

Examples of Clauses Generally Contained in a Charity's Governing Instrument

1. Clause stating precisely and clearly its objects for which the charity is established;

(For details, please refer to "[Guidance on writing charitable purposes in the governing instrument](#)".)

2. Clause limiting the application of its funds towards the attainment of its stated objects;

Example

The income and property of [the Charity], however derived, shall be applied solely towards the promotion of the objects of [the Charity] as set out in this [type of the Charity's governing instrument].

3. Clause prohibiting distribution of its incomes and properties amongst its members;

Example

None of the income and property of [the Charity] shall be paid or transferred directly or indirectly, by way of dividend, bonus, or otherwise howsoever to any member of [the Charity].

4. Clause prohibiting members of its governing body (e.g. directors, members of the executive committee, trustees) from receiving remuneration;

Example

No member of the [Board of Directors / Executive Committee] or Governing Body of [the Charity] shall be appointed to any salaried office of [the Charity], or any office of [the Charity] paid by fees and no remuneration or other benefit in money or money's worth shall be given by [the Charity] to any member of the [Board of Directors / Executive Committee] or Governing Body.

5. Clause requiring members of its governing body (e.g. directors, members of the executive committee, trustees) to disclose material interest and not

to vote in respect of a transaction, arrangement or contract in which they are so interested;

Example

If a [director / member of the Executive Committee] is in any way (directly or indirectly) interested in a transaction, arrangement or contract or a proposed transaction, arrangement or contract with [the Charity] that is significant in relation to [the Charity]'s operations and his interest is material, he must declare the nature and extent of his interest to the other [directors / members of the Executive Committee]. The [director / member of the Executive Committee] must neither vote nor be counted for quorum purposes in respect of the transaction, arrangement or contract or the proposed transaction, arrangement or contract in which he is so interested, and if he does so vote his vote must not be counted.

[Note: Companies incorporated by guarantee may adopt Article 15 Conflicts of interest contained in [Schedule 3 Model Articles for Companies Limited by Guarantee](#) to the Companies (Model Articles) Notice (Cap 622H).]

6. Clause specifying how the remaining assets should be dealt with upon dissolution;

Example

If upon the [winding up / dissolution] of [the Charity] there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, this shall not be paid to or distributed among the members of [the Charity]; but shall be given or transferred to some other institution or institutions, having objects similar to the objects of [the Charity], and which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on [the Charity] under or by virtue of [Article N] above and this article, such institution or institutions to be determined by the members of [the Charity] at or before the time of dissolution and in default thereof by a Judge of the High Court of the Hong Kong Special Administrative Region having jurisdiction in regard to charitable funds and, if this provision cannot be effected, then to some charitable object.

Note: [Article N] is the article in the governing instrument prohibiting distribution of its incomes and properties amongst its members.

7. Clause requiring the keeping of sufficient records of income and expenditure (including donation receipts), proper accounting books and compilation of annual financial statements

Example (for charities that are incorporated companies)

The [directors / members of the Executive Committee] must prepare annual financial statements for each accounting reference period as required by the Companies Ordinance. The financial statements must be prepared to show a true and fair view and follow accounting standards issued or adopted by the Hong Kong Institute of Certified Public Accountants or its successors and adhere to all of its recommended practices.

The [directors / members of the Executive Committee] must keep accounting records (including donation receipts) as required by the Companies Ordinance.

Example (for charities other than incorporated companies)

[The Charity] shall keep sufficient records of income and expenditure (including donation receipts) and proper accounting books, and compile annual financial statements.

[Note: For clauses 2, 3, 6 and 7 above, companies incorporated by guarantee may adopt the relevant sample clauses contained in the Standard Form of Articles of Association prescribed by the Companies Registry (at Appendix III to its Guidance Notes) at the following website:

http://www.cr.gov.hk/en/companies_ordinance/docs/Guide_Section103-e.pdf