INSIGHT

Open to change

Curtis Chin says with concern about press freedom in much of Asia, Beijing has a chance, as host of this year's Apec forum, to reveal a more transparent side. It can start by improving how it deals with the media

When the Hong Kong government tersely announced this week that the central government had decided to change the location and timing of a key meeting of Apec finance ministers from Hong Kong to Beijing this September, the rumours began to fly.

Beijing, some speculated, might have been worried about the potential for protests during the high-profile meeting. Others saw it as a sign of the ongoing gradual erosion of Hong Kong's special status and role as China's premier international financial hub. After all, Beijing's change of mind comes just five months after it had agreed to let Hong Kong, still touted as Asia's "world city", run the event. That, though, was before debate had intensified in the special administrative region over necessary electoral reforms to bring about universal suffrage in 2017.

Whatever the full reason, though, the revoking of Hong Kong's chance to host the ministerial-level meeting does not bode well for the call for greater transparency and openness in the overall Apec process under China's reins, including full and robust coverage of all decisions related to the Asia-Pacific Economic Co-operation forum.

Recent protests in Hong Kong had already drawn attention to eroding press freedoms. Still, the city is not alone in what is shaping up to be a year of living dangerously for the media in Asia, particularly in China.

In one example, a *New York Times* journalist, Austin Ramzy, was forced to leave China in January, ostensibly for visa reasons – but perhaps more as a pointed signal to others who report too freely on issues such as corruption – and China continues to imprison more than 30 local reporters, editors and bloggers, according to the Committee to Protect Journalists.

Elsewhere in Asia, this month, local journalist Suon Chan was killed in Cambodia after having reported on illegal fishing activities near his village. Another veteran journalist and filmmaker working on a film on the Khmer Rouge has gone missing. In the Philippines, justice has yet to be fully served in the more than 70 cases of murdered journalists since 1992.

How ironic it is, then, that China might still have the opportunity to show improvements in how it handles journalists, even as it proves less than forthcoming on the shifting of the Apec Finance Ministers' meeting.

As host of the annual Apec forum this year, China has a chance to show the region, and the world, how much it has changed, on much more than economic fronts, since Apec last came to China. That meeting, in Shanghai in October 2001, in the lead-up to the 2008 Beijing Summer Olympics, was described as "the biggest international gathering on Chinese soil in modern history".

As China's economy matures and slows, it is time for Beijing to move towards stronger checks and balances that help make a stable, resilient economic system. This would include moves toward an independent judiciary and a freer, if not yet free, media.

> **Keeping journalists locked out or locked in should no longer be business as usual anywhere in Asia**

Greater accountability and transparency would in the long term benefit both business – Chinese and otherwise – and the people.

Here, the Apec Secretariat in Singapore and diplomats and business leaders from the 21 member economies that comprise the grouping can play an encouraging role. With international bodies, from the Asian Development Bank to the UN and the World Trade Organisation, often hard-pressed to show results to their members and financial supporters, here is one area where a short-term impact can be clearly defined.

This would also be in line with the broader Apec goal of facilitating economic growth, co-operation, trade and investment among the Pacific Rim nations. An initial step would have included urging host China to welcome robust coverage of all meetings of senior officials and related meetings of Apec. The first has been taking place this month in Ningbo (寧波).

Just days before the Apec summit opened in Shanghai in 2001, China lifted internet blocks on a range of foreign news organisations, without any public announcement, as some 3,000 foreign media representatives descended on the meeting and China sought to convey a message of openness to the world.

Such a change may well come again in November, as the Apec summit comes to Beijing – or perhaps for the finance ministers' meeting in September. But, well before then, China can show the world a more confident, more open side.

Of course, as host, China makes all final decisions regarding media access. But what happens in China, it seems, will increasingly stay in China, if some in authority have their way and the censorship worsens. That, though, is neither the sign of a modern economy nor of a confident stakeholder in a more peaceful and prosperous region.

White House spokesman Jay Carney has said the US is "very disappointed" over the departure of Ramzy from China. Yet, the reality is that even in the US, press freedom has been eroded enormously as the Obama administration focuses on cracking down on whistle-blowers, according to Reporters Without Borders.

China has much to showcase and much of which to be proud. But much work needs to be done to improve the bureaucracy, enforce fair regulatory regimes, reduce government intervention and end corruption. A freer media can help ensure this happens. Keeping journalists locked out or locked in should no longer be business as usual anywhere in Asia, or the US, for that matter.

Let's hope Apec can help make that happen in China, even as Hong Kong struggles with its own balancing act under the central government's watchful eyes, and the realisation that a free media and a free economy are increasingly linked.

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Girls allowed

Su-Mei Thompson says employers, officials and men all have a part to play to ensure more women flourish in male-dominated industries in HK

Many industries – even sectors that have been traditional male bastions – are now focusing on how to attract and retain women and help them rise to senior management.

There are various reasons for doing so. In the financial sector, studies have shown that female traders produce superior returns to men over the long term and, in the wake of the recent financial crisis, there is also an urgent need to bring a diversity of perspectives to decision-making. Women are also thought to be more risk-averse. In technology, the key driver is the growing shortage of talent.

A new Economist Intelligence Unit report examines opportunities and challenges for women in four key male-dominated sectors in Hong Kong: luxury brands, logistics and transport, technology, and trading and hedge funds. It found that more and more companies are focusing on the crucial issue of how to support women through the child-bearing years, introducing measures such as flexible working arrangements and extended maternity leave.

The issue of quotas for the hiring and promotion of women remains controversial, but a number of companies have moved towards targets that create a sense of urgency and help with measuring progress.

Companies are also realising that, to help women, they need men to support and even champion change. One unresolved issue is how women can network in male-dominated industries, where important relationships are often formed through male-centric activities such as after-work drinking sessions and rounds of golf. A few companies are trying to create opportunities for women to network in an environment where they feel more comfortable. Mentorship programmes are also seen as critical for women's advancement.

Improving the participation rates for women in male-dominated industries will not be easy. As the research makes clear, there is no single issue that , if rectified, could raise rates across sectors. In some cases, such as luxury brands, women are attracted to the industry but drop out at a certain level of seniority, often as they plan to start a family.

With technology, the problem stems from false assumptions – that women are not interested and have less aptitude for maths and science. In other sectors, such as transport and trading, recruitment is the problem, with many women believing these sectors are unsuitable for, or hostile towards, them.

Improving women's participation in these industries will require action on all fronts. For companies, the first step is a self-assessment: where are the women within the organisation and if they are not rising to management ranks, why not? This must be followed by a commitment to change and a detailed action plan that should include enlisting senior women as role models and mentors.

The government has a role to play as well. It could begin by acknowledging that current provision of parental leave is insufficient. A concerted effort to encourage girls to pursue maths and science subjects would also seem to be urgently required.

Su-Mei Thompson is CEO of The Women's Foundation. This article is part of a monthly series developed in collaboration with the foundation. The report, "Work to do: Women in male-dominated industries in Hong Kong" is available at: http://www.economistinsights.com/leadership-talent-education/analysis/work-do

URA has turned its back on local residents in Kwun Tong redevelopment

Albert Cheng says the authority is failing in its basic duty to provide affordable housing in areas of urban decay, preferring to focus on profits

Kwun Tong is one of the oldest and poorest districts in Hong Kong. Most buildings there are, on average, between 40 and 50 years old and hence the area has been one of the biggest projects for the Urban Renewal Authority (URA) in recent years. Gentrification and the redevelopment of the area will be done in stages.

Work in the first redevelopment area is well under way. Earlier this week, the URA began work in the second and third areas, covering Hip Wo Street and Mut Wah Street. Redevelopment of these areas will comprise both commercial and residential projects. Eventually, the areas will be transformed into another Taikoo Shing – a popular residential and commercial area.

The total area for redevelopment is 230,000 sq ft, which will accommodate four blocks of between 42 and 48 storeys, providing 1,700 units of 600-800 sq ft each. The URA will set the price at HK$13,000 per sq ft, which means each unit will cost at least HK$7.8 million.

The bottom four floors, or podium levels, will be used for commercial purposes, a bus terminus, community and government facilities and public leisure areas.

To add sweeteners to attract property developers, the URA took the unprecedented step of subsidising the project to the tune of HK$1.7 billion. The money will be used to build the podium levels for public services.

The URA is a product of the Tung Chee-hwa era. Its predecessor – the Land Development Corporation (LDC) – was known for demolishing old buildings for redevelopment. It had the power to work independently with property developers, leaving it open to accusations of transferring benefits to big businesses.

The corporation used market prices to buy up old buildings, but set the compensation benchmark at the price of seven-year-old buildings in the area. The same compensation rule is still being used today.

> **[URA strategy] goes against the fundamental principles of gentrification of old districts**

In 2001, Tung set up the URA as a statutory body to replace the LDC and injected HK$10 billion, but the URA still operates under the same business model and works closely with property developers on redevelopment projects.

Over the past few years, all URA residential projects in Wan Chai and Tsim Sha Tsui have been luxury developments, selling at HK$18,000 per sq ft at least. The highest price was HK$53,000 per sq ft. Now that it is redeveloping one of the poorest districts in Hong Kong, the authority has totally ignored the wishes of local residents wanting to be rehoused in the same district and own their homes.

It has chosen not to provide affordable housing for local residents, but instead to focus on reaping profits by building luxurious units with private developers. This goes against the fundamental principles of gentrification of old districts.

It is absurd to see the URA handing over HK$1.7 billion of public money to subsidise private developers.

Even though the URA will retain ownership of the four levels of the podium, there is no need for it to pay for its construction.

First, if developers couldn't see a profit in a project, they wouldn't take it on – even with government subsidies. Second, the construction of the podium to include public facilities and a transport hub offers the benefit of expanding the plot ratio to allow developers to add more floor space as a form of compensation.

More than 3,000 buildings in Hong Kong are at least 50 years old, and over the next 10 years, 500 more will join the ranks each year.

If we don't want to see a repeat of the Ma Tau Wai Road tenement building collapse in 2010, in which four people were killed, then urban redevelopment needs to be speeded up.

As a statutory body, the URA needs to be financially self-sufficient, and hence it is understandable that it has to make a profit. But it can't abandon its founding principles and commitments to address our acute urban decay problem and improve the living conditions of residents in dilapidated urban areas. The URA must reinvest its profits in the regeneration of old urban areas.

The Kwun Tong redevelopment goes against these principles in every sense.

Indeed, urban redevelopment should not be treated as an isolated issue. It should be an intrinsic part of the government's land allocation and long-term housing strategies.

Strangely, our chief executive has continued to allow statutory bodies that handle housing policies to operate independently without mutual co-ordination to achieve optimal outcomes.

The question we should ask is: have these bodies been given carte blanche to do what they want and take whatever they want from the people of Hong Kong?

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New era for business can boost Hong Kong's competitiveness

K.C. Chan says companies and the public will benefit from modern law

After years of joint efforts by the government and the market, the new Companies Ordinance will come into operation on Monday. It is the right time to revisit what it means to Hong Kong and to businesspeople looking to form a company, to a director, a shareholder or a member of the public.

The ordinance will bring about changes to enhance corporate governance, ensure better regulation, facilitate business and modernise the law.

Hong Kong is now home to well over 1.1 million companies, and an average of 700 are being formed each day.

All these companies, as well as countless members of the public dealing with them, will benefit from the modernised regime.

For a businessman looking to incorporate a company, the new ordinance will make the process more convenient. A common seal will no longer be mandatory, and there will be model articles of association for different types of companies to adopt. This will save time and effort for founders as they pursue business opportunities.

For existing and new companies, the legislation will reduce their compliance cost. For example, companies may dispense with annual general meetings with unanimous shareholders' consent. More companies will be eligible for simplified financial reporting. And there will be comprehensive rules to facilitate electronic communications between companies and their shareholders. There will be a new requirement for larger companies to feature an analytical and forward-looking business review in their directors' reports, to give shareholders more information on the significant issues, including environmental and staff matters.

Shareholders will also have more chances to participate in the decision-making process, as the threshold for them to demand a poll at annual general meetings will be lowered.

One significant change concerns the protection of minority shareholders' interests: the "headcount test" will be replaced by a new test for schemes of arrangement involving a general offer or a takeover offer.

> **One significant change concerns the protection of minority shareholders' interests**

The new test sets a high threshold for a scheme to be passed by shareholders – only if, disregarding the votes of the proponent and his associates, the votes against amount to not more than 10 per cent of the shares.

The new test will not only avoid the inherent deficiencies of the "headcount test", such as share-splitting, but will also provide effective protection for minority shareholders' interests.

As an additional safeguard, the new ordinance will allow a dissenting shareholder to challenge the scheme in court without worrying about the legal costs, unless the challenge is frivolous or vexatious.

For directors, the new ordinance will clarify the duty of care, skill and diligence expected of them to facilitate compliance. There will also be more effective rules on fair dealings by directors.

In particular, director employment contracts that exceed three years will have to be approved by shareholders. For directors of public companies, the duty to declare an interest to other directors will be extended.

All these changes will help enhance the accountability of directors and corporate governance and will, in turn, improve protection for shareholders.

The new ordinance will also benefit members of the public. It will enhance the Companies Registry's power and ensure members of the public have access to accurate and updated information about companies.

The ordinance will mark a new era of Hong Kong's company law, and enhance the city's competitiveness as an international financial and business centre.

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