



Assignment/News/Business Assignment Editor  
(For Immediate Release)

## Best Corporate Governance Disclosure Awards 2011

### ***New winners emerge this year while unfilled awards show more effort needed New award for sustainability and social responsibility reflect new trends***

(HONG KONG, 23 November 2011) — First-time winner, Prudential plc., and repeat winner CLP Holdings Ltd. took the top awards in their categories in this year's Best Corporate Governance Disclosure Awards organized by the Hong Kong Institute of Certified Public Accountants.

These were the only two diamond award winners in this year's competition, as the judges decided against giving out the highest honours in the other three categories, including H-shares and the public sector, saying Hong Kong listed companies and not-for-profit organizations can improve their corporate governance and disclosures.

The best annual reports revealed companies that were open and accountable to shareholders and show that these companies understand the need to communicate with a broad constituency including employees, business partners and the community in which they operate, and the need to show they are responsible corporate citizens.

New to this year's awards are citations for sustainability and social responsibility.

"We introduced the new sustainability and social responsibility reporting award this year to acknowledge the increasing expectations from investors and the public for companies to adopt environmentally-friendly and sustainable practices and to conduct their businesses in a socially responsible manner," says Stephen Law, chairman of the awards organizing committee.

The joint winners of the first sustainability and social responsibility award were CLP Holdings Ltd. and Hong Kong Exchanges and Clearing Ltd. Their approaches were different but the judges considered both companies established good models for sustainability and social responsibility reporting for other companies to follow.

Some companies have ratcheted up their corporate governance, as indicated by several new winners. First-time winners included Prudential plc., in the non-Hang Seng Index, large market capitalization category, and SOCAM Development Ltd (formerly, Shui On Construction and Materials Ltd.) in the mid-to-small market capitalization category. In the HSI category, the China Coal Energy Company Ltd. earned the judges' recognition with the significant improvement award. The Hongkong and Shanghai Hotels Ltd. gained a special mention also in the non-HSI, large market capitalization category.

The competition was close among H-share companies, where the judges declined to give out the diamond, or top award. Industrial and Commercial Bank of China Ltd., however, took the second highest award, the platinum. Other H-share winners were Jiangsu Expressway Company Ltd. and China Shenhua Energy Company Ltd., taking a gold award and a special mention respectively.

The diamond award was also withheld in the non-HSI, mid-to-small market capitalization and the public sector categories. This is the third and second year the judges have withheld the top honour in these categories respectively.

"The judges said that they needed to see improvements in the extent of disclosures before companies in mid-to-small capitalization companies would merit the top diamond and platinum awards," explains Susanna Chiu, Institute vice president and chair of professional accountants in business leadership panel. "These awards are important to corporate governance excellence in the Hong Kong market and we need to maintain rigorous standards."

A fresh entrant and the only winner in non-HSI, mid-to-small market capitalization category, SOCAM Development Ltd., won a gold award.

The annual report of the Airport Authority Hong Kong won an award for the eleventh consecutive year in the public sector and not-for-profit category, taking the platinum award this year. The Securities and Futures Commission, another past awardee, won a gold award.

Philip Tsai, the Institute's president and chairman of the judging panel says, "A number of companies, in particular the HSI and non-HSI, large capitalization categories have been consistent winners since we started the awards in 2000. This is a good demonstration of a genuine commitment to continuous improvement, and a commendable achievement, given the developments in regulations and market expectations over time."

In the HSI category, CLP Holdings Ltd. won the top award for the ninth successive year, with Hong Kong Exchanges and Clearing Ltd. and MTR Corporation Ltd. following up behind. China Coal Energy Company Ltd. took positive steps to boost its governance standard and won a significant improvement award. Judges this year, however, expressed disappointment about the lack of contenders for significant improvement awards.

In the non-HSI large market capitalization category, Prudential plc., Hysan Development Company Ltd. and Transport International Holdings Ltd. won diamond, platinum and gold awards respectively, with The Hongkong and Shanghai Hotels, Ltd. getting a special mention.

This year, more than 230 annual reports were reviewed.

The judges said a number of good annual reports tracked their corporate performance against the provisions and recommended best practices in the Code on Corporate Governance Practices, issued by Hong Kong's stock exchange, with some going so far as to provide explanations for deviations.

More companies improved their disclosures of risks and risk management and internal controls, and some conducted evaluations of their board's and board committees' performance, which were among the areas that the judges focused on this year.

However, in their report, the judges recommended better explanations of how board members are chosen, particularly in the public sector, and on emolument policies. They also recommended more detailed explanations about the implementation of risk management and internal control reviews. The report urged more disclosure of the approval process for related party transactions and on how business performance is measured. Early reporting, in particular in the public sector, is another recommendation.

The judges noted that corporate social responsibility reporting is improving and more companies are including dedicated sections in their annual reports, or separate booklets or on-line reports. The best companies have independent assurance for these reports.

The judges expect upgrades in some areas of governance after changes to the Code on Corporate Governance Practices and Listing Rules are implemented in 2012. This follows the recent release of the conclusions from the stock exchange's consultation exercise in 2010-11.

The awards presentation will take place on 24 November with Secretary for Financial Services and the Treasury, Professor K.C. Chan, as the guest of honour.

This year's awards are supported by five media partners – *Hong Kong Economic Times* and *The Standard*, the monthly business magazine *Capital*, radio *Metro Finance*, and electronic media *Cable TV*.

Information on the awards is available on the Institute website at [www.hkicpa.org.hk](http://www.hkicpa.org.hk).

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## **Editor's Note**

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#### **About the Best Corporate Governance Disclosure Awards**

First introduced in 2000, the Best Corporate Governance Disclosure Awards are Hong Kong's most established and prestigious awards for corporate governance. The Hong Kong Institute of CPAs was one of the first organizations to chart corporate governance standards in Hong Kong and the awards raise awareness of the benefits of greater transparency and accountability to stakeholders. The awards have strong support from the government, regulators and the business and professional communities.

#### **About the Hong Kong Institute of CPAs**

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to Certified Public Accountants in Hong Kong. The Institute has nearly 33,000 members and 16,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

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