



**Speech by Ms Ada Chung, Registrar of Companies,
at the Closing Ceremony
of the Passing the Torch Project 2016
30 May 2016**

Professor CHEN, Ivan, Samantha, distinguished guests, ladies and gentlemen,

Good afternoon. I am very pleased, and honoured, to be here this afternoon to participate in this meaningful event.

I believe that the Passing the Torch project must be one of the most meaningful and fruitful activities organised by the HKICS. Through this project, I understand that the Institute is able to promote and instil the importance of good corporate governance and a high standard of business ethics to those of you who are still undergoing undergraduate studies and, through you, to the senior form secondary school students. By now, at the end of the project, you must also know how professionals, company secretaries in particular, act as gate keepers in up-keeping ethics and good governance in businesses. I am not going to give another lecture on this at the closing ceremony. Instead, I would like to highlight a few points here.

Learning from Hong Kong's success in the past few decades, we strongly believe that corporate governance and business ethics are of the utmost importance in maintaining investors' confidence in Hong Kong and ensuring the effective operation of our commercial and financial sectors. Promoting good corporate governance, by that I include good business ethics, has, therefore, always been a priority for the Government and the Companies Registry.

One of the continuous efforts of the Companies Registry to enhance corporate governance is a comprehensive exercise to modernise the company law and implement the same. This major task started in 2006 and it took us seven years to complete the entire consultation and legislative process. With the implementation of the new Companies Ordinance in 2014, the standard of corporate governance in Hong Kong has been brought to new heights and this has in turn fostered Hong Kong's position as a leading international financial and commercial centre.

Indeed, as a result of the initiatives introduced under the new Ordinance to provide more detailed disclosure of directors' interest, we have been commended by the World Bank in October last year for strengthening minority investor protection. I am very pleased to tell you that Hong Kong now ranks the first worldwide in protecting minority investors among 189 economies in the World Bank's Doing Business Report 2016. I hope you would appreciate that good corporate governance not only facilitates the continuous operation and sustainability of a company, but also enhances the competitiveness of Hong Kong in the global arena.



Although today marks the conclusion of the Passing the Torch project this year, I encourage you to continue with your achievements and study in the area of corporate governance, not only to equip yourself with the necessary knowledge and understanding of what constitutes good governance, but to develop yourself further as our future business leaders. To deepen your understanding and perhaps to develop your interest, I encourage you to attend more lectures or workshops in this area in future, as this will allow you to keep abreast of the latest developments of corporate law and governance both in Hong Kong and other jurisdictions. You may wonder why the development in other jurisdiction matters. The reason is that international standards can always serve as the benchmark, inspire new ideas for reform and stimulate discussions on issues relating to the management and governance of companies. It is of paramount importance in strengthening Hong Kong's competitiveness to keep our standard of corporate governance in line with international standards and best practices to enhance our competitive edge.

When it comes to issues of corporate governance, think about the rationale and principles behind the rules rather than simply ticking the box. Take for example the annual general meeting of a company. The company secretary sends out the notice of the meeting to the shareholders of the company and the notice is required by law to be given at least 21 days before the date of the meeting. The notice must state the general nature of the business to be dealt with at the meeting. Copies of the financial reports of the company must also be sent to the shareholders. What is the rationale for having these legal requirements? This is to ensure that shareholders have sufficient time to consider the documents and the matters to be discussed at the meeting, so that they may seek further information at the meeting if necessary or raise any queries that they may have. It encourages shareholders' participation in the company's affairs. Furthermore, minutes of the company's general meetings have to be kept. To ensure transparency of the company's information, the minutes are open to inspection by the shareholders without charge.

I would like to ask you, as our future leaders in the society, to serve as role models for others. When you are making a decision for a company, always ask yourself the question "should I" rather than "can I". Abraham Lincoln once said "When I do good, I feel good; when I do bad, I feel bad, and that is my religion." I hope that such value can be clearly seen in your work throughout your career. Commitment to high standards of governance and ethics has always been the key to success of companies. I would say that the success of your future career, and your rise in the corporate ladder, will very much depend on such commitment. Imagine that we have a company which produces sub-standard formula powder, do you think such a company would survive in today's regulatory and competitive environment, not to mention the potential litigation risks and liabilities which it faces?

To conclude, it is only with the continuous efforts of us all that Hong Kong can maintain its position as a leading international financial and business centre. I commend the efforts of the HKICS in organising this project. I also strongly urge those of you who



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participated in the project to learn from your experience, build on that and develop your understanding and expertise in corporate governance with a view to preparing yourselves as our future leaders in the area.

Thank you.