China in Charge

The Communist Chinese government never recognised the treaties that gave Hong Kong to the British. Britain knew that it would not be possible to keep Hong Kong and Kowloon when the lease on the New Territories ended in 1997. When organising the return of Hong Kong to China, the priority for both the Chinese and the British was to ensure business as usual.

There were long, difficult and secret negotiations between Britain and China. The result was the Sino-British Declaration of 1984, by which China agreed to maintain Hong Kong's capitalist system for 50 years after the colony was returned. There were some nervous moments, but Hong Kong's trade has continued to grow fast. It has the world's busiest container port and it is the financial centre of South East Asia. Both shores of Victoria Harbour are crowded with glittering skyscrapers. Hong Kong now has a higher standard of living than Britain.

Despite reassurances from the Beijing government, Hong Kong people are worried about life under Chinese rule. In 1989, the Chinese government crushed pro-democracy protests in Tiananmen Square in Beijing. The Chinese government has insisted that democracy will not be allowed in Hong Kong and it has abolished the partly-elected Legislative Council. Many Hong Kong residents have bought homes in Canada or Australia, in case things go wrong.

West and East

Hong Kong is Western in business and Eastern in culture. The main annual festival is the Chinese New Year in spring, when everyone visits friends and relatives to wish them good luck for the year ahead. The Mid-Autumn Festival also brings families together. The symbol of this festival is the full moon and Chinese people wish their families to be as bright and complete as the full, autumn moon. Feasts are held at round tables that symbolise the moon.

English is the language of business, while Cantonese Chinese is used at home and in everyday life. While Hong Kong was a British colony, English was the only language used in law and government. New laws were written in Chinese, as well as English, shortly before the handover to China. English is a compulsory subject in primary and secondary schools. Because parents and students know that English is the key to many jobs, most schools teach in it. However, the new government is now encouraging more schools to teach in Cantonese Chinese. The administration also wants schools to teach Mandarin Chinese, the language of Beijing.

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**внеаудиторное чтение**

**Strenthening Enterprise Risk Management**

Strengthening Enterprise Risk Management for

Strategic Advantage

Overview

The recent \_inancial crisis is leading to renewed focus on how senior executives approach risk

management and the role of their boards of directors in risk oversight. COSO is issuing this thought

paper to foster dialogue among senior executives and their boards about ways to strengthen risk

management in their organizations. We begin with a review of the environment that is generating

calls for organizations to re-examine their risk management practices. We then highlight four

speci\_ic areas where senior management can work with its board to enhance the board’s risk

oversight capabilities, which are further developed in the next four sections of this paper.

I. Discuss Risk Management Philosophy and Risk Appetite. Unless the board and management

fully understand the level of risk that the organization is willing and able to take in the pursuit

of value creation, it will be dif\_icult for the board to effectively ful\_ill its risk oversight role. We

outline our thoughts about the importance of management and the board achieving a shared

understanding of the organization’s risk philosophy and appetite as they seek to accomplish key

organizational objectives.

II. Understand Risk Management Practices. For some organizations, risk management is ad hoc,

informal, and implicit, leaving executives and boards with an incomplete view of the entity’s top

risk exposures. We provide an overview of key considerations for leaders seeking an enterprise

view of risks in relation to the objectives they seek to achieve.

III. Review Portfolio Risks in Relation to Risk Appetite. Ultimately, management and the board

need an understanding of the entity’s portfolio of top risk exposures affecting entity objectives

so that they can determine whether it is in line with the stakeholder’s appetite for risk. We

provide some perspectives on how senior executives might develop this enterprise-wide focus

and provide relevant risk exposure information to the board for review.

IV. Be Apprised of the Most Signi\_icant Risks and Related Responses. Because risks are

constantly evolving, a goal of risk management processes is to provide timely and robust

information about risks arising across the organization. As management designs and

implements key performance information, we encourage them to proactively include key risk

indicators identifying emerging risks that may ultimately impact the achievement of key

objectives.

COSO hopes this thought paper will serve as a basis for introspection about current approaches to

risk management and be a catalyst for management to strengthen risk management for the purpose

of enhancing the board’s risk oversight capabilities and the organization’s strategic value. We

encourage boards and management to turn to COSO’s Enterprise Risk Management— Integrated

Framework for in-depth discussion of core components of enterprise risk management.