Kong
Professor Raymond Wong FCG HKFCG	City University of Hong Kong
Tommy Wong	Saint Francis University
Dr Davy Wu	Hong Kong Baptist University
Professor Harry Wu	Lingnan University

The six finalist teams, as determined by the reviewers, will present their papers on Saturday 6 September 2025 to compete for the Best Presentation Award and the Audience's Favourite Team Award. Members, graduates and students who are interested in observing the presentation competition are welcome to attend.

Theme	Is governance a driver for growth?
Date	Saturday 6 September 2025
Time	10.00am–1.00pm
Fee	Free of charge
Venue	Webinar session, no physical attendance is required.
CPD points	2

For details of the competition, please visit the Corporate Governance Paper Competition and Presentation Awards page under the Student Promotion & Activities subpage of the News & Events section of the Institute's website: www.hkcg.org.hk.

HKCGI Student Ambassadors Programme (SAP)

Begin your leadership journey in corporate governance!

Undergraduates & full-time postgraduates are welcome!

Registration fee: HKD120

CONNECT and SHARE:

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✓ Unique Exposure:

- Visits to regulators and corporations
- Attend AGMs of listed companies

✓ Internships and Career Opportunities

✓ Networking Activities

- Meet governance professionals and fellow Student Ambassadors

✓ Professional and Soft Skills Workshops

Register
Now!



Chartered Governance Qualifying Programme (CGQP) (continued)

Forthcoming studentship activities

Date	Time	Event
23 August 2025	2.15pm–5.00pm	Student Ambassadors Programme: indoor shrimp fishing (室內釣蝦)
6 September 2025	10.00am–1.00pm	Corporate Governance Paper Competition and Presentation Awards 2025

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

Studentship renewal for the financial year 2025/2026

The renewal notice for the financial year 2025/2026 was sent to all students in June 2025 to the email address registered with the Institute. 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@hkcgj.org.hk.



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CGI & HKCGI
member

Eligibility:

- Qualified lawyer or accountant of a recognised professional body;
- Have maintained professional status for at least five years;
- Gained 5+ years of experience relevant to the role of a Chartered Secretary and/or Chartered Governance Professional



SCAN ME



All applications are subject to the final decision of the Institute.

For enquiries, please contact
Qualifications and Assessments
Section at 2881 6177 or email:
student@hkcg.org.hk.

Better Governance. Better Future.



HKCGI Sustainability Governance Academy (Academy)



Become an HKCGI Sustainability Professional - a stamp of quality that employers can rely on

All accredited HKCGI Reporting Certificate holders can join the Academy free of charge to promote sustainability and for peer-to-peer networking and sharing



HKCGI, with 75 years of history, now sets another milestone by establishing the Academy to promote sustainability-related advocacy, education and research.

Our **objectives** are to build a platform that recognises the knowledge and expertise acquired by the ESG Reporting Certificate holders, facilitates knowledge update through publications and continuous training, and enables the sharing of experience and regulatory and practical concerns, providing a voice for like-minded individuals to advocate sustainability policies and practices.

Our **vision** is to be the go-to resource and leading voice in ESG/sustainability governance and reporting.

Benefits of Being a Sustainability Professional



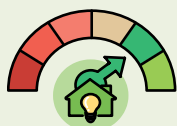
Priority enrolment to webinars, workshops, and special events



Opportunities for networking with people who share your enthusiasm for sustainability



Being kept informed of the most recent advancements in sustainability and ESG governance



Demonstration of expertise to employers or prospective employers



Contribute to shaping regulatory policy in sustainability governance



One free annual update seminar on sustainability

For more information and to register, click the link below.

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