



Best Corporate Governance
Disclosure Awards

最佳公司管治資料披露大獎

2002

Judges' Report

Organiser



Hong Kong
Society of
Accountants

HKSA

Best Corporate Governance Disclosure Awards

Award Winners

Significant Improvement Award Li & Fung Limited

Hang Seng Index Category

Diamond	HSBC Holdings plc
Platinum	CLP Holdings Limited
Gold	Li & Fung Limited
Special Mention	Swire Pacific Limited

Non-Hang Seng Index Category

Diamond	Kerry Properties Limited
Platinum	Hsin Chong Construction Group Limited
Gold	Tai Fook Securities Group Limited

Public Sector/Not-for-profit Category

Diamond	Airport Authority Hong Kong
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Objectives

- To promote and encourage good corporate governance disclosure practices in Hong Kong.
- To give recognition to those companies/organisations that demonstrate the best corporate governance practices.

Entries

- Listed companies - Hang Seng Index (HSI)-constituent companies
 - Non-HSI-constituent companies
- Public Sector/Not-for-profit organisations

Review and Judging Procedures

Two levels of review were conducted–

- (i) Compliance Review: focusing on compliance with the mandatory corporate governance disclosure requirements under the Companies Ordinance and the Stock Exchange Main Board or Growth Enterprise Market (GEM) Listing Rules, as appropriate.
- (ii) Quality Review: involving an assessment of the quality and standard of presentation and disclosure of corporate governance information in the annual reports. Where appropriate, other relevant publicly-known information about the companies/organisations was also considered.

The Review Panel reviewed the annual reports of all entrants, and short-listed five annual reports in each category for final judging by the Judging Panel, which then determined the Diamond, Platinum and Gold Award winners in each entry category as well as the Significant Improvement Award winner.

Judging Criteria

- Overall presentation
- Promptness of reporting
- Quality of disclosure of the following information:
 - corporate governance statement
 - capital structure
 - board structure and functioning
 - management discussion and analysis in respect of operating and financial affairs
 - remuneration committee and policy and details of directors' remuneration packages
 - audit committee's composition, role and functioning
 - related party transactions and relationships
 - other voluntary disclosures such as social responsibility and community service
- Compliance with the corporate governance disclosure requirements of the Companies Ordinance and the Stock Exchange Main Board or GEM Listing Rules, as appropriate.
- Ease of identifying compliance information.

Best Corporate

Overall Commentaries

This is the third year of the Hong Kong Society of Accountants' Best Corporate Governance Disclosure Awards. The Society has tried to build on the experience and knowledge gained during previous Awards competitions.

Changes have continued to take place in the field of corporate governance both in Hong Kong and internationally. The 4th Asian Roundtable on Corporate Governance, organised by the OECD, the World Bank Group and the Asian Development Bank, has recently met in Mumbai to carry forward the agenda for the further development of benchmarks for good corporate governance in the region. Among other developments was the publication in the latter part of 2001 of a study by the IFAC Public Sector Committee, entitled *Governance in the Public Sector: A Governing Body Perspective*, which laid down a broad framework for public sector governing bodies. In Hong Kong, meanwhile, in January 2002, the Stock Exchange of Hong Kong undertook a major consultation exercise on proposed changes to the Listing Rules relating to corporate governance issues. In February 2002, the Society published an updated guidance on audit committees called *A Guide for Effective Audit Committees* which started from the premise that audit committees had generally been set up in most major companies, and explained how they could be made more effective in terms of operation and structure. The Society's next corporate governance project will be to develop a framework of basic principles for corporate governance in the public sector.

Aim and scope

The aim of the Best Corporate Governance Disclosure Awards ("the Awards") is two fold – firstly, to encourage improvements in the standards of corporate governance in Hong Kong and, secondly, to establish benchmarks against which companies can measure their own performance.

This year greater emphasis has been placed on encouraging improvement, whereas in the first two years of the Awards the focus was perhaps more on establishing benchmarks. This shift in emphasis is reflected in the introduction of a new **Significant Improvement Award** for the first time in 2002. The Society believes that this will enable the Judges to encourage and recognise locally-listed businesses which, without necessarily being subject to the demands of more stringent overseas regulatory requirements, have nevertheless shown a desire to better themselves and raise their own standards.

Judging considerations

The 2002 Panel of Adjudicators (Judges and Reviewers) took on board the results of the initial review (Compliance Review) of the entrants' annual reports, which assessed their compliance with the mandatory disclosures under the Companies Ordinance and other relevant legislation and the applicable Listing Rules (Main Board or GEM).

The Reviewers in the Quality Review stage considered the extent and quality of additional voluntary disclosures contained in the annual reports. Whilst efforts have been made to ensure the maximum objectivity in the Quality Review process, it is more than a mechanical marking exercise. Both the Reviewers, and the Judges in the final selection stage, are asked to take an overall view of each entrant's corporate governance structures and practices as revealed in its annual report, as well as the way in which such information has been disclosed. The objective is to gain an impression of the extent to which a good corporate governance culture has been established within the company and of the efforts being made towards self-improvement. In discharging this responsibility, the Panel of Adjudicators are also invited to take account of any other relevant public information about the entrants that might shed light on their corporate governance practices, and to review the transparency and clarity of any disclosures relating to such information.

General Findings

Overall, some improvements were observed, with more companies and organisations appearing to be aware of the importance of corporate governance and seeking to improve their own standards. More companies and organisations are now including statements of policy and practice in relation to corporate governance; more information is being provided, for example, in relation to the number of board and committee meetings held and the average attendance of directors; there is a greater number of independent non-executive directors involved on boards and committees

and it appears that additional committees, including Remuneration Committees, are being formed. It is also more common to find discussion of matters such as internal controls and risk management. However, Hong Kong cannot afford to be complacent as efforts also are being made in other jurisdictions in the region and around the world to improve their own corporate governance standards.

As in previous years, the Judges found that the example set by a limited number of annual reports, in terms of corporate governance disclosures and the practices reflected by these, established clear benchmarks for Hong Kong. These were primarily in the Hang Seng Index (HSI)-constituents category. The Judges were pleased to note, however, that the better annual reports of the some essentially family-owned businesses were reasonably comparable with those of some of the large international trading companies.

This year the Judges considered and reviewed very carefully the various elements that comprise the overall corporate governance culture of a company or organisation. Although the competition is known as the Best Corporate Governance Disclosure Awards, it has never been concerned exclusively with the volume of disclosures contained in the entrants' annual reports. The quality and presentation of disclosures is also important.

This year, for example, for the first time, the Reviewers who undertook the Compliance Review were asked to give an overall mark on the presentation of the relevant compliance information, i.e. how easy was it to ascertain whether a particular company had fully complied with the statutory and regulatory disclosure requirements?

Secondly, there is the issue of what underlying practices are revealed by the information disclosed. The Judges would not for example wish to reward good disclosure of fundamentally poor practices. Thirdly, the Judges considered whether other publicly available information provided additional insights into the actual practice of corporate governance in relation to a particular company or organisation. In the final analysis, the Judges considered whether same message was being signalled by these different elements.

One conclusion drawn by the Judges, perhaps not surprisingly, was that in terms of the overall picture, the HSI category was still a few steps ahead of the Non-HSI category, although the Judges concluded that there were also some very creditable and well-presented annual reports in the Non-HSI category. A second conclusion reached was that the Public Sector/Not-for-profit category has become increasingly difficult to assess given the diversity of organisations in terms of their disparate sizes, objectives and business models. To some extent corporate governance practices and benchmarks in this sector are in a state of flux and there is a need for some agreement on common basic principles that are applicable to the majority of such organisations.

Points of reference

We provide below, in relation to the individual Award winners and the relevant category, observations on particular aspects of practice and disclosure that have been commended and encouraged as well as some general indications of where further progress could be made.

In compiling the checklists for the Quality Review process, reference was made to the Society's guide on **Corporate Governance Disclosure in Annual Reports**, released in March 2001, and copies of the guide were provided to the Reviewers and Judges as a useful benchmark against which they could assess the extent and quality of disclosures, both mandatory and voluntary. The Reviewers also made reference to the updated audit committee guide, **A Guide for Effective Audit Committees** (February 2002). The timing of the publication of the latter guide meant that for many of the entrants



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it would not have been available prior to the preparation of their financial statements. Now that the guide has been in the public domain for some time, we would hope that in future Awards programmes, companies will take on board the suggestions contained in it for strengthening their audit committees and related disclosures.

Compliance

Compliance with the minimum requirements for corporate governance disclosure under the Listing Rules, the Companies Ordinance and other relevant legislation (e.g. Securities Disclosure of Interests Ordinance) was generally found to be good with no major problem areas.

There were however some areas, some of which we have commented upon in previous years, where a greater attention to detail would help to improve transparency and reduce ambiguities. In addition there are certain matters where disclosures beyond the mandatory minimum would be particularly worthwhile and others where the current practice could be strengthened. Some of these are indicated below.

1. As explained above, the Compliance Reviewers were asked to score the quality of presentation of compliance information, i.e. whether it was easy to identify, clear and understandable. While the results were reasonable there is clearly room for improvement in this area.
2. The nature of interests held by directors in the equity or debt securities of the company or associated companies could be more clearly explained.
3. It could also be made clearer whether shares acquired on the exercise of an option during the year were registered in the director's name or in another person's name (and, if the latter, the identity of that person).
4. In relation to disclosure of biographical data of directors and senior management, more information could usefully be provided about non-director senior management as well as information regarding directors who have resigned during the year. Where information is required regarding certain types of unexpired service contracts of directors proposed for re-election, greater clarity would often be of benefit.
5. Information on directors' fees and emoluments paid to independent non-executive directors could be clearer. Generally, more information could be provided in relation to directors' remuneration, including remuneration policy, information on individual remuneration packages and analyses of directors' packages into salary and other benefits, performance and non-performance based.
6. A number of companies have set up Remuneration Committees, which is to be welcomed, but it is not uncommon for executive directors to sit on these. It would be better practice for Remuneration Committees to be composed primarily of non-executive directors.
7. Companies should endeavour to supply more information on related party transactions including the approval process undertaken in respect of such transactions.
8. The provision of more information on the number of board and committee meetings and the attendance records of individual directors would provide greater transparency and accountability. More information could also be provided on the role of and work undertaken by the board and committees.
9. Some companies hold only the minimum number of board and committees meetings. Depending upon the nature of the business and developments during the year, best practice would suggest the need for more regular meetings to be held.
10. Many companies are making some use of the internet. They should also consider supplementing information contained in their annual reports on their websites.

Award Winners

SIGNIFICANT IMPROVEMENT AWARD

Li & Fung Limited



Commentaries

1. The Judges compared the 2001 and 2000 annual reports of the short-listed entities. They found a significant improvement in Li & Fung Limited's current annual report in relation to the awareness of and the commitment to good corporate governance practices. The company is a family-controlled business, albeit one of the larger family businesses in Hong Kong, and as such the Judges were of the view that the company provided a good role-model for family-run listed companies to follow in striving to improve their own corporate governance structures and practices.
2. The 2001 report contains considerably more information on corporate governance issues generally. Additional information has, for example, been provided on remuneration policies, the role and function of the board, the number of meetings and average attendance of members, as well as the respective roles of the group Chairman and Managing Director. Additional board committees have been formed, including Nomination and Risk Management Committees, and information is provided on committee attendance. The Judges noted a more detailed analysis of performance under the current 3-year plan as against the previous year. A social responsibility section has been added to the report.

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Hang Seng Index Category

DIAMOND AWARD

HSBC Holdings plc

Governance Disclosure Awards

Board of Directors:

Executive

Sir John Bond (Group Chairman)
K.R. Whitson (Group Chief Executive)
C.F.W. de Croisset
W.R.P. Dalton
D.G. Eldon
D.J. Flint (Group Finance Director)
S.K. Green
A.W. Jebson

Non-Executive

The Baroness Dunn, DBE (Deputy Chairman)
H. Sohmen, OBE

Independent Non-Executive

Sir Brian Moffat, OBE (Deputy Chairman)
The Lord Butler, GCB, CVO
R.K.F. Ch'ien, CBE
W.K.L. Fung, OBE
S. Hintze
Sir John Kemp-Welch
The Lord Marshall
Sir Mark Moody-Stuart
M. Murofushi
C.E. Reichardt
Sir Adrian Swire

Audit Committee members:

Sir Brian Moffat, OBE (Chairman)
R.K.F. Ch'ien, CBE
Sir John Kemp-Welch
C.E. Reichardt

Auditors: KPMG Audit Plc

Commentaries:

1. The report of HSBC Holdings plc ("HSBC") continues to set the standard. Although the Judges noted that the company also has to comply with more stringent listing obligations overseas, they considered that the annual report showed a commitment on the part of HSBC to good corporate governance that went beyond the need to comply with Hong Kong or overseas listing requirements, and that generally it reflected international best practice.
2. Overall, the Judges commended this report for its very detailed financial disclosure, its informative management discussion and analysis and well-presented format, including its clear review of financial performance by geographical segments. They noted that HSBC had again produced a separate user-friendly Annual Review containing concise information in a clear and attractive format, in addition to the very detailed full report.
3. As regards specifics, the report includes a detailed disclosure of board structure. Audit and Remuneration Committees, amongst other board committees, are in place and both comprise entirely independent non-executive directors ("INEDs"). There is a high degree of transparency in relation to the way directors are remunerated, including disclosure of the principles and policies adopted by the Remuneration Committee. The auditors' remuneration by audit and other services is revealed and coverage of the group's risk management policies is also detailed.



PLATINUM AWARD CLP Holdings Limited

Board of Directors:

Executive

Andrew Brandler (Group Managing Director and Chief Executive Officer)
Peter P.W. Tse (Chief Financial Officer)
Peter W. Greenwood
Michael Price

Non-Executive

The Hon. Michael D. Kadoorie (Chairman)
W.E. Mocatta (Vice Chairman)
J.S. Dickson Leach (Vice Chairman)
R.J. McAulay
V.F. Moore
J.A.H. Leigh
R. Bischof
S.F. Goldman
I.D. Boyce

Independent Non-Executive

The Hon. Sir S.Y. Chung, GBM, GBE, JP
William K. Fung, OBE, JP
Hansen C.H. Loh
Paul M.L. Kan

Audit Committee members:

V.F. Moore
The Hon. Sir S.Y. Chung, GBM, GBE, JP
Paul M.L. Kan
Hansen C.H. Loh

Auditors: PricewaterhouseCoopers

Commentaries:

1. The Judges found the annual report of CLP Holdings Ltd ("CLP Holdings") to be well-presented and readable with an effective use of graphics and good discussion of the number and prospects of the company. The "at a glance" summary provided concise information to enable the reader to have a clear overview of the group's operation and financial results.
2. It was noted that the report contains an interestingly-presented Chief Executive Officer's review in the form of an interview, in addition to the Chairman's report and a detailed management discussion and analysis. The report reflected CLP Holdings' open communication policy, commended by the Judges, which involves explaining how the group meets its responsibilities to shareholders, customers, employees, business partners and the community. In this respect, a good use is made of the internet to supplement the annual report.
3. On the specifics, the Judges pointed to CLP Holdings' Code of Principles & Practices and Code of Conduct, as well as its detailed account of activities relating to safety, health, community and the Government, as being of merit. The group reported very promptly, within two months of the year end. It has established an Audit Committee with a majority of INEDs and a Remuneration Committee comprising entirely independents. Disclosure of directors' attendance at the board and Audit Committee meetings is also provided in the report.



Best Corporate Governance Disclosure Awards

GOLD AWARD

Li & Fung Limited

Board of Directors:

Executive

William Fung Kwok Lun (Group Managing Director)

Henry Chan

Danny Lau Sai Wing

Annabella Leung Wai Ping

Bruce Philip Rockowitz

Non-Executive

Victor Fung Kwok King (Chairman)

Lau Butt Farn

Leslie Boyd

Steven Murray Small (alternate to Leslie Boyd)

Independent Non-Executive

Paul Edward Selway-Swift

Allan Wong Chi Yun

Franklin Warren McFarlan

Makoto Yasuda

Audit Committee members:

Victor Fung Kwok King (Chairman)

Paul Edward Selway-Swift

Allan Wong Chi Yun

Franklin Warren McFarlan

Leslie Boyd

Makoto Yasuda

Auditors: PricewaterhouseCoopers

Commentaries:

1. The report of Li & Fung Limited ("Li & Fung") was held to be a good example of a family-controlled company that is committed to achieving solid corporate governance practices. It provides a positive role-model for other similar companies in Hong Kong.
2. Overall, this annual report was found to have a clear and concise text and an interesting presentation. The report included a comprehensive and detailed statement on corporate governance touching on, inter alia, investor relations and communications, corporate communication and social responsibility, as well as internal controls. The report also contains a clear statement of directors' responsibilities in connection with preparation of the financial statements and detailed information on directors' remuneration and biographical data.
3. The basic corporate governance structure of the company is sound and includes double the minimum number of INEDs and a full range of board committees. The committees include an Audit Committee with a majority of INEDs, a Compensation Committee with an INED as Chairman, as well as Nomination and Risk Management Committees. The average attendance record of members of the Audit and Compensation Committees is disclosed. The report also provides some information on the responsibilities and role of the board.



Special Mention

Swire Pacific Limited

The Judges considered Swire Pacific Limited's annual report to contain some very positive features and to be worthy of a Special Mention. It contained a comprehensive and detailed corporate governance statement and extensive operation review by business segments. Abridged financial statements for a major associated company, Cathay Pacific Airways Ltd. are disclosed. Work undertaken on risk management is also highlighted in the report and sections on social and environmental responsibility have been included. Audit and Environmental Committees have been set up by the group. The board met regularly during the year and board and Audit Committee attendance records have been given. This report was also regarded by the Judges as a close contender for the Significant Improvement Award and they acknowledged the efforts made towards improving.



Overall Commentaries

1. The better HSI category annual reports were able to summarise concisely and informatively complex financial and operational details and still give a good feel for the business.
2. Generally the number of INEDs and involvement of INEDs seems to be more extensive in the HSI category and there tend to be more meetings of the board and board committees during the year.
3. Companies in the HSI category generally seem to be more informative about remuneration policy and practice and more attuned to issues such as social and community responsibility.
4. Information on matters such as average attendance at meetings remains somewhat patchy and generally there is no disclosure of the attendance of individual directors. The Judges also considered that more discussion on benchmarks would be useful for major service providers.

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Non-Hang Seng Index Category

DIAMOND AWARD

Kerry Properties Limited

Corporate Governance Disclosure Awards

Board of Directors:

Executive

Kuok Khoon Loong, Edward (Chairman)
Ang Keng Lam (Deputy Chairman)
Wong Siu Kong
Ho Shut Kan
Thaddeus Thomas Beczak

Non-Executive

Paul James Cromwell Bush

Independent Non-Executive

Fung Kwok King, Victor
Lee Pui Ling, Angelina
Christopher Roger Moss, OBE

Audit Committee members:

Christopher Roger Moss, OBE (Chairman)
Fung Kwok King, Victor
Lee Pui Ling, Angelina

Auditors: PricewaterhouseCoopers

Commentaries:

1. Kerry Properties Limited ("Kerry Properties") has produced an annual report of a high quality with an extensive corporate governance statement and a comprehensive management discussion and analysis section, coupled with strong sections on financial highlights and review of operations. The latter sections were regarded by the Judges as well-presented with a good use of photographs and charts.
2. Disclosure of specifics such as particulars of property held, and directors' interests in competing businesses and connected transactions, was considered to be good. The Chairman's statement provided detailed information on the proposals and future plans for the property divisions in Hong Kong and the Mainland.
3. The company has more than the minimum number of INEDs on the board and the board has set up an Audit Committee comprising all INEDs and a Remuneration Committee with a majority of INEDs. The Judges found the information on attendance records at board and committee meetings to be helpful. Overall Kerry Properties' report was found to contain various elements of good corporate governance practice and as such it represented a positive model for family businesses in this category to follow.



PLATINUM AWARD

Hsin Chong Construction Group Limited

Board of Directors:

Executive

Meou-tsen Geoffrey Yeh, SBS, MBE, JP, DCS (Chairman)

V-nee Yeh (Deputy Chairman)

Rodney Gordon Franks

Siu-lun Cheung

Ming Joseph Lai

Wai-tai Law

Kok-foo James Lee (alternate to Siu-lun Cheung)

Shiu-chung Jacky Poon (alternate to Wai-tai Law)

Non-Executive

Mou-chong David Yeh

Independent Non-Executive

David Wylie Gairns

Ho-ming Herbert Hui

Brian Robertson

Audit Committee members:

David Wylie Gairns (Chairman)

Ho-ming Herbert Hui

Auditors: PricewaterhouseCoopers

Commentaries:

1. The annual report of Hsin Chong Construction Group Limited ("Hsin Chong") contains a general statement of corporate governance practice, a frank and comprehensive overview of its operations in the management discussion and analysis, and a clear presentation of its operating and financial position. The layout of the report was considered to be good with well-integrated charts, tables and photographs.
2. The Judges commended in particular the thoughtful analysis of the group's philosophy and practice on professional management, culture change and human capital investment. Detailed terms of reference for the Audit Committee were provided. In relation to the directors, good biographical data was provided as well as extensive information on directors' interests in shares, contracts and connected transactions.
3. As regards specific practices, Hsin Chong has separated the functions of a Chairman and Chief Executive Officer, which is considered to be good practice, and the board contains more than the minimum number of INEDs. The INEDs are separately identified. The Audit Committee, although small, comprises all independents.



Best Corporate Governance Disclosure Awards

GOLD AWARD

Tai Fook Securities Group Limited

Board of Directors:

Executive

Cheng Kar Shun, Henry (Chairman)
Lo Lin Shing, Simon (Deputy Chairman)
Doo Wai Hoi, William (Deputy Chairman)
Wong Shiu Hoi, Peter (Managing Director and Chief Executive)
Lee Yiu Wing, William
Chan Chi On, Derek
Luo Gang

Non-Executive

Chan Wing Luk, Lennon
To Hin Tsun, Gerald
Ho Hau Chong, Norman
Chan Kam Ling
Wong Kwok Kin, Andrew
Lam Wai Hon, Patrick

Independent Non-Executive

Cheung Wing Yui, Edward
Liang Chung Meng, Arthur

Audit Committee members:

Cheung Wing Yui, Edward
Ho Hau Chong, Norman
Liang Chung Meng, Arthur
To Hin Tsun, Gerald (alternate to Ho Hau Chong, Norman)

Auditors: Ernst & Young

Commentaries:

1. The Judges considered that the annual report of Tai Fook Securities Group Limited ("Tai Fook") contained a concise corporate governance statement reflecting a positive commitment to good corporate governance. The report contains a detailed and well-presented business review with good information on the breakdown of turnover and operating profit. Some discussion of business trends and group development plans is contained in the Chairman's statement and Managing Director's review.
2. Detailed biographical data on directors and disclosure of directors' interests in shares, warrants and share options is provided, as well as good information on substantial shareholders. Directors' remuneration is disclosed within bands and analysed between salaries, allowances and benefits in kind. Performance-related bonuses are also identified. The corporate governance statement includes reference to internal controls and risk management and also comments on investor relations.
3. Tai Fook has met the basic requirements in terms of the number of INEDs. An Audit Committee has been established with a majority of independent members. Other board committees include Remuneration and Business Review Committees. Average attendance at board meetings and meetings of the Audit and Remuneration Committees is disclosed.



Overall Commentaries

1. The best entries in this category show a proactive commitment to good corporate governance. Their annual reports contain an increasing amount of disclosure covering all the basic areas and are generally very readable and well-presented. This is a positive sign and suggests that the level of awareness and appreciation of the merits of good corporate governance has improved.
2. The companies in this category are quite commonly family-controlled business and are companies that would be expected to be subject to less close scrutiny than HSI companies. The improvements that are made are therefore more likely to be voluntary and self-initiated and, as such, should be applauded, even though overall the standard of disclosure and practice may not achieve that of the better HSI companies. The Judges this year noted that more information was being provided in this category for example in relation to directors' attendance at board and committee meetings and the number of meetings held. There is a greater involvement of INEDs in the work of Audit Committees and more Remuneration Committees are being established.
3. It is to be hoped that in future non-HSI companies will supply more information about the role and work of their Audit Committees, that increasingly such companies will set up Remuneration Committees composed primarily of INEDs, and that they will consider whether there is a need to hold more regular board and committee meetings.

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Public Sector/Not-for-profit Category

DIAMOND AWARD

Airport Authority Hong Kong

The Board:

Victor Fung Kwok-king (Chairman)
David J Pang (Chief Executive Officer)
The Hon. Selina Chow Liang Shuk-ye, JP
Daniel R. Fung
Albert Lam Kwong-yu, JP
Sandra Lee Suk-ye, JP
Liu Jinbao
Dickson Poon, SBS
John Strickland, GBS, JP
Maria Tam Wai-chu, GBS, JP
Patrick Tsai Yen-tse
Peter Wong King-keung, BBS, JP
Denise Yue Chung-ye, GBS, JP

Executive Directors

Hans Bakker
Alex Derbie
Howard Eng Kiu-chor
Raymond W.C. Lai (Finance Director)

Audit Committee members:

The Hon. Selina Chow Liang Shuk-ye, JP (Chairman)
Liu Jinbao
John Strickland, GBS, JP
Peter Wong King-keung, BBS, JP

Auditors: KPMG

Commentaries:

1. The Judges considered that the annual report of the Airport Authority Hong Kong ("Airport Authority") was well-presented, in a highly readable format with an effective use of pictures and graphs. They noted that the focus on security, accident rates, performance results and customer profiles showed a clear focus on customer-orientated goals. The Airport Authority has endeavoured to benchmark itself by making reference to international performance comparisons. The attention given to the environment, staff and community also show a commitment to more than balancing the finances.
2. The report contains a statement of compliance with the Stock Exchange's Code of Best Practice contained in Appendix 14 to the Main Board Listing Rules. As a non-listed company, compliance with the Code is voluntary and the Airport Authority's efforts to benchmark its corporate governance practices in this way is to be welcomed.
3. The report contains a separate corporate governance statement in which it refers to its open communication policy toward key stakeholders. In terms of practices, there is separation of the roles and functions of the Chairman and Chief Executive. Regular board meetings were held during the year and, amongst other committees, Audit and Human Resources Committees, chaired by non-executive directors, are in place.



Overall Commentaries

1. The Judges found this category very difficult to appraise given the diversity of organisations, the range of businesses and services, the different orientations and focuses and the fundamental lack of common benchmarks.
2. It was considered that some general guidance in the area of public sector corporate governance would be useful. It was noted that the Society was working on a project to produce some general principles which it was felt might help to provide some points of reference for future Best Corporate Governance Disclosure Awards competitions.
3. There are some well-presented and quite detailed annual reports amongst public sector/not-for-profit organisations and in some cases the coverage of particular elements of corporate governance is quite extensive and comparable to examples of good practice in the private sector. However, the Judges considered that there also tended to be a lack of focus and clarity in terms of reporting against defined objectives, and in identifying and analysing any service deficiencies, in the Public Sector/Not-for-profit category. In some cases the role and composition of boards in this category also merited further consideration.

Best Corporate Governance Disclosure Awards

Judging Panel

Chairman: Mr. Alvin Wong, President, HKSA

Members: Mr. David Carse, Hong Kong Monetary Authority
Mr. Mark Dickens, Securities and Futures Commission
Mr. Herbert Hui, The Hong Kong Institute of Directors
Mr. Gordon Jones, Companies Registry
Ms. Cally Jordan, World Bank Group
Ms. Karen Lee, Hong Kong Exchanges & Clearing Ltd.
Mr. Darren McShane, MPF Schemes Authority
Mr. Anthony Neoh, Senior Counsel
Ms. Seetoh Lin-yoke, Hong Kong Investment Funds Association
Mr. Gerald A. Sumida, Asian Development Bank
Mr. David Sun, Chairman of Corporate Governance Committee, HKSA
Mr. Calvin Wong, Standard & Poor's
Mr. Wilfred Wong, Hong Kong Stockbrokers Association Ltd.

Secretary: Mr. Peter Tisman, Deputy Director (Business & Practice), HKSA

Review Panel

Chairman: Mr. Jim Wardell, CCIF Corporate Advisory Services Ltd.

Members: Quality Review

Mr. Peter Barrett, Organisation Development Ltd.
Mr. Gary Cheung, Hong Kong Securities Institute
Mr. Raphael Ding, Moores Rowland
Mr. Wilson Fung, Jardine Matheson Ltd.
Mr. Peter Greenwood, The Hong Kong Institute of Company Secretaries
Mr. Guy Isherwood, Standard Chartered Bank
Mr. Peter Nixon, Potential Associates Ltd.
Mr. Richard Sun, PricewaterhouseCoopers
Mr. Alan C.M. Wong, Gammon Skanska Ltd.
Mr. Thomas Wong, Charles Mar Fan & Co.

Compliance Review

Ms. Rebecca Chan, PricewaterhouseCoopers
Mr. Charles Chow, Wong Brothers & Co.
Ms. Ivy Chua, Paul Chan & Partners
Mrs. Norma Hall, Deloitte Touche Tohmatsu
Mr. Paul Hebditch, Ernst & Young
Ms. Ruby Leung, Kennic L.H. Lui & Co.
Mr. Daniel Lin, Moores Rowland
Mr. Simon Morris, Mazars
Ms. Victoria Pau, Grant Thornton
Ms. Sheila Pattle, KPMG
Ms. Eliza Yuen, HLM & Co.

Secretary: Ms. Mary Lam, Assistant Director (Business & Practice), HKSA

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Grant Thornton

HLM & Co.

Jardine Matheson Ltd.

Kennic L. H. Lui & Co.

KPMG

Mazars

Moores Rowland

Development Ltd.

Asian Development Bank

Companies Registry

Hong Kong Exchanges & Clearing Ltd.

Hong Kong Investment Funds Association

Hong Kong Monetary Authority

Hong Kong Securities Institute

Hong Kong Stockbrokers Association Ltd.

Mandatory Provident Fund Schemes Authority

Securities and Futures Commission

The Hong Kong Institute of Company Secretaries

The Hong Kong Institute of Directors



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