

25th October 2004

CMA Canada's Annual General Dinner

Good evening, Mr. Yau, President of CMA Canada, Mr. McNamara, Consul and Senior Trade Commissioner of Canada, fellow members of CMA Canada, distinguished guests, Ladies and Gentlemen

It is a great honour for me to join you at this remarkable event. Being elected as a representative of the Accountancy Constituency of Legislative Council, I am pleased to share with you my views on "Corporate Governance" today.

To begin, I would like first to congratulate the CMA Canada on your successful effort in shaping strategic financial management professionals to lead successful enterprises in the global marketplace, to maintain the highest standards, practices and professional conduct in management accounting to protect the public interest. As I learned that CMA Canada represents 31,000 CMAs and 10,000 CMA students. There are over 375 members in Hong Kong who have earned the CMA designations. With integrity, professionalism and expertise, members of the CMA Canada have been dedicating to "create value instead of just measuring it" that make a valuable contribution to the accounting profession. This profession development is something we are proud of.

We have seen the advancement of Canada in economy, social

development, diplomacy and international status. We very much appreciate the efforts of Consul and Senior Trade Commissioner and CMA members to engender deeper mutual understanding and respect between Hong Kong and Canada. I am confident that with Hong Kong's geographical proximity to China and strong financial and banking expertise, Hong Kong can act as a springboard for your professionals, foreign businesses and investors to invest in HK. Mr. Yau and fellow members, I applaud your importing of invaluable know-how and best practices to our 'Asia World City'.

Promoting Hong Kong overseas is essential to further strengthen our position as an international financial centre. The global reaction now focuses on what can be done to improve governance structures. Good governance is a key to maintain Hong Kong as a leading international financial center of quality. We are now in the midst of two major projects – the Listing Rules and Standing Committee on Company Law Reform and corporate governance reviews, both of which started before Enron. Enron has now put the issues under the spotlight. We have no doubt that the lessons drawn from Enron will be invaluable in enabling us to develop these proposals in line with international best practice. If Hong Kong companies maintain high standards of corporate governance, the interests of shareholders can be protected, and investors will have confidence in our financial markets. This in turn boosts the long-term overall development of those markets. It does not only promote employment in the financial services sector,

but also stimulates overall economic development, thus benefiting every member of the public.

Directors play an important role in corporate governance. As the decision-makers of listed companies, they need to fulfill their duties towards shareholders, uphold the overall interests of the company, maintain a high level of transparency by keeping shareholders informed of all matters that affect their interests, and put in place effective audit and internal controls. Thus, I strongly suggest the directors of listed companies to gain a better understanding of their duties towards shareholders, and the requirements, such as the Listing Rules, that they must comply with.

Besides, management accountants have a unique professional role in ensuring the integrity of information disclosure. I look forward to your discussions arising from this viewpoint.

In order to increase the confidence of the investing public in the accounts of listed companies, we should fully co-operate with the Government in improving the existing regulatory regime.

Representing the accountancy constituency in the Legislative Council, I am glad to join hands with you and consult you not only on our concerned issues but also major political events in order to truly reflect your valuable views to the government. I welcome you to call up and to participate in my think tank. I believe that your comments

will add value to my work and of the best interest of the community at large.

Mr. Yau, Mr. McNamara, members of CMA Canada, distinguished guests, Ladies and Gentlemen, on this memorable occasion, let me again offer my warmest congratulations to the CMA Canada on its exemplary achievements in the past and its professional development to take on the opportunities and challenges ahead. As always, I will continue to join hands with the profession in maintaining Hong Kong's competitive edge as an international financial centre. I wish the CMA Canada and all of you every success in the future. Thank you.