

立法會

Legislative Council

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Panel on Constitutional Affairs

Background brief prepared by Legislative Council Secretariat for the meeting on 16 November 2009

System of declaration of interests by the Chief Executive and Principal Officials under the Accountability System

Purpose

This paper provides a summary of the major issues raised by the Panel on Constitutional Affairs (the Panel) regarding the system of declaration of interests by the Chief Executive (CE) and Principal Officials (POs) under the Accountability System.

Background

Disclosure of assets by CE

2. Under Article 47 of the Basic Law (BL), CE, on assuming office, "shall declare his or her assets to the Chief Justice of the Court of Final Appeal of the Hong Kong Special Administrative Region" and the declaration "shall be put on record".

3. Members may wish to note that during the scrutiny of the Prevention of Bribery (Amendment) Bill 2007, the Administration advised the relevant bills committee that the term "assets" was not specifically defined under BL. Hence, the types of assets to be disclosed should follow the ordinary meaning of "assets". However, the Administration was not in a position to advise the types of assets disclosed in the declaration which was required to be made to the Chief Justice only. Other than that under BL47, there was no legal requirement on the disclosure of CE's assets. While there was no legal requirement for CE to disclose his assets in his capacity as the President of the Executive Council (ExCo), he, nonetheless, furnished a return on his registrable interests, such as remunerated directorships, land and property, in his capacity as ExCo President, like other ExCo Members. A register was available for public inspection through the ExCo's website. A copy of the declaration made by CE currently available on the ExCo's website is in **Appendix I**.

Declaration of interests by Principal Officials

4. The Accountability System for POs was introduced on 1 July 2002. The "Code for Principal Officials under the Accountability System" which was published in the Gazette on 28 June 2002 set out the basic principles which POs should follow in the performance of duties. On 17 October 2007, the Administration published the "Report on Further Development of the Political Appointment System". With the creation of additional layers of political appointees, the "Code for Principal Officials under the Accountability System" has been adapted as the "Code for Officials under the Political Appointment System" (the Code) to reflect the broader coverage of officials governed by the Code. Chapter 5 of the Code deals specifically with prevention of conflict of interest, a copy of which is in **Appendix II**. The principles which POs should follow in ensuring that no actual or potential conflict of interest arises between their official duties and private interests are set out in this Chapter. According to the Administration, the employment contract of POs will stipulate a requirement for POs to observe the rules and principles contained in the Code. A copy of the form for POs to declare their interests is in **Appendix III**. Members may wish to note that it is the practice of the Administration to provide the annual declarations by POs and the Director of the CE's Office for the reference of the Panel.

Overseas experience and practice

5. To facilitate the Panel's consideration of the issues relating to declaration and handling of investment or interests by POs under the Accountability System, the Research and Library Services Division (RLSD) presented to the Panel at its meeting on 7 October 2002 an Information Note entitled "Selected Issues Relating to Declaration of Interests and Avoidance of Conflicts of Interests by Senior Members of Government" (IN35/01-02). The Information Note provides information relating to declaration of interests by senior members of government in the United States (US) and the United Kingdom (UK). The specific topics include -

- (a) declaration of interests;
- (b) procedures to avoid conflicts of interests;
- (c) operation of blind trusts; and
- (d) operation of British Virgin Island (BVI) companies.

6. At the request of the Panel, RLSD further prepared two supplementary Information Notes (IN03/02-03 and IN06/02-03) on the following topics -

- (a) declaration of interests for Presidential appointees in US and Ministers in UK;
- (b) penalties for violation of the declaration requirement in US;

- (c) difference in the declaration of interests for Ministers and Members of Parliament in UK;
- (d) what is a family trust;
- (e) restrictions for US Cabinet Secretaries reverting to their professions after stepping down from office;
- (f) arrangement for US Cabinet Secretaries appointed from the private sector to be on no-pay leave from their previous employers during the period of office;
- (g) arrangements made by the former US President Jimmy Carter in managing his family business during his presidency; and
- (h) comparison of the requirements applicable to members of the US Congress and senior members of the government in respect of declaration of interests.

Review of the system of declaration of interests

7. The Administration had reviewed the system of declaration of interests and addressed the issue in its interim report and twelve-month report on Implementation of the Accountability System for Principal Officials submitted to the Panel in January and July 2003 respectively. The Administration took the position that the system in force was adopted largely from that which was applicable to senior civil servants ranked at D8 and had proven to be effective. In deciding what information should be made available for public inspection, it was necessary to strike a balance between public interest on the one hand and the legitimate rights of the individual POs on the other. The Administration remained of the view that the system in place was appropriate.

8. The Administration had, however, introduced the following changes to the declaration system -

- (a) requiring POs to complete the relevant declarations within 14 days upon taking up office and the subsequent annual declarations within 14 days from 1 July;
- (b) requiring POs to declare additional information in respect of land or buildings held by them for public inspection; and
- (c) requiring POs to declare the nature of business of the company for public inspection where they had an interest in a local or offshore private company, which may only be held with the approval of CE.

In respect of paragraph 8(c) above, the Administration advised that CE had only approved the holding of such interests in private companies by POs for owning private vehicles, real estate, club memberships, and personal investment where there was no conflict of interest with their official duties.

Relevant issues raised by the Panel

Timing for making public declarations of interests and interests to be declared

9. When the Administration first introduced the "Code for Principal Officials under the Accountability System" to the Panel in July 2002, members noted that no time frame was specified for POs to complete the declarations. Some members expressed concern that as POs were allowed several weeks after the commencement of their term of office to declare interests, it would cause embarrassment to the Government if it was discovered that a PO's private investments or interests were in conflict with his official capacity only weeks after his assumption of duty. They pointed out that every Member of the Legislative Council (LegCo) was required to furnish to the Clerk to LegCo the particulars of his or her registrable interests not later than the first meeting of each term. A new LegCo Member who was elected to fill a vacant seat should also furnish to the Clerk the particulars of his or her registrable interests within 14 days from the date of his or her becoming a new Member. These members considered that POs should be required to comply with a set of stricter procedures for declaration of interests given the power vested in them under the Accountability System.

10. Members also sought clarification on the interests required to be declared by POs and whether there were any guidelines for POs to complete the declarations. The Administration advised that the declaration system for the current ExCo was the same as that for the previous ExCo. The declaration system for POs under the Accountability System was largely adopted from that which was applicable to senior civil servants generally covering officers ranked at D8. On first appointment and annually thereafter, senior civil servants and POs under the Accountability System were required to declare their investments and interests in and outside Hong Kong. The "interests" which should be declared are set out in the guidance notes for completing the declaration form on "Registration of interests and affiliation with political parties for public inspection" by POs, a copy of which is in **Appendix IV**.

11. When the Panel discussed in February 2007 the incident of Mr Michael SUEN, the former Secretary for Housing, Planning and Lands (SHPL), jointly purchasing a race horse with some businessmen, some members pointed out that according to clause 5.1 of the Code, POs should avoid putting themselves in a position where they might arouse any suspicion of dishonesty, unfairness or conflict of interest, and should refrain from handling cases with actual or potential conflict of interest. The fact that the former SHPL co-owning a race horse with, among others, the President of the Real Estate Developers' Association of Hong Kong, might arouse suspicion whether the former SHPL could maintain his impartiality and fairness in

discharging his official duties. Members questioned whether the purchase of a race horse by the former SHPL should be regarded as a form of "investment" and should therefore be declared.

12. The Administration explained that clause 5.6 of the Code required POs to file, annually, declarations on their investments and interests for public inspection. Clause 5.4 required POs to report to CE any private interests that might influence, or appear to influence, their judgment in the performance of their duties. It was for a PO to decide whether he should report his investments, other than those listed in the Code, to CE. The purchase of a race horse was a personal decision of the former SHPL. CE was aware of the incident after it took place. The Administration had studied the case and concluded that the joint investment did not constitute a conflict of interest with his duties relating to land and housing policy.

13. Some members expressed concern that under the existing declaration system, if a PO chose not to report his investments to CE, there was no way for CE to assess whether his investments constituted a conflict of interest. Having regard to the incident of Mr SUEN, they considered that the Administration should review how the declaration system could be improved to avoid future recurrence, and whether the Code should be amended.

14. The Administration advised at that time that it would make a decision on the way forward in connection with the proposal to further develop the Political Appointment System. The "Code for Principal Officials under the Accountability System", with any necessary modifications, would apply to the new political positions. The Administration would take the opportunity to review this Code in the context of that exercise. Members may wish to note that the relevant rules adopted in the "Code for Officials under the Political Appointment System" are largely the same as those in the "Code for Principal Officials under the Accountability System".

Prevention of conflict of interest in participating in ExCo business

15. Members expressed concern whether proper arrangements had been put in place to prevent POs from participating in the business of ExCo in cases of possible conflict of interest.

16. The Administration advised that there were no hard and fast rules on what would constitute a conflict of interest, but the following would likely be considered as having a conflict of interest -

- (a) significant personal pecuniary interests which might be materially affected by the decision of ExCo;
- (b) directorship, partnership or advisory positions of companies or associations which might be materially affected by the decision of ExCo;

- (c) professional positions held by ExCo Members in advising or representing any party in connection with the item under discussion; and
- (d) close or substantial interests which, if known publicly, might lead members of the public to think that an ExCo Member's advice might well have been motivated by his personal interest rather than by the duty to give impartial advice.

17. The Administration explained that the Clerk to ExCo kept the Register of Members' Interests. The ExCo Secretariat would check the registered interests against the discussion items of an ExCo meeting in ascertaining the possibility of a conflict of interest in respect of particular ExCo Members. If considered necessary, a Member would be requested not to participate in the discussion, or the Secretariat could withhold relevant ExCo papers and minutes from the Member. The final decision on whether an ExCo Member should withdraw from the discussion of a particular item or be withheld from access to the relevant ExCo papers vested in CE.

18. The Administration stressed that it was the personal responsibility of the individual ExCo Member to decide whether or not he had an interest in the matter under discussion and, if so, the Member should declare it to CE and other ExCo colleagues prior to discussion of the relevant item. The basic principle was that an ExCo Member must tender to CE disinterested and impartial advice. Details of Members' declarations and withdrawal from discussion at ExCo meetings would be recorded in the minutes. The minutes of ExCo meetings, however, would not be made public.

19. Members may wish to note that in his Policy Address delivered on 12 October 2005, CE announced the details of the restructuring of ExCo. With the increase in the number of Non-official Members in the Council, only the top three POs would attend the Council meetings as Official Members. Other Official Members could opt to attend only when items on the agenda concerned their portfolios.

Company directorships

20. Under clause 5.5 of the Code, POs shall not, without the consent in writing of CE, engage or be concerned either directly or indirectly as principal, agent, director or shadow director, employee or otherwise in any other trade, business, occupation, firm, company (private or public), chamber of commerce or similar bodies, public body or private professional practice. The consent of CE is likely to be given where a PO is appointed to the relevant board of directors in his official capacity or in connection with his private family estate.

21. Noting that Cabinet Secretaries in US were required to resign from any position they held as a director or officer of a company and ministers in UK must resign from any remunerated or honorary directorships, no matter whether the directorship was in a public or private company, some members were of the view that POs should not be allowed to hold company directorships.

22. The Administration advised that where a PO held a directorship in his private capacity, the PO would be required to declare to CE the nature of business of the company irrespective of whether it was a Hong Kong company or a foreign company, whether the company had active business activities, whether he had actively participated in the business of the company, and his shareholding and names of other shareholders which were known. The Administration explained that company directorships held by POs had to be approved by CE. As far as private companies were concerned, the financial interests or assets held were limited to the family estate of the POs concerned, land and buildings for leasing and self-use, cars and club memberships, etc. Some companies were public companies to which POs were appointed as directors in their official capacity. For example, Professor K C CHAN served as the chairman of the Insurance Advisory Committee and a member of the Banking Advisory Committee in his official capacity as SFST.

Use of British Virgin Islands (BVI) companies to hold assets

23. The Code does not prohibit the use of BVI companies to hold assets. Members noted that there was no restriction in UK on Ministers using BVI companies to hold assets. However, it was likely that any Minister using BVI companies to hold assets would be reminded by the departmental Permanent Secretary of the potential allegations of criticism on the ground of tax avoidance. If the Minister was, for example, a Treasury Minister, he would be advised to surrender such assets so as to avoid conflict of interests. In US, there was no absolute prohibition against an official to use a foreign company to hold assets. However, if a Cabinet Secretary used a foreign company to hold assets, he was required to report the ownership on the Public Financial Disclosure Report. Members, however, noted that if a BVI company engaged in business activities in Hong Kong and the profits were sourced in Hong Kong, it would be subject to Hong Kong taxation at the same rate as companies incorporated in Hong Kong.

24. Some members questioned the propriety of some ExCo Members and POs using BVI companies to hold investments or assets. They considered that as a major feature of a BVI company was confidentiality of the identity of shareholders and directors, POs using foreign or BVI companies to hold financial interests or assets should disclose information concerning all partners and shareholders of the companies.

25. The Administration advised the Panel that foreign or BVI companies owned by POs had no active business activities.

Declaration on liabilities

26. There is no requirement for POs to report any liabilities under the Code. Members noted that a Cabinet Secretary in US was required to report liabilities in excess of US\$10,000 which he, his spouse or dependent child owed to any creditor at any time during the reporting period. However, there were some exceptions, e.g. a personal liability owed to his spouse or dependent child, a mortgage loan for a property which was his personal residence. A Cabinet Secretary was also required to report any liability of any non-public company, investment pool, or other entity in which he, his spouse or dependent child had an interest, unless the liability was incidental to the primary trade or business, or the entity was an excepted investment fund.

27. Some members considered that transparency in declaring financial interests held by POs was a prerequisite of an effective mechanism for prevention of conflict of interest. POs, being the most senior officials in the Government, should be required to disclose liabilities, if any.

28. The Administration advised that in deciding what information should be made available for public inspection, it was necessary to strike a balance between transparency on the one hand, and the need to protect the privacy of POs on the other. Prior to their appointment, POs were subject to comprehensive integrity checks which included an assessment of their financial positions. During their term of office, they were required to observe the highest standards of personal conduct and integrity. They were also bound by their employment contract not to borrow money at interest other than from licensed money-lenders, banks or deposit-taking companies. In addition, they were required to abide by the same provisions in the Prevention of Bribery Ordinance (Cap. 201) (POBO) applicable to civil servants. The Administration was satisfied that the existing monitoring arrangements were effective and there was no need to require POs to declare their liabilities.

"Family trust" and "blind trusts"

29. Under clause 5.7 of the Code, where it appears to CE that there is or may be a conflict of interest between a PO's investments or interests and his official duties, CE may require the PO to take certain measures such as to place his investments or interests in a "blind trust". There is, however, no definition of the term "blind trust" in the Code, nor in relevant local legislation such as the Trustee Ordinance (Cap. 29).

30. In response to an oral question raised by Ms Emily LAU on "Trusts set up to prevent conflict of interest" at the Council meeting on 19 May 2004, the Administration explained that a trust was a legal relationship created when a person (the "settlor") placed assets under the name and control of another person (the "trustee") for the benefit of some persons (who may include the settlor and the trustee and who were referred to as beneficiaries) for a specified purpose. To set up a trust, one needed to appoint a trustee, who could be a person or a company. In the

laws of Hong Kong, there were no specific provisions on what constituted a "blind trust". Nor were there any provisions relating to the setting up, operation or management of a "blind trust". However, as the term indicated, the settlor of a "blind trust" left all matters concerning the investment, management and disposal of the trust assets entirely in the hands of the trustee. The trustee acted in accordance with the terms of the Trust Deed. It was an essential term of the Trust Deed that at no time and in no manner shall the trustee seek, directly or indirectly, any advice, direction or instruction from the settlor in connection with the trust assets or the management, disposition or investment thereof.

31. Members noted that in UK and US, the setting up of "blind trusts" was a legitimate way, among other measures, for senior members of government to avoid conflict of interest. A Cabinet Secretary in US who chose to set up a blind trust had to follow the legal provisions stipulated in the Ethics in Government Act 1978. The trustee appointed must be independent from any interested party¹ and approved by the Office of Government Ethics.

32. Members further noted that there was no specific legislation in UK regulating the setting up and operation of a ministerial "blind trust". The arrangements (including "blind trust" arrangements) that Ministers entered into regarding the handling of their private financial interests were confidential, although they might need to make public the list of interests declared by them².

33. Some members expressed concern about the "family trusts" set up by Mr Henry TANG, the former Secretary for Commerce, Industry and Technology, (SCIT) and Mr Frederick MA, the former SFST, which were different from the "blind trusts" laid down in the Code. They questioned whether such arrangements could serve the purpose of preventing conflict of interest and maintaining public trust and confidence. They considered that POs should be required to set up "blind trusts", instead of "family trusts", to manage their assets.

34. The Administration advised the Panel that -

- (a) the former SCIT had transferred all of his shares in his family companies to a trust of which his father was the trustee. He had no right to give instructions to the trust or its trustee. He was not involved in the management and operation of the companies in which he had shares; and

¹ "Interested party" refers to the Cabinet Secretary, his spouse, any minor or dependent child, and their representatives in any case in which the Cabinet Secretary, his spouse, or child has a beneficial interest in the principal or income of the blind trust.

² The UK Ministerial Code stipulates that a blind trust is "only blind in the case of a widely-spread portfolio of interests, managed by external advisers. Once a blind trust has been established, the Minister should not be involved or advised of decisions on acquisition or disposal relating to the portfolio".

- (b) the former SFST had set up a trust of which HSBC International Trustee Limited was the Trustee. Under the terms of the Trust, the Trustee had full discretionary powers in investment of the Trust assets. SFST did not participate in the decision-making of the Trust assets. The Trust held no Hong Kong equities. No investment in Hong Kong equities was one of the investment parameters adopted by the Trustee.

35. According to the Administration, the former CE and the incumbent CE gave due consideration to the trusts set up by the former SCIT and SFST, and was satisfied that the arrangements were acceptable. The trust set up by the former SFST was referred to as a "family trust" because the beneficiaries included family members. The operation of the trust, however, was similar to that of a "blind trust".

36. Members may wish to note that when Ms Emily LAU raised the relevant oral question at the Council meeting on 19 May 2004, some Members pointed out that a major difference between "family trusts" and "blind trusts" was that the settlor, beneficiaries and trustee of the former could have kinship relations, while the trustee of the latter had to be an independent person, who was not required to report to the settlor and beneficiaries the details of the trusts' investments and specific assets. They considered that "family trusts" completely went against the principle of preventing conflict of interest and requested the Administration to consider enacting legislation for the management and operation of "blind trusts" for POs. The Administration, however, did not consider it necessary to enact specific legislation for the management and operation of "blind trusts".

Ties with previous employer

37. There is no specific provision in the Code which governs the relationship of a PO with his previous employers. Clause 5.1 provides that POs shall avoid putting themselves in a position where they might arouse suspicion of dishonesty, unfairness or conflict of interest. Clause 5.2 requires POs to observe the principles of fairness and impartiality in discharging their duties etc. Clause 5.3 stipulates that POs shall refrain from handling cases with actual or potential conflict of interest.

38. Members noted that in US, only Cabinet Secretaries coming from universities were allowed to maintain no-pay leave of absences with their previous employers, i.e. universities. However, they were required to formally declare their future employment arrangement by filing the Public Financial Disclosure Report. The Office of Government Ethics was responsible for examining the Report to identify any potential conflicts of interests. If conflicts of interests existed, the Cabinet Secretary was required to take remedial measures to resolve the conflicts within 90 days of being sworn in.

39. Some members expressed concern that Professor Arthur LI, the former Secretary for Education and Manpower (SEM), had retained his visiting professorship in the Chinese University of Hong Kong after taking up the office of

SEM, and whether the arrangement could give rise to concern about a conflict of interest.

40. The Administration advised that the former SEM had resigned from the position of Vice-Chancellor of CUHK but retained his professorship. He was allowed to take no pay leave by CUHK to enable him to take up the office of SEM. Since assuming the office, the then SEM no longer participated in the activities of the Senate of CUHK and hence in the administration of CUHK. The Administration was satisfied that the arrangement would not involve any conflict of interest on the part of the former SEM.

Declaration of interests by family members

41. There is no requirement for POs to declare interests or investments of their family members. According to paragraph 2 of the Guidance Notes, if the "interests" to be declared were held in the name of the PO's spouse, children or other persons or companies, but were actually acquired on the PO's account or in which the PO had a beneficial interest, they should be declared.

42. Some members expressed concern that immediate family members of a PO might hold job positions that would arouse potential conflict of interest. They considered that Professor CHAN Ka-keung, the incumbent SFST, should have declared that his wife was the executive director of an investment bank before such information was revealed by the media, in order to avoid any suspicion of conflict of interest. These members were of the view that the system of declaration of investments and interests sought to protect the creditability of the Government. The more stringent the system was, the more confidence people had in the operation of the Accountability System. They urged the Administration to review whether or not a PO should make declaration on his spouse's occupation, investments, interests, etc. under the declaration system.

43. The Administration explained that POs, being defined as "public servants" under the relevant ordinances, were subject to the relevant provisions of POBO and the Independent Commission Against Corruption Ordinance (Cap. 204). In addition, Hong Kong was a transparent society; any improper conduct by a PO could easily be made public. POs were required to declare their investments and properties, and joint investments and properties with their spouse and other persons if the PO had a beneficial interest. If a PO considered that the job position held by his spouse would give rise to potential conflict of interest, the PO should report to CE. In the case of SFST, he had already done so. The Administration stressed that the Code was meant to apply to POs and not their spouses. Spouses of POs should have the right to choose their job, develop their career and decide on their investment portfolio. When drawing up the Code, the Administration had to strike a balance between maintaining a system to prevent conflict of interest and respecting the privacy of POs and their family members.

44. Members noted that while the occupation of Secretaries' spouses were disclosed to the public in US, the interests of Ministers' spouses (such as their occupation) did not need to be disclosed to the public in Canada. UK, however, adopted a middle-of-the-road approach by requiring ministers to disclose the occupation of their spouses to the public, if it was thought that there might be a conflict of interest. Some members considered that the UK approach was more balanced as it protected the right of ministers' spouses to develop their career while allowing public monitoring when warranted. Noting that POs were required to declare the occupation and employer of their spouse only in their internal declaration to CE, they requested the Administration to consider requiring POs to disclose the information to the public as well.

45. The Administration informed the Panel that the approach adopted by Hong Kong was similar to that of New Zealand where ministers would provide information about their spouses' interests, such as their occupation, to the Prime Minister but not the public. In the light of members' comments, politically appointed officials making the declarations were required, from 2008 onwards, to state the name and occupations of their spouses in the forms available for public inspection.

Acceptance of gifts

46. Clause 5.14 of the Code deals with acceptance and retention of gifts by POs. POs were required to keep a register of gifts, advantages, payment, sponsorship (including financial sponsorships and sponsored visits) or material benefits received by them or their spouses from any organization, person or government other than the Government which in any way relates to their office as politically appointed officials.

47. Some members considered that as it was difficult to tell whether the gifts received by a PO were related to his office as PO, family members of a PO, including his spouse and children, should be required to make full disclosure of the gifts received, if the value of the gifts exceeded a specified amount.

48. The Administration explained that under POBO, public officers were prohibited from receiving gifts exceeding certain specified amounts. POs and their family members would be subject to the investigation of the Independent Commission Against Corruption if they accepted valuable gifts in their official capacity without making any declaration.

49. Members may wish to note that during the scrutiny of the Prevention of Bribery (Amendment) Bill 2007, the Administration advised the relevant bills committee that CE's Office had since 1997 established a Register of gifts presented to CE in his official capacity. The Register was available for public inspection through the CE's website. The Register recorded all gifts of an estimated value exceeding HK\$400 received by CE in his official capacity.

Relevant documents

50. A list of the relevant documents is in **Appendix V** for Members' easy reference. These papers/documents are available on LegCo's web site at <http://www.legco.gov.hk>.

Council Business Division 2
Legislative Council Secretariat
10 November 2009

**Register of Interests of
Members of the Executive Council**

Name of Member: Donald Tsang

Registrable Interests

Contents

1. Remunerated directorships in any public or private company

Nil

[Notes:

- (a) "Remunerated directorships" include all directorships for which a fee, honorarium, allowance or other material benefit is payable.
- (b) Please give the name of the company, briefly stating the nature of the business of the company in each case.
- (c) Remunerated directorships of both Hong Kong companies and those outside Hong Kong are registrable.
- (d) Remunerated directorships through corporate directors are also registrable.
- (e) Where you are a remunerated director of a company, all subsidiary or associated directorships which you hold within the same group, whether remunerated or not, should also be registered.]

* Please provide information on separate sheets if necessary. Please sign on every such separate sheet.

Registrable Interests

Contents

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| 2. | Remunerated Employments, Offices,
Trades, Profession, etc. | Chief Executive
Hong Kong Special Administrative Region |
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[Notes:

- (a) Indicate the name of the employment, office, trade, or profession.
 - (b) An employment, office, trade or profession is “remunerated” where a salary, honorarium, allowance or other material benefit is payable.
 - (c) “Remunerated offices” should include all remunerated” public offices.
 - (d) Members who have paid posts as consultants or advisers should indicate the nature of the consultancy in the register; for example, “management consultant”, “legal adviser”, etc.
 - (e) All remunerated employments in Hong Kong and outside Hong Kong are registrable.
3. Please indicate the names of clients if any of the above registrable interests includes provision to clients of personal services which arise out of or relate in any manner to your position as a Member of the Executive Council.

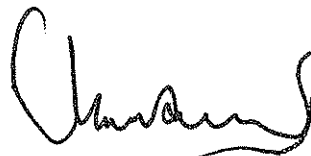
Registrable Interests

Contents

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| 4. Land and property owned in Hong Kong or outside Hong Kong, including those for self-occupation. Land or property which are held in the name of Members' spouses, children or other persons or companies, but are actually owned by Members; or land or property which are not owned by Members, but in which Members have a beneficial interest (e.g. rental income), are all registrable. It is not necessary to provide detailed addresses of the land or property. | Residential flat (currently for lease) in Central & Western District, Hong Kong, owned by my wife, my two sons and me under the name of Ace Regent Development Limited of which I am a director. |
| 5. Names of companies (both listed and unlisted ones) or other bodies in which the Member has, to his knowledge, either himself or with or on behalf of his spouse or children, a beneficial interest in shareholdings of a nominal value greater than 1% of the issued share capital. | Ace Regent Development Limited
(see 4 above) |
| 6. Membership of Boards, Committees and other organisations which might be construed by members of the public as a declaratory interest - e.g. Hong Kong General Chamber of Commerce, Real Estate Developers Association, etc. | See attached list |

Date: 30 June 2009

Signature: _____



CE's Acceptance of Patron and Membership

	Organisation/Event	Type	Date of Acceptance
1	僑港南海同鄉會(自2001年1月起)	永遠榮譽會長	
2	旅港南海九江商會 (自2001年5月起)	名譽會長	
3	旅港南海商會有限公司 (自2001年5月起)	名譽會長	
4	Executives' Club of Chicago (自2001年8月10日起)	International Advisory Council 委員	
5	香港賽馬會	遴選會員	
6	Hong Kong Cancer Fund	Patron	11 July 2005
7	Hong Kong St. John Ambulance	President	15 July 2005
8	Hong Kong Tuberculosis, Chest and Heart Diseases Association	Patron	20 July 2005
9	Scout Association of Hong Kong	Chief Scout of Hong Kong	20 July 2005
10	香港中樂團	名譽贊助人	21 July 2005
11	Hong Kong Jockey Club	Patron	21 July 2005
12	Hong Kong Country Club	Patron	22 July 2005
13	HK Institute of Directors	Patron	22 July 2005
14	Hong Kong Award for Young People	Patron	26 July 2005
15	Hong Kong Philharmonic Society	Honorary Patron	29 July 2005
16	HK-Thailand Business Council	Patron	2 August 2005
17	香港交通安全會	Patron	2 August 2005
18	Hong Kong Society for the Deaf	Patron	2 August 2005
19	Federation of HK Business Association Worldwide	Honorary Patron	2 August 2005
20	Hong Kong Institute of Marketing	Patron	2 August 2005
21	Hong Kong Anti-Cancer Society	Patron	2 August 2005
22	Hong Kong Red Cross	Patron	2 August 2005
23	Hong Kong Institution of Engineers	Patron	3 August 2005
24	程思遠(中國·國際)肝炎研究基金	贊助人	4 August 2005
25	HK Institute of Architects	Patron	5 August 2005
26	Hong Kong Federation of Youth Groups	Patron	8 August 2005
27	Life Education Activity Programme	Patron	10 August 2005
28	Fu Hong Society	Patron	12 August 2005
29	Hong Kong Club	Distinguished Member	12 August 2005
30	Boys' and Girls' Clubs Association of Hong Kong	Patron	15 August 2005
31	Hong Kong Society for the Blind	Patron	15 August 2005
32	Outstanding Young Persons' Association	Patron	15 August 2005

CE's Acceptance of Patron and Membership

	Organisation/Event	Type	Date of Acceptance
33	Hong Kong AIDS Foundation	Patron	15 August 2005
34	上海總會	榮譽贊助人	15 August 2005
35	Hong Kong Society for Rehabilitation	Patron	15 August 2005
36	Community Chest	Patron	15 August 2005
37	Hong Kong Family Welfare Society	Patron	15 August 2005
38	Save the Children Hong Kong	Patron	15 August 2005
39	Hong Kong Arts Festival Society Ltd	Patron	15 August 2005
40	Li Po Chun United World College of HK	Patron	17 August 2005
41	World Wide Fund for Nature Hong Kong	Patron and (Member)	23 August 2005 and (4 April 2006)
42	Hong Kong Former Senior Civil Servants Association Ltd.	Honorary Patron	30 August 2005
43	Hong Kong Society for the Protection of Children	Patron	5 September 2005
44	Friends of the Country Parks	Patron	14 September 2005
45	Hong Kong International Institute of Educational Leadership	Patron	14 September 2005
46	Hong Kong Council of Social Service	Patron	7 October 2005
47	Federation of Medical Societies of Hong Kong	Patron	7 October 2005
48	Lifeline Express Hong Kong Foundation	Patron	7 October 2005
49	Hong Kong Playground Association	Patron	28 October 2005
50	Hong Kong Badminton Association	Patron	9 November 2005
51	Craigengower Cricket Club	Patron	17 November 2005
52	Shek O Development Co Ltd (The Shek O Country Club)	Honorary Member	17 November 2005
53	Sports Federation and Olympic Committee of Hong Kong, China	Patron	23 November 2005
54	Asian Youth Orchestra	Honorary Patron	24 November 2005
55	Boys' Brigade, Hong Kong	Patron	24 November 2005
56	Dynasty Club	Patron	24 November 2005
57	文匯報未來之星(未來之星同學會)	名譽贊助人	24 November 2005
58	海峽兩岸青少年交流基金會	Patron	30 November 2005
59	香港中華基督教青年會	贊助人	7 December 2005
60	香港中華游樂會	名譽會長	10 January 2006
61	Hong Kong Youth Hostels Association	Patron	19 January 2006
62	Hong Kong Schools Music and Speech Association	Patron	24 January 2006
63	The Society for the Aid and Rehabilitation of Drug Abusers	Patron	24 January 2006

CE's Acceptance of Patron and Membership

	Organisation/Event	Type	Date of Acceptance
64	Changing Young Lives Foundation (previously named Save the Children Hong Kong) - see entry no. 38	Patron	14 February 2006
65	香港理工大學 - 香港孔子學院	贊助人	2 March 2006
66	TaoHo Foundation	Patron	11 May 2006
67	香港蘇浙同鄉會	榮譽贊助人	18 May 2006
68	港台交流基金	榮譽贊助人	29 June 2006
69	Hong Kong Fire Services Officers' Mess	Patron and Honorary Member	3 August 2006
70	香港專業及資深行政人員協會	榮譽贊助人	4 August 2006
71	Hong Kong Arts Centre	Honorary Patron	10 October 2006
72	國家行政學院香港同學會	名譽贊助人	7 December 2006
73	Hong Kong Architecture Centre	Patron	1 February 2007
74	Wu Zhi Qiao (Bridge to China) Charitable Foundation	Honorary Patron	2 March 2007
75	The China Club	Honorary Member	25 May 2007
76	Cipriani Hong Kong	Honorary Member	25 May 2007
77	香港青少年發展聯會	贊助人	26 June 2007
78	香港青年聯會	名譽贊助人	23 August 2007
* 79	The Hong Kong Football Association	Patron (for the 2007-2009 Season)	24 August 2007
80	The Hong Kong Golf Club	Honorary Membership	27 August 2007
81	Wah Yan One Family Foundation	Honorary Patron	4 September 2007
82	Hong Kong Society for the Aged	Patron	19 September 2007
83	Hong Kong Schools Sports Federation	Patron	5 December 2007
84	Institute for Advanced Study Board of Trustees of the Hong Kong University of Science and Technology	Honorary Chairman	11 July 2008
85	Hong Kong Arts Development Council - Hong Kong Arts Community Fund	Honorary Patron	24 October 2008
86	香港廣東社團總會	首席榮譽贊助人	10 June 2009
87	The Hongkong Japanese Club	Honorary Member	16 June 2009
88	香港同胞慶祝國慶常設委員會 (60週年國慶籌委會)	主席團名譽主席	19 June 2009
* 89	The Hong Kong Football Association	Patron (for the 2009-2010 Season)	24 August 2009
# 90	香港福建社團聯會	首席榮譽贊助人	28 August 2009

* Deleted/Included by ExCo Secretariat on 25.8.2009 following Mr Tsang's notification.

Included by ExCo Secretariat on 3.9.2009 following Mr Tsang's notification.

CHAPTER 5: PREVENTION OF CONFLICT OF INTEREST

- 5.1. Politically appointed officials shall avoid putting themselves in a position where they might arouse any suspicion of dishonesty, unfairness or conflict of interest.
- 5.2. Politically appointed officials shall observe the principles of fairness and impartiality in discharging their duties and in their dealings with members of the public and with their staff.
- 5.3. Politically appointed officials shall refrain from handling cases with actual or potential conflict of interest.
- 5.4. Politically appointed officials shall report to the Chief Executive any private interests that might influence, or appear to influence, their judgement in the performance of their duties.
- 5.5. During the term of office, politically appointed officials shall not, without the consent in writing of the Chief Executive, engage or be concerned either directly or indirectly as principal, agent, director or shadow director, employee or otherwise in any other trade, business, occupation, firm, company (private or public), chamber of commerce or similar bodies, public body or private professional practice. The consent of the Chief Executive is likely to be given where the official is appointed to the relevant board of directors in his official capacity or in connection with his private family estate. A politically appointed official may retain or accept honorary posts in non-profit making organisations or charitable bodies. In all these cases, the official shall ensure that there is no actual or apparent conflict of interest between his interests in such organisations or bodies and his official duties and that his interests in such organisations or bodies would not cause embarrassment to the Government, the Chief Executive or other politically appointed officials of the Government.

Declaration and handling of investments/interests

- 5.6. Given that the politically appointed officials will have access to highly sensitive information including commercially sensitive information, they shall declare their investments and interests for the purpose of securing public trust and confidence. The declaration will be made available in a place designated by the Chief Executive's Office for public inspection on request.
- 5.7. If it appears to the Chief Executive at any time that there is or may be a conflict of interest between a politically appointed official's investments or interests and his official duties, the Chief Executive may require the official to take any one or more of the following measures:
- (a) to divest himself of all or any of the investments or interests;
 - (b) to refrain from acquiring or disposing of the investments or interests;
 - (c) to freeze any investment transaction for a specified period;
 - (d) to place the investments or interests in a "blind trust";
 - (e) to refrain from handling cases with actual or potential conflict of interest; and
 - (f) to take other actions as directed by the Chief Executive.

Acceptance of advantages

- 5.8. Politically appointed officials shall note that as public servants employed by the Government, they are subject to the relevant provisions in the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and the Independent Commission Against Corruption Ordinance (Chapter 204 of the Laws of Hong Kong), and shall if necessary seek guidance from the Chief Executive as to the acceptance and retention of gifts, advantages or other benefits.
- 5.9. As a general rule, politically appointed officials shall avoid accepting any gift or hospitality which might or might reasonably appear to compromise their judgement or place them under an

improper obligation. Although the acceptance of hospitality or free service is not prohibited, politically appointed officials shall take note of the relevant provisions in law and the following before accepting any such offer:

- (a) whether the acceptance of the hospitality or free service will lead to a conflict of interest with their official duties or place them in a position of obligation to the donor;
- (b) whether the acceptance of the hospitality or free service will lead to embarrassment in the discharge of their functions; and
- (c) whether the acceptance of the hospitality or free service will bring them or the public service into disrepute.

5.10. A politically appointed official shall not accept entertainment from any person if the entertainment is likely, for example by reason of its excessive nature, or of the relationship between the official and the other person, or of the character of that person:

- (a) to lead to embarrassment of the politically appointed official in the discharge of his functions; or
- (b) to bring the politically appointed official or the public service into disrepute.

Sponsored visits

5.11. A politically appointed official may receive an invitation from a foreign government to make a sponsored visit in his official capacity. If the official wishes to accept the sponsorship in relation to the visit, he shall seek permission from the Chief Executive.

5.12. A politically appointed official may receive an invitation from an outside organisation to make a sponsored visit in his official capacity. If the official wishes to accept the sponsorship in

relation to the visit, he shall seek permission from the Chief Executive.

- 5.13. If a politically appointed official wishes to accept a sponsored visit for his spouse, he shall seek permission from the Chief Executive.

Register of gifts etc.

- 5.14. Politically appointed officials shall note that they are subject to the provisions of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and shall if necessary seek guidance from the Chief Executive as to the acceptance and retention of gifts, advantages or other benefits. In addition, politically appointed officials are required to keep a register of gift, advantage, payment, sponsorship (including financial sponsorships and sponsored visits) or material benefit received by them or their spouses from any organisation, person or government other than the Government which in any way relates to their office as politically appointed officials. The register will be made available in the bureau / office served by the official concerned for public inspection on request.

On stepping down from office

- 5.15. Within one year after stepping down from office, politically appointed officials shall seek the advice of a committee appointed for this purpose by the Chief Executive before commencing any employment, becoming a director or a partner in any business or profession or starting any business or profession on his own account or with others. The proceedings of the committee shall be kept confidential but the advice given shall be made public.
- 5.16. Within one year after stepping down from office, politically appointed officials shall not represent any person in connection with any claim, action, demand, proceedings, transaction or negotiation against or with the Government.

- 5.17. Within one year after stepping down from office, politically appointed officials shall not engage in any lobbying activities on matters relating to the Government.

Declaration of Investments and Interests

Part C : Registration of Financial and Other Interests

(for public inspection upon request)

Name of Principal Official : _____

Spouse : (a) Name : _____

(b) Occupation : _____

Serial No.	Particulars of Interests [see Notes (4)-(7)]

Date : _____ Signature : _____

Part D : Affiliation with Political Parties
(for public inspection upon request)

Name of Principal Official : _____

Political party	Affiliation, membership and/or office held

Date : _____ Signature : _____

**Points to note when completing the form on Registration of
Interests and Affiliation with Political Parties
for Public Inspection**

- (1) The "interests" which shall be declared for public inspection include:
 - (a) land and buildings (including self-occupied property);
 - (b) proprietorships, partnerships or directorships;
 - (c) shareholdings of 1% or more of the issued share capital in any company (both listed and unlisted); and
 - (d) any gift, advantage, payment, sponsorship (including financial sponsorships and sponsored visits) or any material benefit received by the Principal Official or his spouse from any organization, person or government other than the Government which in any way relates to his office as Principal Official.
- (2) If the interests mentioned in (1) above are held in the name of the Principal Official's spouse, children or other persons or companies, but are actually acquired on the Principal Official's account or in which the Principal Official has a beneficial interest, they shall be declared.
- (3) For reporting information on properties under (1)(a) above, the following information shall be included:
 - (a) location of the land or buildings, including information on city/district; province/state, and country in the case of land or buildings which is located outside Hong Kong, and district in the case of land or buildings in Hong Kong. For example, a house in Richmond, British Columbia, Canada; a flat in Eastern District, Hong Kong Island, Hong Kong;

- (b) nature of the land or buildings, i.e. whether it is for residential, commercial, industrial, agricultural or other purposes;
 - (c) use of the land or buildings, i.e. whether it is for self occupation, occupation by relatives, leasing out, vacant or other use;
 - (d) percentage of interest held in the land or buildings; and
 - (e) if the land or buildings is owned through a company in which the Principal Official has a beneficial interest, both the land or buildings and the name of the company shall be reported
- (4) Where the Principal Official has an interest, as director, shareholder, or in any other capacity, in a private company, the nature of business of the company and its place of registration shall be declared.
- (5) The Principal Official shall declare whether he is in any way affiliated with any political party, whether he is a member of any political party and whether he holds any office in any political party. The Principal Official shall also declare if there is any change in his status in relation to any political party.
- (6) The information provided in this form will be made available for public inspection on request.
- (7) The Principal Official who reports his financial or other interests or affiliation with any political party in this form will have a right to request access to and correction of the information provided herewith. Such requests can be made to Private Secretary to Chief Executive.
- (8) This registration will be retained until five years after the Principal Official has left office.

**System of declaration of interests by the Chief Executive
and Principal Officials under the Accountability System**

Relevant documents

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
Legislative Council	10 July 2002	Official Record of Proceedings of a written question raised by Albert CHAN on "Contents of employment contracts signed with Principal Officials under Accountability System"
Panel on Constitutional Affairs	21 October 2002	<p>Background Brief on "Accountability system for principal officials and related issues - declaration and handling of investments/interests" prepared by the LegCo Secretariat [LC Paper No. CB(2)2868/01-02(01)]</p> <p>Administration's paper on "Declaration of interests by the Chief Executive, Members of the Executive Council and principal officials under the accountability system" [LC Paper No. CB(2)2868/01-02(02)]</p> <p>Information Note on "Selected issues relating to declaration of interests and avoidance of conflicts of interests by senior members of Government" prepared by Research and Library Services Division [IN35/01-02]</p> <p>Supplementary Information Note on "Selected issues relating to declaration of interests and avoidance of conflicts of interests by senior members of Government" prepared by Research and Library Services Division [IN03/02-03]</p> <p>Administration's paper on "Declaration and handling of investments/interests" [LC Paper No. CB(2)114/02-03(01)]</p> <p>Minutes of meeting [LC Paper No. CB(2)545/02-03]</p>

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
	--	Background Brief on "Prevention of conflict of interest of principal officials and related issues" prepared by the LegCo Secretariat [LC Paper No. CB(2)726/02-03(01)]
Legislative Council	11 December 2002	Official Record of Proceedings of a written question raised by Hon Emily LAU Wai-hing on "Use of flight awards earned from government passages"
Panel on Constitutional Affairs	17 February 2003	Background Brief on "Implementation of the accountability system for principal officials" prepared by the LegCo Secretariat [LC Paper No. CB(2)930/02-03(01)] Administration's paper on "6-month report on implementation of the accountability system for principal officials" [LC Paper No. CB(2)930/02-03(02)] Minutes of meeting [LC Paper No. CB(2)1478/02-03]
	17 March 2003	Background Brief on "Prevention of conflict of interest of principal officials and related issues" prepared by the LegCo Secretariat [LC Paper No. CB(2)1497/02-03(01)] Supplementary information on "Selected issues relating to declaration of interests and avoidance of conflicts of interests" prepared by Research and Library Services Division [IN06/02-03] Administration's paper on "Guidelines to assist principal officials to avoid conflict of interest in drawing up the budget" [LC Paper No. CB(2)1505/02-03(03)]

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
		Minutes of meeting [LC Paper No. CB(2)1819/02-03]
Panel on Constitutional Affairs	21 July 2003	Background Brief on "Implementation of the accountability system for principal officials" prepared by LegCo Secretariat [LC Paper No. CB(2)2864/02-03(02)] Administration's paper and 12-month report on "Implementation of the accountability system for principal officials" [LC Paper No. CB(2)2864/02-03(03)] Minutes of meeting [LC Paper No. CB(2)3105/02-03]
Legislative Council	19 May 2004	Official Record of Proceedings of a written question raised by Hon Emily LAU Wai-hing on "Trust set up to prevent conflict of interests"
	16 June 2004	Official Record of Proceedings of an oral question raised by Hon Emily LAU Wai-hing on "Declaration of interests by Executive Council Members"
Panel on Constitutional Affairs	--	Letter dated 19 January 2007 from the Democratic Party concerning prevention of conflict of interests of Principal Officials [LC Paper No. CB(2)922/06-07(01)] (Chinese version only)
Legislative Council	17 January 2007	Official Record of Proceedings of an oral question raised by Hon Albert HO on "Avoidance of conflict of interests by Principal Officials"

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
Panel on Constitutional Affairs	8 February 2007	<p>Administration's paper on "Prevention of conflict of interest under the Code for Principal Officials under the accountability system" [LC Paper No. CB(2)1024/06-07(03)]</p> <p>Minutes of meeting [LC Paper No. CB(2)1368/06-07]</p>
	25 July 2007	<p>Declarations of interests of 15 Executive Council Members who are principal officials [LC Paper No. CB(2)2498/06-07(01)]</p> <p>16 forms on "Registration of interests and affiliation with political parties for public inspection" completed by 15 principal officials under the accountability system and the Director of the Chief Executive's Office [LC Paper No. CB(2)2537/06-07(01)]</p> <p>Guidance notes for completing the form on "Registration of interests and affiliation with political parties for public inspection" [LC Paper No. CB(2)2537/06-07(02)]</p> <p>Administration's paper on "System of declaration of investments and interests by principal officials under the accountability system" [LC Paper No. CB(2)2548/06-07(01)]</p> <p>Minutes of meeting [LC Paper No. CB(2)671/07-08]</p> <p>Administration's response concerning the official directorship positions held by Professor K C CHAN, Secretary for Financial Services and the Treasury [LC Paper No. CB(2)2666/06-07(01)]</p>

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
	23 October 2007	<p>Background Brief on "Further Development of the Political Appointment System" prepared by the LegCo Secretariat [LC Paper No. CB(2)123/07-08(01)]</p> <p>Administration's letter dated 17 October 2007 [LC Paper No. CB(2)111/07-08(01)]</p> <p>Legislative Council Brief on "Implementation of Further Development of the Political Appointment System"</p> <p>Report on Further Development of the Political Appointment System</p> <p>Statement by the Secretary for Constitutional and Mainland Affairs on the Report on Further Development of the Political Appointment System at the Council meeting on 17 October 2007</p> <p>Minutes of meeting [LC Paper No. CB(2)953/07-08]</p>
	18 February 2008	<p>Administration's paper on "System of Declaration of Investments and Interests by Principal Officials under the Accountability System" [LC Paper No. CB(2)592/07-08(08)]</p> <p>Information Note on "Registration and disclosure of the occupation of the spouses of principal officials in selected places" prepared by the Research and Library Services Division [IN02/07-08]</p> <p>Minutes of meeting [LC Paper No. CB(2)1908/07-08]</p>

<u>Meeting</u>	<u>Meeting Date</u>	<u>Paper/Question</u>
	16 June 2008	<p>Background Brief on "Further Development of the Political Appointment System" prepared by the Legislative Council Secretariat [LC Paper No. CB(2)2250/07-08(01)]</p> <p>Administration's paper on "Further development of the Political Appointment System : Nationality and remuneration of Deputy Directors of Bureau and Political Assistants" [LC Paper No. CB(2)2225/07-08(01)]</p> <p>Administration's paper on "Further development of the Political Appointment System : Responses to the views and questions raised by Members" [LC Paper No. CB(2)2300/07-08(01)]</p> <p>Minutes of meeting [LC Paper No. CB(2)2806/07-08]</p>
	--	<p>Annual declarations made by Principal Officials under the Political Appointment System and the Director of the Chief Executive's Office provided by the Administration [LC Paper No. CB(2)2338/08-09(01)]</p>
Legislative Council	25 June 2008	<p>Report of the Bills Committee on Prevention of Bribery (Amendment) Bill 2007 [LC Paper No. CB(2)2365/07-08]</p>