



Best Corporate Governance  
Disclosure Awards  
最佳企業管治資料披露大獎

# Best Corporate Governance Disclosure Awards 2010

10<sup>th</sup> Anniversary

## Judges' Report



Hong Kong Institute of  
**Certified Public Accountants**  
香港會計師公會

# 2010最佳企業管治資料披露大獎

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## Best Corporate Governance Disclosure Awards

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### Award Winners

#### Hang Seng Index Category

Diamond	CLP Holdings Limited
Platinum	Hong Kong Exchanges and Clearing Limited
Gold	HSBC Holdings plc

#### Non-Hang Seng Index (Large Market Capitalisation) Category

Diamond	Standard Chartered PLC
Platinum	Transport International Holdings Limited
Gold	Hysan Development Company Limited

#### Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

Platinum	Ta Yang Group Holdings Limited
Gold	CIMC Enric Holdings Limited

#### H-share Category

Diamond	China Shenhua Energy Company Limited
Platinum	Industrial and Commercial Bank of China Limited
Gold	China Telecom Corporation Limited
Special Mention	China Life Insurance Company Limited

#### Public Sector/Not-for-profit Category

Platinum	Airport Authority Hong Kong
Gold	Mandatory Provident Fund Schemes Authority
Special Mention	Securities and Futures Commission

# Introduction

## Background, Aim and Scope

This year marks the tenth anniversary of the Best Corporate Governance Disclosure Awards (“BCGDA” or “Awards”) presented by the Hong Kong Institute of Certified Public Accountants (“the Institute”). Since its inauguration in 2000, the Awards has become a well-established part of the corporate governance scene in Hong Kong and a highly prestigious benchmark of corporate governance excellence in both the listed company sector and the public sector. The Awards plays an important role in encouraging improvement in the general standard of governance and raising awareness of the need for transparency and accountability, and high standards of corporate conduct, in relation to shareholders, investors, and other stakeholders, including the wider community. It achieves this aim primarily by giving recognition to well-run companies\* that voluntarily disclose information about how they are organised and managed, their strategies and plans, the context in which they operate and how they are performing against their objectives; in essence those that have entrenched good corporate governance practices in their business culture and those that are committed to continuously improving their own standards.

The Institute wishes to acknowledge the valuable support given to the Awards over the past decade by the Hong Kong SAR Government, financial services regulators, investor groups, and the business and professional communities, through their participation on the judges’ and reviewers’ panels or, equally importantly, as contestants in the BCGDA.

The BCGDA aims to:

- establish current benchmarks of best practice against which companies can measure their own performance; and
- encourage more companies to make use of those benchmarks to improve their own corporate governance standard.

The more significant changes and refinements since 2000 have included:

- Expansion from three categories and ten awards into five categories and 20 awards.
- Introduction of an overall significant improvement award (“SIA”) in 2002, which was extended to all categories in 2003.
- Introduction of a category for Growth Enterprise Market (“GEM”) companies in 2004.
- Introduction of a category for H-share companies in 2006.
- Separation of the non-Hang Seng Index (“non-HSI”) category into two categories – one for companies with large market capitalisation (“large cap”) and one for companies with mid-to-small market capitalisation (“mid-small cap”). This also removed the need for a separate GEM category.
- Continuous review and updating of the judging criteria to take account of regulatory changes and changes in expectations.

\* In this report, the term “company” is used to refer to both listed companies and public sector bodies, unless the context suggests otherwise. In the detailed commentaries on the annual reports of the award winners, references to “company” also include references to the listed group.

The introduction last year of a separate category for non-HSI mid-small cap companies, as well as a standalone category for non-HSI large cap companies, proved to be a success. It is a core objective of the Awards to encourage listed companies of all complexions to adopt good corporate governance practices. Dividing the non-HSI group in this way allows the judges to identify and recognise well-run companies across the spectrum, from large international corporations and substantial Mainland enterprises, through family-controlled companies of different sizes and smaller local businesses.

The marking scheme was also reviewed and some adjustments were made to it to reflect prevailing standards and expectations.

This year, as in the past, the judges could give out diamond, platinum and gold awards as well as SIAs for substantial improvements in corporate governance. "Special mentions" were also available to recognise other annual reports that reflected commendable efforts in the relevant category.

## Entries

There are five basic categories, namely,

- Listed companies:

*Main Board*

- HSI-constituent companies

*Main Board or GEM*

- Non-HSI-constituent companies – large market capitalisation
- Non-HSI-constituent companies – mid-to-small market capitalisation
- H-share companies

- Public sector/Not-for-profit organisations

## Judging Criteria

The judging criteria covered:

- Overall presentation
- Promptness of reporting
- Quality of disclosure in relation to the following information:
  - Corporate governance statement and practice
  - Capital structure
  - Board structure and functioning
  - Management discussion and analysis in respect of operating and financial affairs, strategic outlook, sustainability/corporate social responsibility ("CSR") and environmental reporting
  - Remuneration policy and details of directors' and senior management's remuneration packages
  - Nomination committee composition, terms of reference and duties
  - Internal controls and risk management
  - Related party transactions and relationships
  - Other voluntary disclosures, such as shareholders' rights and investor relations
- Compliance with corporate governance disclosure requirements of the Companies Ordinance and the rules governing the listing of securities on the Stock Exchange main board or GEM ("Listing Rules"), as appropriate.
- Ease of identifying compliance information.

## Review and Judging Procedures

Following an initial vetting procedure to exclude reports that did not meet the basic requirements for being short-listed, two levels of review were conducted:

- (i) **Quality Review:** This involved an assessment of the quality and standard of presentation and disclosure of corporate governance information in annual reports, with an emphasis on voluntary disclosures. Other relevant publicly-known information about the companies concerned was also taken into account, where appropriate.
- (ii) **Compliance Review:** Reports that were short-listed in the quality review underwent a further review to verify their compliance with the mandatory corporate governance disclosure requirements under the Companies Ordinance and the Listing Rules.

Reviewers examined annual reports that passed the initial vetting procedure and produced a short list of the best in each category for final judging by the judges. The judges then determined the winners of awards in each category, and whether any special mentions should be made.

For the SIA, the reviewers identified annual reports that attained, as a minimum, a good overall standard of corporate governance, while demonstrating a substantial increase in overall marks in the current year compared with the same companies' reports in previous years (particularly the immediately preceding year). A further review of the relevant companies' current and previous annual reports was then conducted to identify in more detail the specific areas of improvement, and assess whether these were sufficiently substantial to be recommended to the judges for decisions on SIA awards.

## Judging Considerations

Particular emphasis is placed on voluntary disclosures of useful information in annual reports, which exceeds the legal and regulatory requirements. This year, refinements were made to the marking scheme as indicated above, including in relation to the assessment of board structure and functioning and the management discussion and analysis. In these areas additional marks were given to those companies that had in place a process for reviewing board performance and those which disclosed more substantive information on how the company views the strategic outlook of the business, and which made good use of industry comparatives to benchmark performance. Other areas looked in more detail covered the role of the audit committee in the system of governance-related checks and balances, and whether there was disclosure of information about announcements made by companies during the year. Additional information relating to the important functions of risk management and internal control remained a key area of disclosure.

Good CSR reporting (which, in combination with governance, is now frequently referred to as environmental social and governance ("ESG") reporting) is also seen as a barometer of a well-run company, which is sensitive to the environment in which it operates and its social and ethical responsibilities to a wider range of stakeholders. In view of increasing recognition in the global arena of the importance of CSR/ESG issues, greater attention was given to these areas in the current year's review and judging processes and it is expected that this will become a bigger focus in future years.

As always, the quality review was a core part of the BCGDA. To ensure consistency and reduce the impact of individual marking differences, generally, reports that were being considered for the short list underwent separate reviews conducted by two different reviewers.

The reviewers and judges assessed the scope of corporate governance-related disclosures, the quality of the information provided, both in form and substance, and the standard of the underlying governance practices, as evidenced in annual reports. They took an overall view of a company's corporate governance structures, practices and disclosures, to form an impression of the extent to which a good corporate governance culture was entrenched within the company. They also considered whether efforts had been made by a company towards further improvement, especially in some of the areas outlined

above. Where appropriate, the reviewers and judges also took note of other public information, which could reflect on particular companies' corporate governance practices and culture, and they reviewed the transparency and clarity of any related disclosures made in the annual report.

## **Recent Corporate Governance Developments**

### *International developments*

Internationally, the road to economic recovery has not been smooth following the global financial crisis. With the increasingly globalised world markets, concern has been expressed by governments in the Asian region about the second round of quantitative easing now under way in the United States ("US"), in particular the short and longer-term impact of capital flows and excess liquidity on their markets and asset prices. The European debt situation adds to the uncertainty.

Leaders of the Group of Twenty ("G20") have discussed, amongst other things, strengthening of the international financial regulatory system and the need to create new rules for regulating both the mechanisms and the flows of global finance. Such rules should ensure that financial institutions are publicly accountable and that markets and financial products are transparent.

Governments of the world's major markets have also agreed on the need to adopt policies aimed at more sustainable and balanced economic growth and restoring public trust in financial markets. This includes working towards improving priority areas such as risk management, board practices, executive remuneration and the exercise of shareholders' rights. Since it has been commonly accepted that the global financial crisis was at least partly attributable to weaknesses in the implementation of corporate governance principles, it is clear that good corporate governance practices remain an essential element in maintaining the integrity and quality of markets and continued investor confidence.

Specific action has been taken in individual markets. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in the US in July this year, will have significant implications for executive compensation and corporate governance for US publicly-traded companies. In the United Kingdom ("UK") changes to the corporate governance code were announced in May 2010 by the UK Financial Reporting Council. These focus on the role, composition and performance of the board and on directors' remuneration policy and, in relation to remuneration, they took into account recommendations from the Walker Review on corporate governance in the UK banking industry.

The setting up of the International Integrated Reporting Committee ("IIRC"), which brings together Prince Charles' Accounting for Sustainability Project ("A4S") and the Global Reporting Initiative ("GRI"), as well as other important players, including the International Federation of Accountants ("IFAC"), was announced in August 2010. The aim of the IIRC is to create a globally-accepted framework for accounting for sustainability. This represents a very positive step towards establishing a benchmark that combines business-financial and social-environmental performance measurements.

IFAC's Professional Accountants in Business Committee, on which the Institute is represented, has been looking at the important role that accountants in business can play in driving sustainable organisations and it has recently published a paper for public consultation on the competencies and skill sets that accountants in business will need in future in order to fulfil this role.

### *Hong Kong developments*

In Hong Kong, in the aftermath of the financial crisis and local issues surrounding the sale of structured investment products, the financial services regulators have sought to strengthen investor protection measures. A number of regulatory reviews and consultations have been conducted and follow-up actions have been taken or are planned.

In the middle of this year, the Securities and Futures Commission ("SFC") announced a package of measures to strengthen the regulatory regime governing the sale of investment products. Other public consultation exercises undertaken or currently under way include proposals from Hong Kong

Exchanges and Clearing Limited (“HKEx”) and the SFC on statutory codification of requirements for listed companies to disclose price sensitive Information, and proposed guidelines on disclosure of inside information. The SFC has also consulted on the regulatory framework for pre-deal research and evidential requirements for establishing “professional investor” status.

In September 2010, HKEx published its fourth review of corporate governance disclosure in annual reports. The review covered 2009 annual reports and focused on the provisions and the recommended best practices of the Code on Corporate Governance Practices (“Code”). The review also looked at practices in relation to the setting up of board committees, and board evaluations. The latest review showed that larger issuers continued to adopt the Code provisions more extensively than smaller issuers. While the majority of the issuers reviewed had established remuneration committees, less than half of them had established nomination committees. The results indicate further room for improvement in corporate governance practices and disclosures in Hong Kong.

HKEx has announced that it plans to publish a consultation paper before the end of this year on changes to the Code, which is expected to propose upgrading a number of the recommended best practices in the Code to the level of “comply or explain” provisions. This will be the first significant review of the existing corporate governance requirements and guidance in the Code since its full implementation in 2006.

During the year, the Hong Kong SAR Government reached and published conclusions on the first and second phase consultations on the Draft Companies Bill under the Rewrite of the Companies Ordinance project. These consultations covered a number of corporate governance issues including codifying certain directors’ duties, reducing the threshold for shareholders to demand a poll, extending the scope of the statutory derivative action, requiring companies to provide a more analytical and forward-looking business review, enhancing auditors’ powers to require information from relevant persons, strengthening the investigatory powers of the financial secretary and power of the registrar of companies to obtain documents. The government has indicated its intention to introduce a bill into the Legislative Council in early 2011.

As regards the banking sector, in the first quarter of 2010, the Hong Kong Monetary Authority issued guidelines on a sound remuneration system, with the aim of ensuring that authorised institutions in Hong Kong have in place sound remuneration systems that are consistent with and promote effective risk management. This initiative recognised that remuneration systems that create incentives towards inappropriate and excessive risk-taking could threaten both the authorised institutions themselves and the stability of the banking system.

In relation to public sector corporate governance, the Efficiency Unit of the government issued a guide for subvented organisations, and held accompanying forums, in May this year, to promote best practices in this sector. The Institute recommended a member of the drafting team for the guide. The guide should help to raise the level of awareness of the need for and benefits of good corporate governance practices in the public sector.

Entrenching robust regulatory frameworks in major developed and developing economies will help rebuild public confidence in financial markets, which is crucial for long-term global recovery. Markets that promote a sound governance and ethical culture, and which encourage corporate and public sector entities to target sustainable growth and implement effective internal control, risk management, and CSR/ESG, policies and practices, will be those that succeed in the long run. Investors look to Hong Kong, as one of the world’s primary capital markets, to be open, transparent and well-governed, with a regulatory framework and corporate governance practices that are commensurate with its role and international standing. As other economies in this region grow, they are attracting more local and foreign investment and many of them are taking decisive action to upgrade their own governance and regulatory standards. A key to Hong Kong retaining its competitive advantage and remaining successful as an international market is to ensure that it remains flexible, dynamic and unwavering in its commitment to achieving high standards.

# Commentaries

## Recognition of award winners 2000 to 2010

Including this year's award winners, there have been over forty different award winners since the inception of the BCGDA and they are to be congratulated. The full list is at the back of this report. Those that have been consistent winners, notwithstanding progressive developments in the regulatory requirements and the increasing expectations of the market and the community over this period, merit special recognition for their commitment to high standards of corporate governance. **CLP Holdings Limited, HSBC Holdings plc, Hong Kong Exchanges and Clearing Limited, Standard Chartered PLC** and **Hysan Development Company Limited**, in the HSI and Non-HSI categories, and **Airport Authority Hong Kong** and the **Securities and Futures Commission**, in the public sector/not-for-profit category, have each won awards over seven or more years and have established sound benchmarks of good corporate governance in Hong Kong. They are to be specially commended.

## General Observations in 2010

The judges and reviewers were pleased to note that the best companies maintained a high standard of corporate governance disclosure and practices. Apart from the award winners, there were other good short-listed annual reports including those of some first-time contenders, which is a positive indicator for corporate governance development in the future. The HSI and non-HSI large cap categories remained the strongest in terms of the overall quality of their corporate governance and this is reflected in the judges' decisions. The H-share category was again highly competitive with new contenders and previous winners vying for the main awards. It is clear that standards of governance practices and transparency, and awareness of corporate responsibility, are increasing in parallel with the development of the Mainland's economy.

The non-HSI mid-small cap category, introduced for the first time last year, again revealed a number of companies that are making constructive efforts to upgrade the standard of their corporate governance and, as some of the larger companies in this category cross the threshold into the large cap category, such as the 2009 platinum award winner, others step up to take their place. The division of the non-HSI companies into two categories clearly seems to have succeeded in giving encouragement to the medium-sized and smaller listed companies, which was the main objective.

The judges indicated that they would like to see more public sector organisations following the example of the best in the public sector/not-for-profit category. It was noted that it is difficult for smaller organisations with limited resources to compete against large, commercially-orientated, public sector bodies with substantial manpower and financial resources. The Awards organising committee will consider whether, in future Awards competitions, it is feasible to set different parameters for smaller organisations without compromising the core requirements of good governance.

This year the reviewers and judges looked in greater detail at CSR reporting, which, in the case of a growing number of companies, extends beyond the annual report to standalone reports and web-based material. This is another area which, in future years, particularly in the light of developments like the setting up of the IIRC, may call for a more specific framework for assessment within the Awards.

This year, the judges decided to follow a similar approach to that adopted in 2009. In determining whether to give out diamond awards, they benchmarked the corporate governance practices of the short-listed companies against the highest standards, rather than simply their performance relative to others in the same category. The upshot is that diamond awards have not been given out in all categories. This sends a clear message that there is a need for continuous efforts to be made towards improvement. The hope is that companies will understand the value of embedding good governance in their business strategy and plans and that this will be reflected not only in statements that they

make but also in their actions. In the meanwhile, all the award winners are to be given congratulations as being the best in their class and a good benchmarks of Hong Kong's current corporate governance standards.

The judges and reviewers wish to highlight different aspects of practices and disclosure to be applauded and encouraged, as well as areas for further improvement. Some of these points are reiterated from previous years because they remain relevant. All those with a stake in ensuring that Hong Kong retains a leading position in this region, and globally, in the corporate governance field, including the government, regulators, professional bodies and, perhaps most importantly, companies themselves, must remain vigilant and take note of changing investor expectations as well as developments in competing markets .

Specific findings highlighted by judges and reviewers include the following:

1. Companies with better corporate governance explicitly benchmark their performance against the provisions and recommended best practices of the Code, highlight the areas that exceed or meet the standard as well as deviations, if any, and provide clear explanations. This enables readers to compare companies' performances against an external, clearly-defined standard and to see where improvements have been, or could be made. More extensive and relevant voluntary disclosures are also included in the annual reports of these businesses.
2. Formal evaluation of the board's and board committees' performance is not yet a widespread practice in Hong Kong companies, especially for mid-small cap companies. Regardless of their size, businesses should establish effective mechanisms for board evaluation to enhance the transparency and accountability of board functioning.
3. The judges continued to look for improvements in the transparency in disclosure of the nomination and appointment process for directors, particularly in the public sector/not-for-profit category. Information about the process and criteria for appointment, as well as the expertise and experience sought in new board members, should be disclosed in detail. Practices such as appointing a non-executive director as the board chairman and providing continuous development or training to directors are to be encouraged.
4. An increasing number of companies, although still a minority, disclose the remuneration of the senior management, in addition to directors, on a named basis. Listed companies and major public sector organisations should aim to extend their disclosures in this area. Overall, it would also be helpful if there were more clarity in the disclosure of emolument policies, incentive schemes and how they are linked to long-term, sustainable performance and the structure and basis for determining the remuneration of directors and senior management.
5. The judges noted a marked improvement in disclosure in the area of risk management. More annual reports are providing information on the risk management framework and processes for evaluating and managing risks in a structured manner. Some reports, particularly those of financial institutions, contain extensive and detailed sections on risk management. However, some companies are still disclosing their risk management information only in the notes to the financial statements. Areas for improvement in disclosure include how risk assessment is carried out in practice and the assessment methodology adopted to identify and prioritise the risks, and how risks have been addressed. Clear disclosure of the co-ordination and allocation of responsibilities for risk management among board committees is also recommended.
6. In general, companies are found to have given attention to their internal control reviews covering the adequacy of resources, qualifications and experience of staff responsible for the accounting and financial reporting functions. As observed last year, disclosures of information about internal controls of smaller companies are rather standard and boilerplate in nature, and the findings of

these internal control reviews are seldom described. Many boards confine their disclosures to acknowledging responsibility for the system of internal control and for reviewing its effectiveness through the audit committee.

7. As mentioned above, particular attention has been paid to the area of CSR reporting this year. The judges were pleased to note that the standard of such reporting is improving among contestants, as reflected in dedicated sections of their annual reports, in separate booklets or on-line reports. More of these CSR reports have obtained independent or third-party assurance, which is a practice to be encouraged. However, it remains the case that businesses whose operations have a bigger impact on the environment do not necessarily perform better in disclosing and addressing CSR issues.
8. The management discussion and analysis (“MD&A”) section of annual reports is generally informative, with relatively comprehensive discussions on the impact of the global economy on the operations of the relevant companies and the industries in which they participate. More information covering key performance indicators and industry benchmarks, specific business risks and uncertainties facing companies, funding or treasury arrangements, etc., would, however, be useful.
9. Some companies only disclose information on related party or connected transactions in the notes to the financial statements. This is an important area, particularly in the context of family-controlled companies. Companies should provide additional relevant information, including the approval basis and procedures undertaken in respect of such transactions, and the effect of such transactions on the company.
10. In general, corporate governance information is presented in an easier to read and more eye-catching way, with effective use of diagrams and other graphics. Some companies have made laudable efforts to engage readers through the use of innovative designs and contemporary aesthetics in their annual reports.
11. While there is often a good deal of useful and relevant information contained in annual reports, it could sometimes be better organised to provide a more coherent picture of the operations of the company and linkages between different areas. Disclosures in annual reports should aim to be business-focused, rather than marketing-oriented, including for public sector organisations.
12. The judges noted that some companies could have been more prompt in reporting their annual results after the year-end date. In order to maximise the effectiveness and usefulness of the information, earlier reporting is highly recommended.
13. Companies will be aware of, and should pay attention to, the fact that a genuine commitment to good corporate governance should be reflected not only in words but also in deeds. It sometimes emerges that there is a perceived gap between the quality of disclosures and the actual practices and behaviour exhibited by companies. It goes without saying that this can have an adverse impact on corporate reputations and the credibility of companies’ corporate governance and other statements.

# Hang Seng Index Category

## DIAMOND AWARD

### CLP Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Andrew Brandler (Chief Executive Officer)

Peter P W Tse

Peter W Greenwood

##### NON-EXECUTIVE

The Hon Sir Michael Kadoorie, *GBS* (Chairman)

W E Mocatta (Vice Chairman)

R J McAulay

J A H Leigh

R Bischof

I D Boyce

J H Whittle

Y B Lee

P A Theys

##### INDEPENDENT NON-EXECUTIVE

The Hon Sir S Y Chung, *GBM, GBE, JP*

V F Moore, *BBS*

Hansen C H Loh

Paul M L Kan, *CBE, SBS, JP*

Judy Tsui

Sir Rod Eddington

Nicholas C Allen

#### Audit Committee:

V F Moore, *BBS* (Chairman)

Judy Tsui

Nicholas C Allen

Hansen C H Loh

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. The judges strongly commended CLP Holdings Limited (“CLP”) for consistently setting the benchmark of corporate governance excellence in Hong Kong and for maintaining a high quality governance framework and culture, which is reflected in the values stated in its own code on corporate governance. The fact that, since the inception of the Awards, CLP has won more top awards in the competitive HSI category than any other company speaks for itself.
2. The thoughtful organisation and presentation of CLP’s annual report impressed the judges once again this year. The comprehensive, balanced and informative corporate governance report clearly presented the major areas in which CLP’s own corporate governance code met or exceeded the provisions and recommended best practices of the Code. The report was supplemented by a dedicated corporate governance section on the company’s website.
3. CLP engaged readers of its annual report, elaborating on details effectively with eye-catching graphics, charts and diagrams. The report echoed the company’s commitment to transparency and its willingness to share information with stakeholders, both on its shortcomings and its successes, as reflected in the voluntary disclosure in the section, “Delivery of Shareholder Value”. The recurring segments on “Q&A” and “The Way Ahead” enabled readers to better understand how the management responded to the challenges faced by the company, and were interesting to read. The judges appreciated the “Accounting Mini-series” section, which described complex accounting principles and terms in a simple way to help readers understand the terminology used in the financial statements.
4. The risk management report was commendably clear, outlining the different kinds of risk inherent in CLP’s operations in the region. The report elaborated on the general policy and steps that the company had taken to address each category of risk. Importantly, the report set out the company’s future strategies in addressing risks, in the light of current and foreseeable circumstances. The internal audit framework and internal control activities were well documented. The whole package indicated a commitment to ensuring an effective internal control environment and risk management function.
5. The remuneration report stated clearly how the directors and management were rewarded. The incentives were long term and designed to align the interests of the senior management with those of the shareholders. The disclosure of the remuneration of other named senior executives, in addition to the directors, with their performance bonuses shown separately, was held up by the judges as a very good practice.

### CSR reporting

6. CLP operates in an environmentally sensitive industry. It manifested a clear awareness of the need for sustainable development and social and environmental responsibility. A separate sustainability report, which was a succinct version of the company’s comprehensive on-line sustainability report, addressed a wide range of sustainability issues with vigour and was independently assured.
7. The online sustainability report, presented in a form of an interactive e-book, contained a wealth of detailed information and data regarding CLP’s social and environmental values, which were embedded in the company’s business strategies and operations. The company had announced its voluntary carbon intensity reduction targets and reported regularly on its progress.
8. The reporting basis of the sustainability report included the company’s annual performance of its operating entities, as well as specific information required under the GRI’s G3 guideline and the new Electric Utility Sector Supplement indicators. Apart from the sustainability report, a number of related publications were posted on CLP’s website, as listed out clearly at the back of the summary report. The company strong performance in sustainability reporting has been recognised in international awards programmes.

# Hang Seng Index Category

## PLATINUM AWARD

### Hong Kong Exchanges and Clearing Limited

#### Board of Directors:

##### EXECUTIVE

Li Xiaojia, Charles (Chief Executive)

##### INDEPENDENT NON-EXECUTIVE

Arculli Ronald Joseph\*, *GBS, JP* (Chairman)

Cha May-Lung Laura\*, *GBS, JP*

Chan Tze Ching Ignatius, *BBS, JP*

Cheng Mo Chi Moses\*, *GBS, JP*

Cheung Kin Tung Marvin\*, *GBS, JP*

Hui Chiu Chung Stephen\*, *JP*

Kwok Chi Piu Bill, *JP*

Lee Kwan Ho Vincent Marshall

Lee Tze Hau Michael\*

Strickland John Estmond, *GBS, JP*

Williamson John Mackay McCulloch

Wong Sai Hung Oscar

\* *Government Appointed Directors*

#### Audit Committee:

Cheung Kin Tung Marvin, *GBS, JP* (Chairman)

Lee Kwan Ho Vincent Marshall (Deputy Chairman)

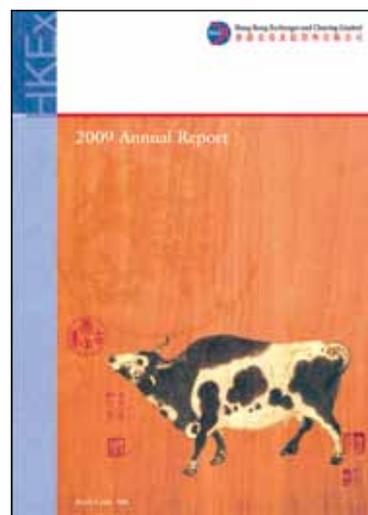
Chan Tze Ching Ignatius, *BBS, JP*

Cheng Mo Chi Moses, *GBS, JP*

Williamson John Mackay McCulloch

#### Auditors:

PricewaterhouseCoopers



## Findings

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1. The judges found the 2009 annual report of HKEx to be meticulous, well-structured, and easy to follow through the use of effective visual presentation aids. HKEx's corporate governance report presented the clearest evidence of the company's commitment to upholding a high standard. It reflected a clear governance framework, providing readers with a systematic overview of the functions and accountability of each component of the company's corporate governance structure. As a frontline regulator and listed company, the HKEx set a good example of the importance of "walking the walk" in terms of its corporate governance disclosures and practices.
2. The MD&A was strong and comprehensive, in particular the financial review section. A good use of tables, graphs and diagrams throughout the section facilitated readers' understanding of HKEx's business and performance. The judges commented positively on the discussion in the "Business Review" section about the company's 2010 initiatives and achievements, and its new initiatives in 2011.
3. The judges also appreciated the information contained in the company's remuneration report, which set out the remuneration policy applicable to non-executive directors and employees, together with charts illustrating the composition of fixed and variable pay components for employees of different grades. Disclosure was made of the remuneration of the senior management on a named basis. The continuous disclosure and communication policy, details of which were set out in the "Human Resources Manual" on HKEx's website, demonstrated a high level of transparency regarding the how, when and what of the company's communication with its stakeholders.
4. A separate CSR report covered the structure of the CSR Committee and the solid achievements attained during the reporting period. The various CSR initiatives undertaken by HKEx were reported upon as was the overall framework. This provided positive evidence of the company's commitment in this area. Expanded CSR information was available on the company's website.
5. The judges found the extensive risk management disclosures and the use of Value-at-Risk ("VaR") approach to measure its financial risks to be useful. The company's internal control procedure and methodology were clearly spelt out. The coverage of risk management was also supplemented in the notes to the financial statements by detailed information on financial risk management.

# Hang Seng Index Category

## GOLD AWARD

### HSBC Holdings plc

#### Board of Directors:

##### EXECUTIVE

S K Green (Group Chairman)  
 M F Geoghegan, *CBE* (Group Chief Executive)  
 V H C Cheng, *GBS, OBE*  
 D J Flint, *CBE* (Group Financial Officer)  
 A A Flockhart, *CBE*  
 S T Gulliver

##### NON-EXECUTIVE

W K L Fung, *SBS, OBE*

##### INDEPENDENT NON-EXECUTIVE

S A Catz  
 M K T Cheung, *GBS, OBE*  
 J D Coombe  
 J L Durán  
 R A Fairhead  
 J W J Hughes-Hallett, *SBS*  
 W S H Laidlaw  
 J R Lomax  
 Sir Mark Moody-Stuart, *KCMG*  
 G Morgan  
 N R N Murthy, *CBE*  
 S M Robertson  
 J L Thornton  
 Sir Brian Williamson, *CBE*

#### Audit Committee:

R A Fairhead (Chairman)  
 M K T Cheung, *GBS, OBE*  
 J D Coombe  
 J R Lomax

#### Auditors:

KPMG Audit Plc



## Findings

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1. HSBC Holdings plc (“HSBC”) has been another extremely consistent winner in the Awards over the past decade. It is a huge multinational company, with over 100 million customers spread across many regions and countries, which has managed very well to document its global business in banking and finance. HSBC’s corporate governance report provided a very detailed account of the company’s compliance with the applicable provisions of the codes issued by overseas and Hong Kong regulators.
2. The judges commended the annual report on providing a very high-quality operation and financial review, which illustrated the bank’s complex business operations and its financial results by major business lines and geographical locations. The informative discussion in the section, “Impact of Market Turmoil”, provided a thorough and instructive analysis of the bank’s securitisation activities and other structured products, which the judges considered would be of considerable interest to readers.
3. Other notable highlights included the descriptions of the risk appetite framework, stress testing mechanism and risk control culture, which were presented comprehensively in the annual report. There was extensive coverage and analysis of the various categories of banking risk inherent in HSBC’s business, the extent of exposures and the respective control measures in place to address the risks.
4. The judges found that separate annual review booklet, which was enclosed with the annual report, provided an excellent summary of the annual report and served as an easy-to-read reference for readers. The judges reiterated the view of previous judging panels that, given the large volume of narrative text in the annual report, more tables, charts and coloured graphics would make it easier to read.

### CSR reporting

5. The corporate sustainability section in the annual report provided a vast amount of information on the various CSR activities undertaken by HSBC. The annual report also referred readers to a separate sustainability report on the company’s website.
6. The separate sustainability report, which covered all key areas of CSR inputs, followed the guidance from the Greenhouse Gas Protocol for carbon reporting. The bank consulted GRI’s reporting framework and financial services supplement for the selection of indicators against which to report, and adopted the Connected Reporting Framework developed by the A4S project.
7. The sustainability report elaborated on the bank’s approach towards sustainability management and set out the achievements in 2009 and the targets for 2010. The report was supported by independent assurance. The company’s laudable commitment to high standards of CSR practices and reporting has been recognised by other awards that it has received and rankings that it has achieved.

# Non-Hang Seng Index (Large Market Capitalisation) Category

## DIAMOND AWARD

### Standard Chartered PLC

#### Board of Directors:

##### EXECUTIVE

Peter Sands (Group Chief Executive)  
 Richard Meddings (Group Finance Director)  
 Steve Bertamini  
 Jaspal Bindra  
 Gareth Bullock  
 Mike Rees

##### INDEPENDENT NON-EXECUTIVE

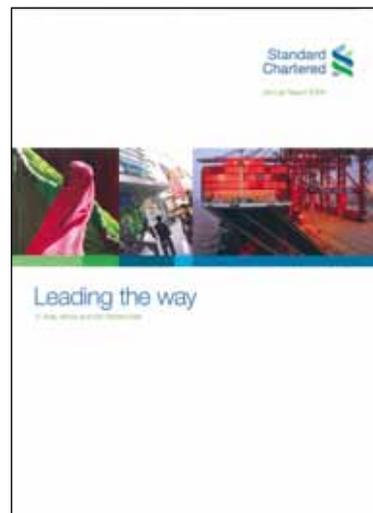
John Peace (Chairman)  
 Rudy Markham  
 Richard Delbridge  
 Jamie Dundas  
 Han Seung-soo, *KBE*  
 Val Gooding, *CBE*  
 Ruth Markland  
 John Paynter  
 Paul Skinner  
 Oliver Stocken

#### Audit and Risk Committee:

Rudy Markham (Chairman)  
 Jamie Dundas  
 Ruth Markland  
 John Paynter

#### Auditors:

KPMG Audit Plc



## Findings

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1. The organisation of the 2009 annual report of Standard Chartered PLC (“Standard Chartered”) was excellent, given the inherently complex nature of the banking business. The most important information contained the right mix of thoroughness and conciseness. It maintained a high standard of corporate governance disclosures. The corporate governance report was very comprehensive, covering all key elements of best corporate governance practices.
2. Consistent with its good corporate governance practices, the bank had a high proportion of independent non-executive directors (“INEDs”). The considerations in assessing the independence of newly-appointed INEDs were clearly set out. The formal review of the effectiveness of the board and the main board committees was clearly disclosed, supplemented by a good summary of actions taken to improve effectiveness. Other detailed corporate governance-related information, such as the roles and responsibilities of the directors and the terms of reference of board committees, was also available on the company’s website.
3. The judges considered that the chairman’s statement provided a very useful picture to shareholders of the strategy and business outlook of Standard Chartered. An open and balanced discussion of key performance indicators, covering both financial and non-financial matters, in the form of tabulated comparative figures for the past five years, enabled shareholders to understand the important drivers that linked to the performance of the company.
4. The “Operation and Business Review” section provided a wide-ranging discussion of the bank’s performance in terms of major business lines and geographical areas. The graphical highlights and usage of charts and key metrics within the context of the business review were excellent.
5. The judges were impressed with the extensive and in-depth discussion and disclosures of the bank’s risk governance policies, structure and approaches towards dealing with the wide range of anticipated risk areas. This information was valuable to shareholders and investors.
6. The detailed directors’ remuneration report explained clearly the reward system of the bank. It set out the bank’s remuneration policy and arrangements, key components of remuneration and how the performance of the directors was evaluated, indicating that the company emphasised a performance-based remuneration culture.

### CSR reporting

7. The sustainability section included in the bank’s annual report provided a succinct overview of Standard Chartered’s commitment to the community, which clearly explained the bank’s approach and sustainability priorities.
8. A detailed sustainability report was available on the bank’s website. This addressed a wide range of stakeholders, who were invited to engage in the dialogue on key issues, including business priorities, stakeholder engagement, contribution to the real economy and sustainable finance. The report drew a link between CSR and the communities within which the company operated.
9. Overall, the judges praised the sustainability reporting of Standard Chartered, which covered extensively the bank’s CSR and environmental efforts across every division globally, substantiated with relevant stories and reports of activities. The published strategy recognised an ongoing commitment to sustainable business practices, upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity.

# Non-Hang Seng Index (Large Market Capitalisation) Category

## PLATINUM AWARD

### Transport International Holdings Limited

#### Board of Directors:

##### EXECUTIVE

Edmond Ho Tat Man (Managing Director)

Charles Lui Chung Yuen, *M.H.*

##### NON-EXECUTIVE

Kwok Ping-luen Raymond, *JP*

Kwok Ping-sheung Walter, *JP*

Ng Siu Chan

William Louey Lai Kuen

John Chan Cho Chak, *GBS, JP*

Winnie Ng

George Chien Yuan Hwei

John Anthony Miller, *SBS, OBE*

##### INDEPENDENT NON-EXECUTIVE

The Hon Sir Sze-yuen Chung, *GBM, GBE, JP* (Chairman)

Norman Leung Nai Pang, *GBS, JP* (Deputy Chairman)

Kung Ziang Mien James, *GBS, OBE*

Eric Li Ka Cheung, *GBS, OBE, JP*

Siu Kwing-chue Gordon, *GBS, CBE, JP*

#### Audit Committee:

Eric Li Ka Cheung, *GBS, OBE, JP* (Chairman)

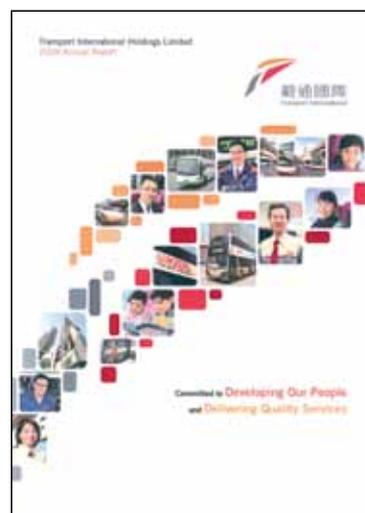
Kung Ziang Mien James, *GBS, OBE*

George Chien Yuan Hwei

Siu Kwing-chue Gordon, *GBS, CBE, JP*

#### Auditors:

KPMG



## Findings

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1. The judges commented favourably on the good presentation of Transport International Holdings Limited (“Transport International”)’s 2009 annual report, which started with a clear statement of its corporate mission, vision and corporate values. The corporate governance report showed, by way of a simple and clear chart, the company’s governance structure, with details of relevant committees and reporting lines. The disclosures on business ethics, enterprise risk management and communication with stakeholders demonstrated that the company recognised the priority of these highly relevant topics.
2. The annual report included a substantive and informative operational review with statistical information on the group’s operational capabilities. The mechanical reliability of its bus fleet, bus routes and service networks were presented graphically by way of charts and photographs. The report also contained a useful analysis of past results by service line and discussion of future prospects. Various industry-specific charts assisted readers’ understanding of the business.
3. A strong and informative financial review showed comparative figures of individual business units for the past five years. It also provided an informative commentary on the company’s funding and treasury policies and details of connected transactions.
4. The judges considered that the section entitled, “Interview with the Managing Director”, provided useful answers to a number of questions on current issues facing the company (e.g. main challenges and factors influencing the performance of the group and future business development), which would be of interest to shareholders and investors.
5. Transport International also provided a comprehensive remuneration report setting out the terms of reference of the Remuneration Committee, its responsibilities and the criteria for determining the remuneration of directors, senior management and staff. The judges welcomed Transport International’s improvement in disclosure in this area.
6. The judges also appreciated the disclosures in the CSR section, which provided illustrative descriptions of how customer service, people and the community at large, and environmental policy were intertwined with the company’s business operations.

# Non-Hang Seng Index (Large Market Capitalisation) Category

## GOLD AWARD

### Hysan Development Company Limited

#### Board of Directors:

##### EXECUTIVE

Gerry Lui Fai Yim (Chief Executive Officer)

Wendy Wen Yee Yung

##### NON-EXECUTIVE

Hans Michael Jebesen, *BBS*

Anthony Hsien Pin Lee

Chien Lee

Michael Tze Hau Lee

Deanna Ruth Tak Yung Rudgard, *OBE*

##### INDEPENDENT NON-EXECUTIVE

Sir David Akers-Jones, *GBM, KBE, CMG, JP* (Chairman)

Nicholas Charles Allen

Philip Yan Hok Fan

Fa-kuang Hu, *GBS, CBE, JP*

Joseph Chung Yin Poon

Geoffrey Meou-tsen Yeh, *SBS, MBE, JP*

#### Audit Committee:

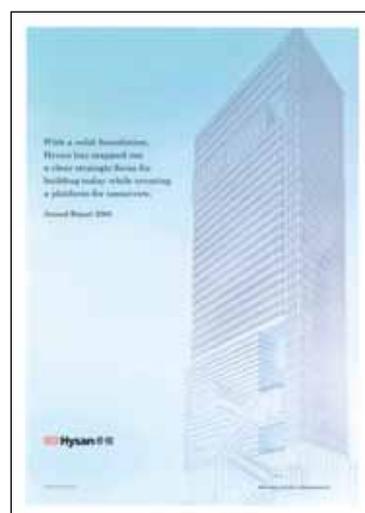
Nicholas Charles Allen (Chairman)

Chien Lee

Geoffrey Meou-tsen Yeh, *SBS, MBE, JP*

#### Auditors:

Deloitte Touche Tohmatsu



## Findings

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1. The 2009 annual report of Hysan Development Company Limited (“Hysan”) was commended for its well-organised and balanced layout with an excellent design. It contained an illuminating corporate governance report and informative MD&A.
2. The corporate governance report was professionally presented and thorough. It highlighted the company’s corporate governance model and framework, which indicated that the company’s practices exceeded the standards laid down in the Code and demonstrated an effective marriage of family ownership with professional management, and a long-term vision. The clear description of the succession of chairmanship was also helpful. The best practices summary and the concise narrative on the independence status of directors were also commendable.
3. The MD&A section provided a useful commentary on the company’s operations and finances, with details of its financial policy and performance. Graphs and charts were used appropriately to illustrate key activities, such as debt and liquidity management. The judges noted the concerted efforts to ensure good disclosure and effectively address key investor concerns. The discussion on key performance indicators helped readers, especially non-professional readers, better understand the company’s business and performance.
4. The annual report also contained two dedicated reports, one prepared by the Emoluments Review Committee on directors’ remuneration and interests, and the other by the Audit Committee on its role in overseeing the financial reporting and internal controls of the company. Both reports were clear, detailed and informative, and demonstrated the company’s robust approach to its corporate governance practices and disclosures.
5. The judges commended the extensive coverage of internal control and risk management, and how Hysan managed risks to achieve its business objectives. The company showed, by way of a diagram, how it adopted the widely-used framework developed by COSO (the Committee of Sponsoring Organisations of the Treadway Commission in the US) in establishing its internal control environment, performing risk assessments and conducting internal audit.
6. The separate booklet on CSR set out succinctly the company’s framework for managing its corporate responsibilities and highlighted Hysan’s commitment in respect of community, environment and health and safety issues.

# Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

## PLATINUM AWARD

### Ta Yang Group Holdings Limited

#### Board of Directors:

##### *EXECUTIVE*

Huang Sheng-Shun (Chairman)  
Wu Ih Chen (Chief Executive Officer)  
Wong Tak Leung  
Lin Hung-Ming  
Huang Te-Wei

##### *NON-EXECUTIVE*

Kirk Yang

##### *INDEPENDENT NON-EXECUTIVE*

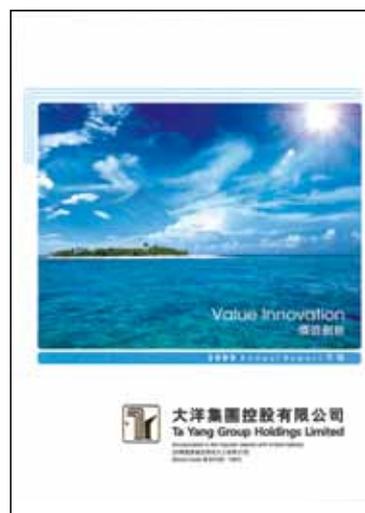
Chuang Hong-Jen  
Hsieh Yu  
Yeung Chi Tat

#### Audit Committee:

Yeung Chi Tat (Chairman)  
Chuang Hong-Jen  
Hsieh Yu

#### Auditors:

Shinewing (HK) CPA Limited



## Findings

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1. The judges were impressed by Ta Yang Group Holdings Limited (“Ta Yang”)’s commitment to maintaining a high standard of corporate governance practices. Its corporate governance report, which included a chart showing the company’s corporate governance structure with details of relevant committees and reporting lines, was concise and engaged readers’ interest.
2. The board committee reports were informative, with clear disclosures as to the committees’ responsibilities and work performed during the year. Directors were provided with continuing training. Useful descriptions on the company’s approach in relation to the community, as well as environmental and safety measures, were included in the corporate governance report.
3. The judges acknowledged the company’s efforts in producing a helpful risk management section. A good diagram gave a brief overview of the risk management framework and an outline of the risks perceived at strategic, operational and financial levels was provided. The section was straightforward and succinct without sacrificing detail. Major risk factors were identified, and the corresponding impacts and mitigating efforts were disclosed.
4. The remuneration policy and the components of remuneration of the directors and senior management were candidly disclosed in the Remuneration Committee Report, in the form of a table. This reflected Ta Yang’s commitment to adopting a transparent governance culture within the company.
5. The judges also commented on the informative commentary on the company’s sales by product. The “Business Review & Outlook” section explained clearly how the company performed during the global financial crisis.
6. The judges commended the report for establishing a good role model for mid-small cap companies and for maintaining good quality and high standards, notwithstanding the challenging business environment.

# Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category

**GOLD AWARD**

## CIMC Enric Holdings Limited

### Board of Directors:

#### *EXECUTIVE*

Zhao Qingsheng (Chairman)  
Gao Xiang (General Manager)  
Jin Jianlong  
Yu Yuqun

#### *NON-EXECUTIVE*

Jin Yongsheng  
Petrus Gerardus Maria van der Burg

#### *INDEPENDENT NON-EXECUTIVE*

Wong Chun Ho  
Gao Zhengping  
Tsui Kei Pang

### Audit Committee:

Wong Chun Ho (Chairman)  
Gao Zhengping  
Tsui Kei Pang

### Auditors:

KPMG



## Findings

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1. The judges were pleased to find that CIMC Enric Holdings Limited (“CIMC”) presented its business and corporate governance practices clearly and concisely in its annual report. It was noted that CIMC is a relatively recently listed company (listed in 2006) with business interests in the energy, chemical and liquid food industries.
2. The company’s corporate governance report was quite extensive, outlining relevant board policies and decisions reserved to the board, and the procedures for the handling and dissemination of price-sensitive information. A model code on directors’ dealings had been adopted and similar guidelines were also provided to staff. The work of board committees was disclosed and explanations were given of the company’s financial reporting and internal controls. The judges commented positively on the practice of providing the executive directors with financial and operational information, and analytical review reports, on a monthly basis.
3. The high-quality MD&A struck a good balance between detail and readability. The judges were impressed with the macro view presented by CIMC in the “Industry Overview” section, where the economic and industry backdrop was described at some length. The graphic illustration helped readers to better understand the company’s operations and performance.
4. The judges welcomed generally the scope of voluntary disclosures made by the company, including those relating to communication with shareholders, shareholder’s rights and investor relations, which enhanced the transparency of the company’s governance.
5. The judges concluded that CIMC’s performance in its presentation and disclosure of corporate governance information in its annual report was good overall. While additional information on risk management and CSR would have been useful, the effort made by CIMC to establish a sound corporate governance culture within the company deserved the encouragement that an award should help to provide.

## H-share Category

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### DIAMOND AWARD

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## China Shenhua Energy Company Limited

### Board of Directors:

#### *EXECUTIVE*

Zhang Xiwu (Chairman)

Ling Wen (President)

#### *NON-EXECUTIVE*

Zhang Yuzhuo

Han Jianguo

#### *INDEPENDENT NON-EXECUTIVE*

Huang Yicheng

Neoh Anthony Francis

Chen Xiaoyue

Gong Huazhang

### Audit Committee:

Chen Xiaoyue (Chairman)

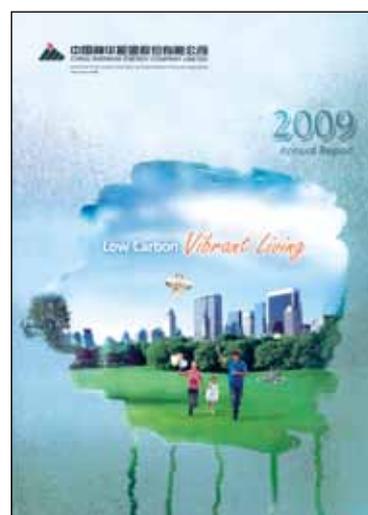
Neoh Anthony Francis

Huang Yicheng

Gong Huazhang

### Auditors:

KPMG



## Findings

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1. The judges applauded the 2009 annual report of China Shenhua Energy Company Limited (“Shenhua”), as being the best in this competitive category. All essential elements were well presented in the report and there was a very good quality corporate governance report.
2. Areas of reporting that were highlighted for particular praise included the information on board structure and functioning, the strong INED involvement and clear presentation of operating and financial performance. The report also contained useful additional information, such as resolutions passed at board committee meetings, in an easily understandable tabular form, and a summary of the performance of various board committees.
3. The MD&A, as set out in the directors’ report, was comprehensive and covered thoroughly the company’s operating conditions in 2009 and business plans for 2010, a review of the operating results by business segments, as well as the major risk exposures of the company and their effects. This provided stakeholders with essential information in assessing the future outlook for the company.
4. Shenhua indicated its commitment to developing a sound internal control system in order to enhance its operational efficiency and mitigate operational risks, by engaging external consultants to verify its self-assessment report. Major risk exposures and their effects were clearly set out in the report.
5. The judges noted the company’s worthy efforts to disclose information on investor relations and on its share price performance against the local stock market index. The measures taken to improve investor relations were also discussed.

### CSR reporting

6. Shenhua’s separate CSR report clearly stood out as one of the best CSR reports amongst the short-listed companies. It impressed the judges with its comprehensiveness, including a good coverage of major areas like operation, production safety, environmental protection, innovation/technology and social appraisal. A number of case studies and examples of CSR activities were also included.
7. Performance on social responsibility was measured against key performance indicators, with other additional metrics throughout the report. There were substantial details about measures taken to improve CSR. The report was compiled with reference to the GRI’s “G3 Sustainable Development Reporting Guidelines”, as well as the relevant disclosure recommendations of the Shanghai Stock Exchange guidelines.
8. The assurance report served as a strong confirmation from an external party of the standard and credibility of the report. The feedback sheet provided at the end of the report demonstrated the company’s eagerness to continuously improve its reporting. It was noted that Shenhua had gained recognition and other awards for its efforts and achievements in the area of CSR.

## H-share Category

### PLATINUM AWARD

## Industrial and Commercial Bank of China Limited

### Board of Directors:

#### EXECUTIVE

Jiang Jianqing (Chairman)  
 Yang Kaisheng (Vice Chairman and President)  
 Zhang Furong

#### NON-EXECUTIVE

Huan Huiwu  
 Gao Jianhong  
 Li Chunxiang  
 Li Jun  
 Li Xiwen  
 Wei Fusheng

#### INDEPENDENT NON-EXECUTIVE

Leung Kam Chung Antony  
 Qian Yingyi  
 Xu Shanda  
 Wong Kwong Shing Frank  
 Malcolm Christopher McCarthy  
 Kenneth Patrick Chung

### Audit Committee:

Xu Shanda (Chairman)  
 Leung Kam Chung Antony  
 Qian Yingyi  
 Wong Kwong Shing Frank  
 Li Jun  
 Wei Fusheng

### Auditors:

Ernst & Young



## Findings

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1. The 2009 annual report of Industrial and Commercial Bank of China Limited (“ICBC”) was informative, eloquent and easy to follow. The corporate governance report was enlightening and effectively-presented, containing, amongst other information, a useful chart that provided readers with an overview of the bank’s corporate governance framework. A report from the board of supervisors was also included.
2. The judges found the MD&A section to be multi-dimensional and insightful, providing a good overview of the business, financial, and risk management of ICBC. A comprehensive commentary on the economic, financial and regulatory environment was also included. The analysis was supported by market indicators and quantitative information, and was effectively illustrated with graphs, tables and ratios.
3. Disclosure of information of strategic investor relations and shareholders’ meetings was useful to shareholders and stakeholders, evidencing the bank’s commitment in this area.
4. The coverage on risk management in the report highlighted the governance structure in terms of the risk management system and the improvement in the risk management capacity of the bank. Identification of the various types of risk inherent in the bank’s business activities was comprehensively set out and matched by a detailed description of the bank’s control measures.
5. ICBC’s policy and performance in relation to its social responsibilities were presented in a well-ordered fashion and covered economic, environmental and social performance. It was noted that the bank had received recognition and other awards for its commitment and quality work in this area.

## H-share Category

### GOLD AWARD

## China Telecom Corporation Limited

### Board of Directors:

#### EXECUTIVE

Wang Xiaochu (Chairman)  
 Shang Bing (President)  
 Wu Andi  
 Zhang Jiping  
 Zhang Chenshuang  
 Yang Xiaowei  
 Yang Jie  
 Sun Kangmin

#### NON-EXECUTIVE

Li Jinming

#### INDEPENDENT NON-EXECUTIVE

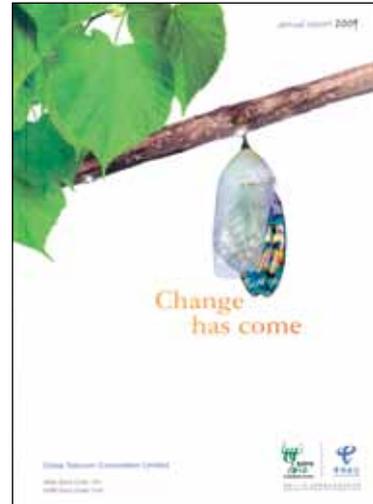
Wu Jichuan  
 Qin Xiao  
 Tse Hau Yin Aloysius  
 Cha May Lung Laura  
 Xu Erming

### Audit Committee:

Tse Hau Yin Aloysius (Chairman)  
 Wu Jichuan  
 Qin Xiao  
 Xu Erming

### Auditors:

KPMG



## Findings

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1. The judges appreciated the quality and innovative presentation of the 2009 annual report of China Telecom Corporation Limited (“China Telecom”). The report was well structured with an organised layout.
2. China Telecom demonstrated good disclosures in terms of the company’s corporate governance statement and practices. Disclosures on the overall structure of its corporate governance, including committees, risk management, internal controls and related assessments/evaluations were very informative and transparent.
3. The “Business Review” section provided comprehensive information on the key operating performance, business operating strategies and operating plans for 2010.
4. The judges also commended the high priority China Telecom gave to ensuring effective internal control systems. This included its monitoring of the implementation of such systems through a five-step risk management approach and its annual internal control evaluation. The risk management policies and strategies of the company were clearly set out. The strength of these disclosures helped readers to gauge the effectiveness of the company’s risk management approach.
5. The company’s CSR report contained within the annual report reflected China Telecom’s positive efforts in promoting environmental protection and social development.

## H-share Category

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### SPECIAL MENTION

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## China Life Insurance Company Limited

### Board of Directors:

#### EXECUTIVE

Yang Chao (Chairman)

Wan Feng (President)

Lin Dairen

Liu Yingqi

#### NON-EXECUTIVE

Miao Jianmin

Shi Guoqing

Zhuang Zuojin

#### INDEPENDENT NON-EXECUTIVE

Sun Shuyi

Ma Yongwei

Sun Changji

Bruce Douglas Moore

### Audit Committee:

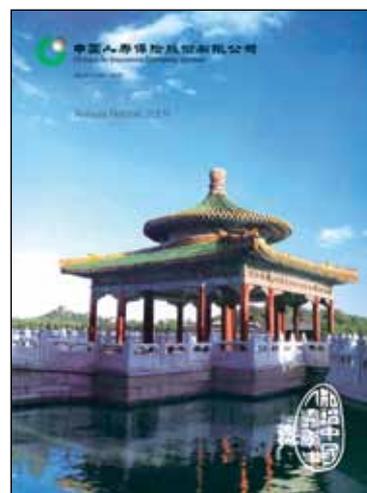
Bruce Douglas Moore (Chairman)

Sun Changji

Sun Shuyi

### Auditors:

PricewaterhouseCoopers



## Findings

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1. The 2009 annual report of China Life Insurance Company Limited (“China Life”) was considered by the judges to be a well-balanced report with good quality disclosures on corporate governance. It provided comprehensive information about the operations and activities of China Life, one of the largest life insurance companies in China.
2. The corporate governance report indicated that the company has consistently complied with or even exceeded the Code for listed companies in Hong Kong. Attendance at board and board committee meetings was disclosed in detail and the structures and responsibilities of the board and its committees, as well as details of, and criteria for, the appointments of board members, were fully revealed. The company’s initiatives and specific improvements in 2009 have clearly contributed to a rise in China Life’s overall corporate governance standard.
3. The judges acknowledged the disclosures on risk management, which highlighted key risks and their potential impact on the company’s future development strategy, the mitigation actions taken, and the information on internal controls. The company’s own assessment of its internal supervision and control was also well documented.
4. The judges also commented favourably on the disclosures in relation to remuneration, which included the remuneration of the senior management on a named basis. For the future, they indicated that more coverage of CSR issues would be useful.

## Public Sector/Not-for-profit Category

### PLATINUM AWARD

## Airport Authority Hong Kong

### The Board:

#### EXECUTIVE

Stanley Hui Hon-chung, *JP* (Chief Executive Officer)

#### NON-EXECUTIVE

Secretary for Financial Services and the Treasury

– The Hon K C Chan, *SBS, JP*

Secretary for Transport and Housing

– The Hon Eva Cheng, *JP*

Director-General of Civil Aviation

– Norman Lo Shung-man, *JP*

#### INDEPENDENT NON-EXECUTIVE

The Hon Marvin Cheung Kin-tung, *GBS, OBE, JP*  
(Chairman)

The Hon Chan Kam-lam, *SBS, JP*

The Hon Vincent Fang Kang, *SBS, JP*

He Guangbei, *JP*

The Hon Albert Ho Chun-yan

The Hon Raymond Ho Chung-tai, *SBS, JP*

Benjamin Hung Pi-cheng

Edmund Leung Kwong-ho, *SBS, OBE, JP*

Andrew Liao Cheung-sing, *GBS, JP*

Lo Ka-shui, *GBS, JP*

Allan Wong Chi-yun, *GBS, MBE, JP*

Wilfred Wong Ying-wai, *SBS, JP*



### Audit Committee and Finance Committee:

He Guangbei, *JP* (Chairman)

Secretary for Financial Services and the Treasury

The Hon Vincent Fang Kang, *SBS, JP*

The Hon Albert Ho Chun-yan

Benjamin Hung Pi-cheng

Wilfred Wong Ying-wai, *SBS, JP*

### Auditors:

KPMG

## Findings

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1. Airport Authority Hong Kong (“AAHK”)’s annual report was considered by the judges to be a very well-written report with the readers’ interests in mind. The judges praised AAHK’s strong corporate governance culture, as indicated in its high quality corporate governance report. Its voluntary application of the principles and guidelines set out in the Code applicable to listed companies impressed the judges. The annual report made good use of comprehensible diagrams to illustrate AAHK’s governance structure and approval and reporting protocols.
2. The descriptions of the board structure and the various board committees, together with their roles and responsibilities, were concise and informative. The balance between the board and executive management, which was a feature often overlooked in governance reports, was clearly explained. The ethical culture was also discussed, which was illustrated by a simple but impressive diagram showing an “ethics pyramid”. With this emphasis and good practices, such as a formal whistle-blowing policy, AAHK set a good example for public sector entities in relation to organisational conduct.
3. The judges commended the core values set out at the beginning of the annual report for their scope and relevance to the key aspects of the services provided by AAHK. The thoroughness of the long-range, twenty-year development plan was also noteworthy. The business review was extensive and well presented, in the form of charts, graphs and tables, together with a comparison with other airports on freight and passenger throughput, and the outcome of a customer satisfaction survey.
4. The disclosures in, and design of, the annual report helped to reinforce the “Green Airport” message. The CSR report, which focused on emissions, energy saving and community service was well presented with a strong appeal. The boxes describing the major green measures implemented by AAHK, appearing at the beginning of each section of the annual report, were reader-friendly and gave insights into AAHK’s efforts to monitor energy efficiencies and implement other green projects.

## Public Sector/Not-for-profit Category

### GOLD AWARD

## Mandatory Provident Fund Schemes Authority

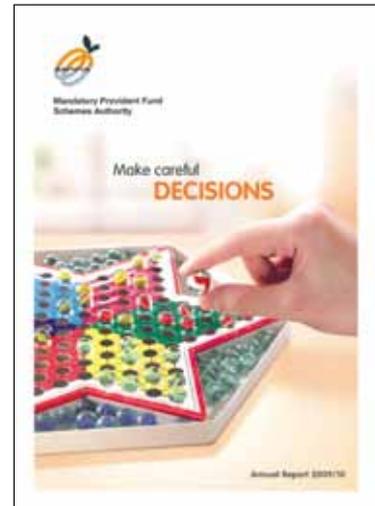
### The Board:

#### EXECUTIVE

Diana Chan Tong Chee-ching, *JP*  
 (Deputy Chairman and Managing Director)  
 Henden Yu, *JP*  
 Darren Mark McShane  
 Thomas Yiu Kei-chung  
 Cynthia Hui Wai-yee

#### NON-EXECUTIVE

The Hon Anna Wu Hung-yuk, *SBS, JP* (Chairman)  
 Leo Kung Lin-cheng, *JP*  
 Angelina Lee Wong Pui-ling, *JP*  
 David Sun Tak-kei, *BBS, JP*  
 The Hon Wong Ting-kwong, *BBS, JP*  
 The Hon Li Fung-ying, *BBS, JP*  
 The Hon Andrew Leung Kwan-yuen, *SBS, JP*  
 The Hon Wong Kwok-kin, *BBS*  
 Rimsky Yuen Kwok-keung  
 Secretary for Financial Services and the Treasury  
 - The Hon K C Chan, *SBS, JP*  
 Secretary for Labour and Welfare  
 - The Hon Matthew Cheung Kin-chung, *GBS, JP*  
 Edward Chan King-sang, *JP*



### Audit Committee:

Angelina Lee Wong Pui-ling, *JP* (Chairman)  
 David Sun Tak-kei, *BBS, JP*  
 The Hon Wong Ting-kwong, *BBS, JP*  
 The Hon Wong Kwok-kin, *BBS*

### Auditors:

Deloitte Touche Tohmatsu

## Findings

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1. The judges considered that the 2009/10 annual report of the Mandatory Provident Fund Schemes Authority (“MPFA”) was a thoughtful report, with the interest of readers at the forefront. It was succinct, clear and organised in categories that enhanced readability.
2. The scope of the corporate governance section included extensive coverage of the structure and work of the board and its committees, other matters relating to accountability and transparency, as well as internal controls and independent checks and balances. It also contained a table setting out the MPFA’s performance pledges and disclosures of major achievements and future follow-up actions. The organisation structure was a good addition. All these reflected the importance placed on good corporate governance practices by MPFA.
3. The business review section clearly explained different business operations, such as the action taken on refining the regulatory framework, protecting the interests of scheme members, supervising the industry, educating the public and other community activities. The judges appreciated the division of the business operations by key objectives as being thorough and helpful to readers. The highlights at the beginning of each section served as good executive summaries. There were a number of statistics which were well selected and effectively presented.
4. Overall, the judges considered that MPFA demonstrated a laudable commitment to good corporate governance practices and disclosure, while suggesting that, for future reference, further analysis of the financial performance and disclosures in relation to remuneration would be helpful.

## Public Sector/Not-for-profit Category

### SPECIAL MENTION

#### Securities and Futures Commission

##### The Board:

###### EXECUTIVE

Martin Wheatley, *JP* (Chief Executive Officer)  
 Brian Ho  
 Paul Kennedy  
 Alexa Lam (Deputy Chief Executive Officer)  
 Keith Lui  
 Mark Steward

###### NON-EXECUTIVE

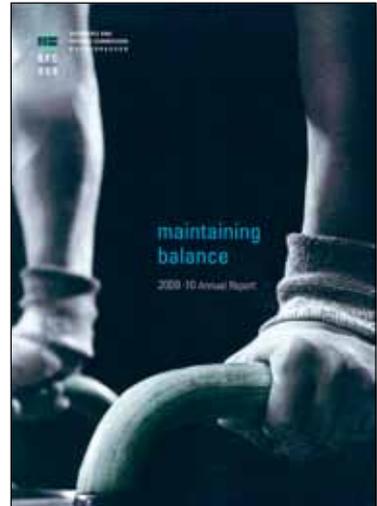
Eddy C Fong, *GBS, JP* (Chairman)  
 The Hon Chan Kam-lam, *SBS, JP*  
 Kenneth H W Kwok, *BBS, JP*  
 Lawrence Lee, *JP*  
 Angelina P L Lee, *JP*  
 Liu Pak Wai, *SBS, JP*  
 Wong Kai-man, *BBS, JP*  
 Shengman Zhang  
 Christopher W C Cheng, *GBS, JP*  
 York Liao, *SBS, JP*

##### Audit Committee:

Angelina P L Lee, *JP* (Chairman)  
 Kenneth H W Kwok, *BBS, JP*  
 Liu Pak Wai, *SBS, JP*  
 Shengman Zhang

##### Auditors:

KPMG



## Findings

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1. The 2009/10 annual report of the SFC was well-organised and informative. The judges welcomed the fact that, as a securities regulator in one of the world's major financial markets, the SFC set a high standard of corporate governance reporting and practices.
2. The corporate governance section of the annual report clearly explained the SFC's governance processes, with the framework of control summarised in a simple but effective diagram, and a table presenting the membership of and the work performed by its major committees and panels. The section on checks and controls was well laid out and it was noted that an independent Process Review Panel reviewed the SFC's internal operational procedures and determined whether these procedures had been followed consistently. The extensive statistical comparisons of the SFC's performance over the past three years provided clear and concise summaries highlighting the SFC's achievements.
3. The operation review provided a good overview of various aspects of the work undertaken by the SFC in discharging its duties and fulfilling its functions.
4. The SFC's strong corporate sustainability disclosure was highlighted by its impressive overview of the regulator's contribution to the community and the environment, as well as the attention it has given to its staff and their development.
5. The judges commended the statements by the chairman and CEO, which highlighted the governance philosophy and framework of the SFC to its stakeholders. The use of gymnastics to illustrate the functions and performance of the SFC was novel and interesting. The judges indicated that further analysis and discussion of the SFC's financial performance would be welcomed.

# Judges and Reviewers

The Institute would like to express its appreciation to the judges and reviewers for their invaluable contributions in assessing, analysing and judging the entries in the 2010 BCGDA.

## Judging Panel

Chairman: Wilson Fung, President, HKICPA

Members: April Chan, The Hong Kong Institute of Chartered Secretaries

Chris Chan, Cornell University

Eva Chan, Hong Kong Investor Relations Association

Jeffrey Chan, Hong Kong Securities Association Ltd.

Colin Chau, Hong Kong Exchanges and Clearing Ltd.

Chew Fook Aun, Vice President and Chairman of Professional Accountants in Business Leadership Panel, HKICPA

Ping Chew, Standard & Poor's

Ada Chung, Companies Registry

Cynthia Hui, MPF Schemes Authority

P M Kam, Financial Reporting Council

Karen Kemp, Hong Kong Monetary Authority

Desmond Ng, Hong Kong Investment Funds Association

R I (Bob) Tricker, The University of Hong Kong, Hong Kong Baptist University and The Open University of Hong Kong

Kelvin Wong, The Hong Kong Institute of Directors

S F Wong, Hong Kong Securities Institute

Secretary: Peter Tisman, Director, Specialist Practices, HKICPA

## Review Panel

Chairman: Keith Pogson, Ernst & Young

Members: **Quality Review**

Derek Broadley, Deloitte Touche Tohmatsu

Clement Chan, BDO Ltd.

Raymond Cheng, HLB Hodgson Impey Cheng

Stella Choy, KLC Kennic Lui & Co.

Peter Greenwood, The Hong Kong Institute of Chartered Secretaries

Elsa Ho, Mazars CPA Ltd.

Stephen Lee, KPMG

Charles Lo, Charles Lo & Co.

Patrick Rozario, Grant Thornton

Martin Siu, The Treasury

Loren Tang, KPMG

Sean Tuckfield, PricewaterhouseCoopers

Thomas Wong, Nexia Charles Mar Fan & Co.

**Compliance Review**

Stephen Chan, BDO Ltd.

Brian Chu, HLB Hodgson Impey Cheng

Albert Chui, Wong Brothers & Co., CPA

Ernest Lee, Ernst & Young

Ruby Leung, KLC Kennic Lui & Co.

Vivian Siu, KPMG

Winnie Yu, Grant Thornton

Secretary: Sharon Yeung, Associate Director, Specialist Practices, HKICPA

# Supporting Organisations

The Institute would like to thank the following supporting organisations of the BCGDA (in alphabetical order):

BDO Ltd.	Companies Registry
Charles Lo & Co.	Financial Reporting Council
Deloitte Touche Tohmatsu	Financial Services and the Treasury Bureau
Ernst & Young	Hong Kong Exchanges and Clearing Ltd.
Grant Thornton	Hong Kong Investment Funds Association
HLB Hodgson Impey Cheng	Hong Kong Investor Relations Association
KLC Kennic Lui & Co.	Hong Kong Monetary Authority
KPMG	Hong Kong Securities Association Ltd.
Mazars CPA Ltd.	Hong Kong Securities Institute
Nexia Charles Mar Fan & Co.	Securities and Futures Commission
PricewaterhouseCoopers	The Hong Kong Institute of Chartered Secretaries
Standard & Poor's	The Hong Kong Institute of Directors
Wong Brothers & Co., CPA	The Treasury

The Institute would also like to thank the Professional Accountants in Business Leadership Panel and its Awards Organising Committee for continuing to develop the Awards programme and organising the 2010 BCGDA and related events.

## Organising Committee for the Awards

Stephen Law, Chairman  
Derek Broadley  
Susanna Chiu  
Horace Ma  
Patrick Rozario  
Kim Man Wong  
Lesley Wong  
Peter Tisman

Sharon Yeung, Secretary, HKICPA

## Professional Accountants in Business Leadership Panel

Chew Fook Aun, Chairman  
Derek Broadley  
Cheng Kin Chung  
Susanna Chiu  
Eric Fok  
Kantstant Fung  
Ben Ho  
George Hongchoy  
Stephen Law  
William Lo  
Guy Look  
Horace Ma  
Anthony Ng  
Donald Roberts  
Patrick Rozario  
Alec Tong  
Alan Wong  
Kim Man Wong  
Lesley Wong  
Edward Yuen  
Wendy Yung

Peter Tisman, Secretary, HKICPA

# Best Corporate Governance Disclosure Awards Results 2000 to 2009

<b>2000</b>	<b>Grand Award</b>	HSBC Holdings plc
	<b>Hang Seng Index Category</b>	
	Diamond	HSBC Holdings plc
	Platinum	CLP Holdings Limited
	Gold	Hang Seng Bank Limited
	Special Mention	Johnson Electric Holdings Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Kerry Properties Limited
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Mass Transit Railway Corporation
Platinum	Kowloon-Canton Railway Corporation	
<b>2001</b>	<b>Grand Award</b>	HSBC Holdings plc
	<b>Hang Seng Index Category</b>	
	Diamond	HSBC Holdings plc
	Platinum	CLP Holdings Limited
	Gold	Hysan Development Company Limited
	Special Mention	MTR Corporation Limited
	Special Mention	Hang Seng Bank Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Tai Fook Securities Group Limited
	Platinum	Hsin Chong Construction Group Limited
Gold	Kerry Properties Limited	
<b>Public Sector/Not-for-profit Category</b>		
Diamond	Airport Authority Hong Kong	
Platinum	Securities and Futures Commission	
Gold	Kowloon-Canton Railway Corporation	
<b>2002</b>	<b>Significant Improvement Award</b>	Li & Fung Limited
	<b>Hang Seng Index Category</b>	
	Diamond	HSBC Holdings plc
	Platinum	CLP Holdings Limited
	Gold	Li & Fung Limited
	Special Mention	Swire Pacific Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Kerry Properties Limited
	Platinum	Hsin Chong Construction Group Limited
	Gold	Tai Fook Securities Group Limited
<b>Public Sector/Not-for-profit Category</b>		
Diamond	Airport Authority Hong Kong	
<b>2003</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Li & Fung Limited
	Significant Improvement Award	COSCO Pacific Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Hong Kong Exchanges and Clearing Limited
	Platinum	Standard Chartered PLC
	Gold	Kerry Properties Limited
	Special Mention	Media Partners International Holdings Inc.
<b>Public Sector/Not-for-profit Category</b>		
Diamond	Securities and Futures Commission	
Platinum	Airport Authority Hong Kong	
Gold	Kowloon-Canton Railway Corporation	

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<b>2004</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Li & Fung Limited
	Significant Improvement Award	Johnson Electric Holdings Limited
	Significant Improvement Award	PCCW Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Hong Kong Exchanges and Clearing Limited
	Platinum	Hysan Development Company Limited
	Gold	Standard Chartered PLC
	Significant Improvement Award	Hong Kong Exchanges and Clearing Limited
	<b>Growth Enterprise Market Category</b>	
	Diamond	Media Partners International Holdings Inc.
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong
	Platinum	Securities and Futures Commission
	Gold	Hong Kong Chinese Orchestra Limited

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<b>2005</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Li & Fung Limited
	Special Mention	MTR Corporation Limited
	Special Mention	Swire Pacific Limited
	Significant Improvement Award	Hutchison Whampoa Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Hong Kong Exchanges and Clearing Limited
	Platinum	Hysan Development Company Limited
	Gold	Standard Chartered PLC
	Significant Improvement Award	Standard Chartered PLC
	<b>Growth Enterprise Market Category</b>	
	Diamond	Media Partners International Holdings Inc.
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong
	Platinum	Securities and Futures Commission

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<b>2006</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Li & Fung Limited
	Special Mention	BOC Hong Kong (Holdings) Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Standard Chartered PLC
	Platinum	Hong Kong Exchanges and Clearing Limited
	Gold	Hysan Development Company Limited
	<b>H-share Companies Category</b>	
	Diamond	Jiangsu Expressway Company Limited
	Platinum	Shenzhen Expressway Company Limited
	Gold	Datang International Power Generation Company Limited
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong
	Platinum	Securities and Futures Commission

<b>2007</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Hong Kong Exchanges and Clearing Limited
	Special Mention	MTR Corporation Limited
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Standard Chartered PLC
	Platinum	Hysan Development Company Limited
	Gold	Transport International Holdings Limited
	Significant Improvement Award	Agile Property Holdings Limited
	<b>H-share Category</b>	
	Diamond	Shenzhen Expressway Company Limited
	Platinum	Jiangsu Expressway Company Limited
	Gold	China Shenhua Energy Company Limited
	Special Mention	Huaneng Power International, Inc.
	<b>Growth Enterprise Market Category</b>	
	Commendation	Global Digital Creations Holdings Limited
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong
	Platinum	Securities and Futures Commission

<b>2008</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	HSBC Holdings plc
	Gold	Hong Kong Exchanges and Clearing Limited
	Significant Improvement Award	Bank of Communications Co., Ltd.
	<i>(Hang Seng Index/H-share Category)</i>	
	<b>Non-Hang Seng Index Category</b>	
	Diamond	Hysan Development Company Limited
	Platinum	Standard Chartered PLC
	Gold	Transport International Holdings Limited
	<b>H-share Category</b>	
	Diamond	Shenzhen Expressway Company Limited
	Platinum	Jiangsu Expressway Company Limited
	Gold	Industrial and Commercial Bank of China Limited
	Special Mention	China Construction Bank Corporation
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong
	Platinum	Securities and Futures Commission

<b>2009</b>	<b>Hang Seng Index Category</b>	
	Diamond	CLP Holdings Limited
	Platinum	Hong Kong Exchanges and Clearing Limited
	Gold	HSBC Holdings plc
	Special Mention	MTR Corporation Limited
	<b>Non-Hang Seng Index (Large Market Capitalisation) Category</b>	
	Platinum	Standard Chartered PLC
	Gold	Hysan Development Company Limited
	Significant Improvement Award	Alibaba.com Limited
	<b>Non-Hang Seng Index (Mid-to-small Market Capitalisation) Category</b>	
	Platinum	Sa Sa International Holdings Limited
	Gold	Ta Yang Group Holdings Limited
	Special Mention	Clear Media Limited
	<b>H-share Category</b>	
	Platinum	Industrial and Commercial Bank of China Limited
	Gold	China Merchants Bank Co., Ltd.
	Gold	Jiangsu Expressway Company Limited
	<b>Public Sector/Not-for-profit Category</b>	
	Diamond	Airport Authority Hong Kong



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