



Dear Assignment/News/Business Editor

Best Corporate Governance Disclosure Awards 2014 Invites entries

***Focus on emerging trends in board diversity, internal control and risk management, and social responsibility.
This year's awards champions better corporate governance disclosure to maintain Hong Kong's competitiveness***

(HONG KONG, 4 July 2014) — The Hong Kong Institute of Certified Public Accountants today invited entries to its 2014 Best Corporate Governance Disclosure Awards, the most prestigious benchmark of Hong Kong's corporate governance standards. The deadline for entries is 14 August 2014.

Institute president Clement Chan, says, the Institute continues to play a leading role in corporate governance advocacy in Hong Kong, as the Best Corporate Governance Disclosure Awards heads into its 15th year.

"Successful capital markets and strong corporate governance go hand in hand; and this in turn affects Hong Kong's competitiveness, so the importance of these awards is clear," he says.

Another of the Institute's initiatives is a new on-line guide to better corporate governance disclosure, which encourages companies to think about the underlying aims and philosophy of key sections in Corporate Governance Code, under the listing rules.

One of the main themes covered in the guide is risk management and internal control and the need to see them as parts of the same picture. The awards has also consistently emphasized the importance of both these elements.

According to Chan, "Good risk management and effective internal control processes and disclosures are indicative of a well-managed company and help give comfort to shareholders and investors that the business is unlikely to face any sudden, unpleasant surprises."

The importance of risk management with internal controls as an integrated part of it has been picked up in the Hong Kong Stock Exchange's latest consultation proposals on revamping the internal control requirements under the Code.

The stock exchange, citing a survey by a reputable accounting firm, indicates that more than 80 percent of institutional investors are willing to pay a premium for companies with good risk management practices and many have passed up on opportunities to invest in companies with insufficient risk management.

This year, the awards will also look into how companies are implementing the new Code provisions on board diversity, which took effect in September last year. The reviewers and judges will consider how companies interpret the requirement for board diversity, and their rationale, in terms of the diversity factors they take into consideration, such as directors' gender, age, cultural and educational background, and professional experience. The quality of the disclosure by companies of their diversity policy will also be relevant.

Environmental and sustainability reporting is receiving greater attention nowadays from the financial community as the HKEx is proposing to turn some of its ESG guidelines from recommended best practices into 'comply or explain' requirements next year. The judging panel will assess whether companies are trying seriously to integrate ESG considerations into their decision-making processes.

Patrick Rozario, chairman of the Best Corporate Governance Disclosure Awards 2014 organizing committee says, "This year, the judges are expected to take a closer look at the extent to which the latest annual reports reflect Hong Kong-listed companies and public sector organizations that are alive to these important emerging trends in corporate governance practices."

The awards organizing committee reviews the criteria each year to take into account changes in regulations and other developments in corporate governance standards. A number of significant changes were made to the Code, in phases during 2012, so some of these are still relatively new and they will continue to be part of the supporting framework for the review process, Rozario adds.

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.

In the public sector and not-for-profit categories, we will continue our efforts to identify good role models among smaller organizations, in order to encourage better corporate governance across the range of organizations in this sector, Chan says.

The entrants are judged by their latest published annual report for financial years ending between 1 April 2013 and 31 March 2014 for the listed companies categories; and between 31 December 2012 and 31 March 2014 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 also 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 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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