



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

Dear Assignment/News/Business Editor

Best Corporate Governance Disclosure Awards 2013 Invites Entries

Continued global market volatility and increasing competition for Hong Kong's capital market highlights need for strong governance and disclosure

(HONG KONG, 4 July 2013) — The Hong Kong Institute of Certified Public Accountants today called for entries to the 2013 Best Corporate Governance Disclosure Awards, now in its 14th year. As the most prestigious benchmark of Hong Kong's corporate governance standards, the awards come at an opportune time to reflect on the disclosure practices and standards of Hong Kong-listed companies and how they impact the increasing competition for business from other capital markets. The deadline for entries is 13 August 2013.

Susanna Chiu, president of the Institute, says, "The Institute is celebrating its 40th anniversary this year and we have been championing good corporate governance for around half of that time. We were among the first to recognize the importance of good governance to the future success of Hong Kong's capital markets."

While corporate governance regulation has made enormous progress since that time, today we face other challenges – a turbulent global economy, volatile markets and fragile investor confidence. In this environment, good governance, an ethical business culture, transparency in corporate reporting and effective communication with stakeholders, are as important as they have ever been to retaining Hong Kong's competitive edge as a magnet for new listings and fund-raising, she adds.

In recent years, Hong Kong's competitive position has been contested by other markets in the region seeking to develop their own capital-raising abilities and corporate governance rankings. The BCGD Awards 2013 will help Hong Kong take stock of how it has been doing and where improvements may still need to be made.

This year, there are approximately 20 possible awards to give out in five award categories: Hang Seng Index (HSI)-constituent companies, non-HSI-constituent companies (large market capitalization), non-HSI-constituent companies (mid-to-small market capitalization), H-share companies and other Mainland enterprises, and public sector and not-for-profit organizations.

"Disclosure in critical areas of good governance is the key to success in the competition and companies looking to list in Hong Kong should understand that this is what can give them a competitive advantage over their rivals. These areas include: board structure and operation, risk management and internal control, corporate strategy, reporting of performance against objectives, sustainability and social responsibility reporting, and discussion of future business prospects," says Chiu.

The awards organizing committee reviews the criteria each year to take into account changes in regulations and other developments in corporate governance standards.

Patrick Rozario, chairman of the Best Corporate Governance Disclosure Awards 2013 organizing committee says, "The stock exchange's most recent iteration of the corporate governance code and related disclosures in the corporate governance report, were implemented last year and, this year, the judges are expected to take a closer look at whether the latest annual reports reflect the spirit of these new requirements."

The judges and reviewers are to look at whether boards really take responsibility for the companies' corporate governance. They will evaluate the "tone at the top", including: how the participation of independent directors on the board has been expanded, the explanations given of the policies and work of remuneration and nomination committees, how companies generate value over the longer term, whether boards are being given sufficient timely information to discharge their duties, and whether audit committees are ensuring that safe channels are in place for employees and others to report on corporate irregularities, he explains.

There are specific awards for sustainability and social responsibility reporting in the 2013 competition, so the stock exchange's recommended best practice for environmental, social and governance reporting will be another good reference. More emphasis will also be placed on board diversity, in terms of directors' gender, age, cultural and educational background, and professional experience. This anticipates the new code provision on board diversity, which comes into effect in September of 2013. Research indicates that diversity in the boardroom promotes effective decision-making, better governance and monitoring, adds Rozario.

The entrants are judged by their latest published annual report for financial years ending between 1 April 2012 and 31 March 2013 for the listed companies categories; and between 31 December 2011 and 31 March 2013 for the public sector and not-for-profit category.

In the initial screening for the awards, annual reports that do not meet certain minimum standards are excluded at an early stage. Among the reasons for falling at the first hurdle are that a company's shares have been suspended for a prolonged period or the company has failed to meet reporting deadlines. Companies that have minimal disclosure in key areas of good governance are excluded at this stage.

As in previous years, there are diamond, platinum and gold awards in each category. There are also significant improvement awards for companies and organizations showing substantial improvements in corporate governance standards and awards for sustainability and social responsibility reporting. The judges may also award special mentions and commendations for other worthy annual reports.

More than 200 annual reports are reviewed every year.

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

Information on the awards is available on the Institute website at www.hkicpa.org.hk.

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Editor's Note

About the Best Corporate Governance Disclosure Awards

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 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 more than 35,000 members and 17,000 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.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance - an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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