



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

Best Corporate Governance Disclosure Awards 2014

Intense competition and increased stringency lead to fewer top awards while first-time winners reflect new dimensions in corporate governance disclosure

(HONG KONG, 21 November 2014) — The Hong Kong Institute of Certified Public Accountants announced today the results of the Best Corporate Governance Disclosure Awards 2014.

Consistent winner, CLP Holdings Limited was the only diamond award winner in this year's competition. Every awards category saw more than one platinum or gold winner — a sign that this is one of the most competitive years ever. At the same time, the 2014 Awards identified new awardees, including Hong Kong Productivity Council and Vtech Holdings Limited, adding new dimensions to corporate reporting.

The judges decided to withhold the diamond award, the highest honour, in four out of five categories: non-HSI large market capitalisation, non-HSI mid-to-small market capitalisation, H-share companies and other Mainland enterprises, and the public sector / not-for-profit. Short-listed companies in these categories could further improve their adoption of best practices and the highest standards in corporate governance disclosure, according to the judges.

"This year, we refined the marking scheme based on the revised Corporate Governance Code and, in particular, the new requirements on board diversity," says Patrick Rozario, chairman of the awards organising committee. "The judges have looked for evidence of how the listed companies have made meaningful voluntary disclosures now that the baseline has been raised with the implementation of the revised Corporate Governance Code."

The judges are pleased to see companies embracing the new corporate governance standards and they welcome the fact that more companies are acknowledging the benefits of considering diversity in the nomination of new directors. Companies have also started to take into account sustainability and social responsibility considerations in their business strategy and operations and more companies are taking note of Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide, adds Rozario.

The Stock Exchange launched a public consultation in July to strengthen the code requirements on internal controls and risk management. The reviewers' and judges' assessments looked at companies and public sector organisations to see if they clearly delineated the roles and responsibilities of the board and board committees, the management and internal audit functions, in terms of the risk management and internal control systems.

Kim Man Wong, chairman of professional accountants in business leadership panel of the Institute said that earlier this year the Institute published, through the panel he chairs, *A Guide on Better Corporate Governance Disclosure*. The guide, a good point of reference for the Awards' reviewers and judges, aims to encourage meaningful reporting by Hong Kong-listed companies, under the revised Corporate Governance Code of the Hong Kong Stock Exchange's listing rules.

"This year, the best companies are making frank disclosures not only about the positives but also about areas where they need to improve. They are able to benchmark their corporate performance against the latest standards in Hong Kong and internationally," Wong continues.

Clement Chan, president of the Institute and chairman of the judging panel says, "The judges were pleased to see that the overall quality of short-listed reports was high, particularly in the HSI, the non-HSI large market capitalisation and the H-share and other Mainland enterprises categories."

Some of the leading companies such as CLP and the Link, have also started to adopt the integrated reporting framework developed by the International Integrated Reporting Council — which aims at improving corporate reporting and encouraging companies to focus on longer-term, more sustainable performance. Furthermore, the Link has a diverse board whose performance was evaluated by external consultants.

The competition has been particularly intense this year with more than one platinum or gold award given out across the five main awards categories, as their corporate governance standards are very close and difficult to differentiate, explains Chan.

HSI category

The HSI category continues to set the pace for Hong Kong's corporate governance standards and CLP Holdings Limited, in particular, has maintained its position as the highest benchmark for Hong Kong companies. CLP has won top honours, the diamond award, for the twelfth successive year, with Hong Kong Exchanges and Clearing Limited and HSBC Holdings plc, both gaining a platinum award. Hang Seng Bank Limited has received a special mention. The judges have also commended CLP's voluntary participation in the pilot scheme for integrated reporting.

Non-HSI large market capitalisation category

In the non-HSI large market capitalisation category, the winners have set excellent examples for their peers to follow and the judges note that the corporate governance standard of the top companies is close. The Hongkong and Shanghai Hotels, Limited, and Hysan Development Company Limited are again the platinum and gold awardees, respectively. The Link Real Estate Investment Trust is another platinum winner, with Prudential plc getting a special mention. The judges have recognized the Link's board composition and governance as well as its corporate social responsibility reporting.

Non-HSI mid-to-small market capitalisation category

There is no diamond or platinum award in the non-HSI mid-to-small market capitalisation category, as while there are companies showing commitment to good corporate governance, whose efforts merit recognition, there still remains much room for improvement in this category generally. The judges have decided SOCAM Development

Limited and Transport International Holdings Limited would both win a gold award, with COSCO International Holdings Limited receiving a special mention.

H-share companies and other Mainland enterprises category

The H-share companies and other Mainland enterprises category have made continued advances in corporate disclosures. An increasing number of these companies are taking into account ESG considerations. Repeat winner Lenovo Group Limited is the highest achiever in this category receiving a platinum award, while China Minsheng Banking Corp. Ltd. and China Merchants Bank Co., Ltd have both received a gold award. First-time recipient COSCO Pacific Limited has been given a special mention.

Public sector / Not-for-profit category

The judges welcome the clear signs of improvement in this category, with more public sector organisations starting to issue CSR / sustainability reports. Regular awardees Securities and Futures Commission and Airport Authority Hong Kong both take a gold award. First-time winner Hong Kong Productivity Council has been presented with a special mention. The judges appreciate the efforts made by the HKPC to increase its transparency by, for example, disclosing the remuneration of its senior management on an individual and named basis, which few of its peers and not many listed companies currently do. In addition, minutes of the HKPC's council and committee meetings were posted on its website.

Sustainability and social responsibility reporting award

This year, the judges, acknowledging the increasing importance placed by businesses and the community on sustainability, have expanded the sustainability and social responsibility reporting award further, by recognizing SSR reporting under the main awards categories. The winner of the award in the HSI category is CLP Holdings Limited, which has the highest standards and has been a winner since the award was introduced three years ago. The company has been a role model for sustainability and social responsibility reporting, as it recognises ESG issues as fundamental drivers of the company's decision-making process and provides extensive and detailed stakeholder-focused information.

Vtech Holdings Limited, which has won the SSR reporting award in the non-HSI large market capitalisation category, is a first-time winner. The Hong Kong and Shanghai Hotels Limited, from non-HSI large market capitalisation category and China Shenhua Energy Company Limited from HSI / H-share and other Mainland enterprises category, meanwhile, have received special mentions for their sustainability and social responsibility reporting.

This year, the judges have recognized companies for the progressive raising of their corporate governance standards, adopting the "provisions" of the revised Code and many, if not most, of the recommended best practices, introducing a board evaluation process, and disclosing more details of the risks that they face and their risk mitigation measures. Meanwhile, the judges have also called for more disclosure of remuneration policy and packages, greater transparency in the nomination and appointment of directors, and concrete information on monitoring the implementation of board diversity policies.

This year, 221 annual reports have been reviewed.

The awards presentation will take place on 24 November, with James Lau, Under Secretary for Financial Services and the Treasury, as the guest of honour.

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

Information on the awards is available on the Institute's 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 37,000 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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