"Ethics – The Core Value of Leadership" – 2007 Directors' Forum
14 September 2007

Welcoming Remarks by Mr Timothy H M TONG,
Commissioner, Independent Commission Against Corruption

Financial Secretary Mr John Tsang,
Ladies and Gentlemen,

Good morning. May I extend to you a very warm welcome. Today we will witness a landmark event:

- The 2007 Director's Forum marks the beginning of a sustainable programme designed to strengthen corporate leadership, ethical governance and integrity management. Never has a similar programme, which is made to last, been launched in Hong Kong or, indeed, anywhere else in the world.

- It is the first time that 13 prominent institutions get together to talk about ethics. The 13 co-organizers include 6 major chambers of commerce and manufacturers federations, 4 distinguished professional associations, the HKEx, the SFC, plus the ICAC.

It is befitting that the issue of directors' ethics be addressed here and now. More than 640,000 enterprises are registered in Hong Kong – about one for every 10 persons. These include some 8,000 overseas and Mainland corporations, some of them headquarters or regional offices. Among them, over 1,200 companies are listed on the Hong Kong stock market. Together they represent a market capitalization of over $17,000 billion. Our market is biggest in Asia and, globally, second only to London in terms of initial public offers (IPO).

Hong Kong maintains a level-playing field for business to prosper.   Like any other financial center, we are not corruption-free.   In the first eight months of this year, 183 persons in the business sectors were prosecuted for corruption and related offences.   127 of them were senior executives, company directors, high-level professionals or consultants. During this period, a total of 11 persons working in or associated with 3 listed companies were convicted.   The sentencing was hefty, ranging from 23 months to 10 years custodial.   The money involved exceeded 1 billion dollars - the implications might go well beyond that.   These figures seem to represent only very tiny percentages of the large number of companies and directors operating in Hong Kong.   However, Hong Kong has no tolerance for corruption.   An analysis of these cases shows that, often, the root of the problem is in the lack of personal governance of one or two corporate leaders.

Three thousand years ago, philosophers already warned us that "Often an entire city will suffer because of an evil man."   We will not let the financial market of Hong Kong suffer just because there are a few corrupt persons.   And this will not happen because Hong Kong's advantage is you, and the ICAC!

Through launching the 2007 Director's Forum, we aim to achieve :

- At the personal level, that participating corporate directors will be well equipped with knowledge of the best practices to meet ethical challenges as they run their own companies;

- At the corporate level, that enhanced ethical governance will result in greater productivity of the corporation itself; and

- At the community level, acceptance of ethics as the core value of leadership will ensure that Hong Kong remain always fair, just, stable and prosperous.

Today, we are honoured to have 3 prominent guests to be our keynote speakers.   They are :

- The Honourable John Tsang, Financial Secretary of the HKSAR
- Dr Victor Fung, Group Chairman of the Li and Fung Group
- The Honourable Laura Cha, Chairman of the ICAC's Advisory Committee on Corruption

On behalf of the 13 hosts of the Forum, I thank Mr Tsang, Dr Fung, Mrs Cha you for sharing with us their insight on ethics and corporate leadership.

In conclusion, I would like to thank our 12 co-organizers. Your contributions have made this Forum a spectacular event. Our partnership will be lasting and rewarding. I would also like to pay special tribute to the Chairman and the members of the Organizing Committee for your good work. Lastly, Ladies and Gentlemen, I trust you will participate fully in today's deliberations. A very interesting case study has been prepared for you. I wish you excellent results!

Thank you.

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