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# 2025 HKMA BEST ANNUAL REPORTS AWARDS

## JUDGES' REPORT



# Pilot Green and Sustainable Finance Capacity Building Support Scheme

## Up to HK\$10,000 Subsidy



[www.hkma.org.hk/gsf](http://www.hkma.org.hk/gsf)

- ▶ **Advanced Certificate in ESG Practice**
- ▶ **Advanced Certificate in Practical Development and Implementation of ESG Framework for Business Success**
- ▶ **Advanced Executive Certificate in Carbon Trading and Green Finance**
- ▶ **Advanced Executive Diploma in ESG Strategy and Innovation for Net-Zero**
- ▶ **Certificate in ESG and Sustainability for Future Leaders**
- ▶ **Executive Certificate in ESG Planning**
- ▶ **Executive Certificate in ESG for Human Resources**
- ▶ **Executive Diploma in Sustainability, ESG and Green Finance**
- ▶ **Professional Certificate Programme in Global ESG Investing**
- ▶ **Workshop on ESG and Green Finance for Leadership—Why, What, How**
- ▶ **Workshop on Sustainability & ESG – Opportunities for Insurance and Wealth Management Professionals**

BARA2512013

## INTRODUCTION

The Best Annual Reports Awards is an annual competition organized by The Hong Kong Management Association since 1973. It assesses annual reports with a view to enabling persons who are involved in preparing annual reports for an organization to be more effective in informing the organization's stakeholders and the public about the performance and future prospects of their organization. This is achieved primarily by conducting annual Awards for Excellence in Annual Reporting which includes the adjudication of annual reports and recognizing reports that meet the criteria with an award.

## OBJECTIVES

The Awards has several objectives. The first objective is to encourage the publication of accurate, informative, well-presented and timely annual reports for shareholders, employees, and others who may have an interest in the performance and activities of the organization in question. The second objective is to showcase companies that have done a good job in reporting. The hope is that these companies will serve as an example to others. The third objective is to reward companies for excellence in reporting. This third objective should reinforce the first objective and offer an incentive to companies to pay even greater care and attention to the preparation of their annual reports.

## ENTRIES

88 reports in the two categories were received as follows:

General .....	60
Non-profit Making and Charitable Organizations .....	28

## SCHEDULE OF CRITERIA

### Overall Awards & Sub-Category Awards

#### General

1. Conformity with the requirements of the relevant financial reporting standards, including Hong Kong Financial Reporting Standards/ International Financial Reporting Standards/ China Accounting Standards for Business Enterprises; and the provision of accounting information over and above the requirements
2.
  - a. Conformity with the disclosure requirements of the Hong Kong Stock Exchange and Hong Kong Companies Ordinance
  - b. Provision of information relating to environmental, social and governance
3.
  - a. General presentation such as design, general layout, photographs, graphs, charts, diagrams, illustrations, infographics and indexing
  - b. Understandability, clarity and conciseness
4. Summary of past results and highlights
5. Management discussion and analysis
  - a. General description of business
  - b. Analysis of assets/ liabilities
  - c. Analysis of income/ expenses
6. Indications of prospects/ Forward looking statements
7. Promptness of reporting
8. Accessibility of the annual report on the organization's website

## **Non-profit Making and Charitable Organizations**

1. General presentation of financial statements
  - a. Balance sheets
  - b. Income statements
  - c. Cash flow statements
  - d. Details of revenue and expenses
2. Provision of information relating to environmental, social and governance
3.
  - a. General presentation such as design, general layout, photographs, graphs, charts, diagrams, illustrations, infographics and indexing
  - b. Understandability, clarity and conciseness
4. Purpose, general description of activities and performance
5. Indications of prospects/ Forward looking statements
6. Promptness of reporting
7. Accessibility of the annual report on the organization's website

## **Special Awards for Environmental, Social and Governance Reporting**

### **General & Non-profit Making and Charitable Organizations**

- I. Provision of information relating to environmental, social and governance
  - a. Environmental such as emissions, use of resources, the environment and natural resources and climate change
  - b. Social such as employment and labour practices, operating practices and community
  - c. Governance such as governance structure, sustainability responsibilities, governance process, contingency planning and risk management
- II.
  - a. General presentation such as design, general layout, photographs, graphs, charts, diagrams, illustrations, infographics and indexing
  - b. Understandability, clarity and conciseness
- III. Reporting on commitment to ethical values and behaviours
- IV. Materiality assessment
- V. Indications of credibility and quality: assurance and reporting process
- VI. Feedback mechanisms and stakeholder engagement
- VII. Presentation and accessibility of report(s) with ESG information on the organization's website

## PANEL OF ADJUDICATORS

The following persons have been appointed by The Hong Kong Management Association to serve on the 2025 Panel of Adjudicators:



**Mr Martin Murray OBE (Chairperson)**  
Finance Director  
Swire Pacific Limited  
Council Member  
The Hong Kong Management Association



**Mr David Ching**  
Vice President  
CFA Society Hong Kong  
Investment Director  
Animoca Brands  
(Representing CFA Society Hong Kong)



**Mr Edward Chiu**  
Certified Public Accountant (Practising)  
Edward K.C. Chiu



**Mr Julian Leung**  
Business Director and  
Company Secretary  
Hong Kong Yue Wah Group Limited



**Mr Andrew Ma**  
Member of the Board  
Institute of Financial Planners of  
Hong Kong  
(Representing Institute of Financial  
Planners of Hong Kong)



**Mr Joe Ng**  
Chairman of  
Financial Reporting Standards Committee  
Hong Kong Institute of Certified Public Accountants  
Partner, Professional Practice  
Ernst & Young  
(Representing Hong Kong Institute of Certified  
Public Accountants)



**Dr Irelan Tam**  
Past President  
Chartered Institute of  
Management Accountants  
(Representing Chartered Institute  
of Management Accountants)



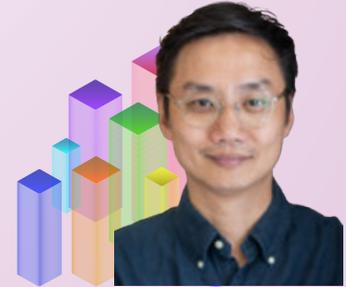
**Mr Ambrose Ting**  
Vice Chairman  
ACCA Hong Kong  
Partner, Audit & Assurance  
Deloitte China  
(Representing ACCA Hong Kong)



**Ms May Tsue**  
Professional Development Committee  
Member and Fellow Member  
The Hong Kong Chartered  
Governance Institute  
Joint Company Secretary,  
Chief Operation Officer  
CNOOC Limited  
(Representing The Hong Kong  
Chartered Governance Institute)



**Prof Raymond Wong**  
Executive Director (SCOPE)  
Associate Professor of Accounting  
City University of Hong Kong



**Mr Roger Wu**  
Director of Business Development & Projects  
Hong Kong Design Centre  
(Representing Hong Kong Design Centre)

# THE AWARDS OF THE 2025 HKMA BEST ANNUAL REPORTS COMPETITION ARE AS FOLLOWS

## Island Shangri-La, Hong Kong Best Report Award

HSBC Holdings plc

### “General” Category

Gold: CLP Holdings Limited  
Silver: CK Hutchison Holdings Limited  
Hong Kong Exchanges and Clearing Limited  
Bronze: MTR Corporation Limited  
Swire Pacific Limited  
Swire Properties Limited

### “Non-profit Making and Charitable Organizations” Category

Gold: The Hong Kong Jockey Club  
Silver: Securities and Futures Commission  
Bronze: Hong Kong Monetary Authority

### Excellence Report Award

Chow Tai Fook Jewellery Group Limited  
Hang Lung Properties Limited  
Hang Seng Bank  
The Hong Kong and China Gas Company Limited  
Hong Kong Housing Society  
The Hongkong and Shanghai Hotels, Limited  
Hospital Authority  
Hysan Development Company Limited  
Investor and Financial Education Council  
New World Development Company Limited  
Urban Renewal Authority

### Excellence Award for Charitable Organizations

Hong Kong Housing Society  
The Hong Kong Jockey Club  
Tung Wah Group of Hospitals

### Excellence Award for H Share & Red Chip Entries

China Pacific Insurance (Group) Co., Ltd.  
Lenovo Group Limited  
S.F. Holding Co., Ltd.

### Excellence Award for Small Size Entries

Champion REIT  
Consumer Council  
Fortune REIT  
Investor and Financial Education Council

### Excellence Award for First-Year Listed Companies

S.F. Holding Co., Ltd.

### Best New Entry

"General" Category  
ENN Energy Holdings Limited  
  
"Non-profit Making and Charitable Organizations" Category  
Hong Kong Tourism Board

### Citation for Design

Construction Industry Council  
Hung Fook Tong Group Holdings Limited  
PCCW Limited  
Towngas Smart Energy Company Limited



## HKMA 65th Anniversary Best Environmental, Social and Governance Reporting Award

Swire Properties Limited

## Best Environmental, Social and Governance Reporting Award

Accounting & Finance Services

HSBC Holdings plc

### Government

Drainage Services Department

### Infrastructure & Real Estate / REIT

Link Real Estate Investment Trust

### Logistics & Transport

MTR Corporation Limited

### Manufacturing

VTech Holdings Limited

### Property Development & Investment

Swire Pacific Limited

### Public Utility

CLP Holdings Limited

### Technology & Information

Tencent Holdings Limited

### Telecommunications

CK Hutchison Holdings Limited

### Tourism & Hospitality

The Hongkong and Shanghai Hotels, Limited

## Excellence Award in Environmental, Social and Governance Reporting

Cathay Pacific Airways Limited

Chinachem Group

The Hong Kong and China Gas Company Limited

Hong Kong Housing Society

Hysan Development Company Limited

Towngas Smart Energy Company Limited

## Certificate of Excellence in Environmental, Social and Governance Reporting

The Bank of East Asia, Limited

Fosun International Limited

Great Eagle Holdings Limited

Henderson Land Development Company Limited

Hong Kong Exchanges and Clearing Limited

Kerry Properties Limited

KLN Logistics Group Limited

Lenovo Group Limited

Tung Wah Group of Hospitals

## Citation for Online Environmental, Social and Governance Reporting

Asialfo Technologies Limited

CLP Holdings Limited

The Hong Kong and China Gas Company Limited

Hong Kong Housing Society

VTech Holdings Limited





# LLM International and Commercial Law

## MSc Law, Regulation and the International Financial System

Reg. No.:252469

Reg. No.: 253358

Teaching Excellence Framework Gold-Rated University (2023)

Winner of Queen's Anniversary Prize for Higher and Further Education (2000, 2002, 2007, 2015, 2019)

For Lawyers, Legal, Finance and Business Executives and Professionals

- Fully recognised in the UK
- Same qualification of the home programme offered in the UK
- Top 3 in student satisfaction survey (*Complete University Guide (London) 2019*)
- Attainable in 1 year: 5 taught modules (in HK) + dissertation (can be done anywhere)
- No examination required
- Fully taught by solicitors/ barristers, academics, and professionals from legal and financial industry

### Information Seminar of LLM

Date & Time 4 Dec 2025 (Thur), 1:00pm - 2:00pm

### Information Seminar of MSc

Date & Time 5 Dec 2025 (Fri), 1:00pm - 2:00pm

Mode of Delivery Webinar (a Zoom link will be provided before the event)

Now accepting applications for May 2026 intake. Education fund available.

[www.hkma.org.hk/greenwich](http://www.hkma.org.hk/greenwich)

✉ Ms Mandy Kwok 2774 8599 / Mr Sam Wong 2774 8513

[llm.greenwich@hkma.org.hk](mailto:llm.greenwich@hkma.org.hk)

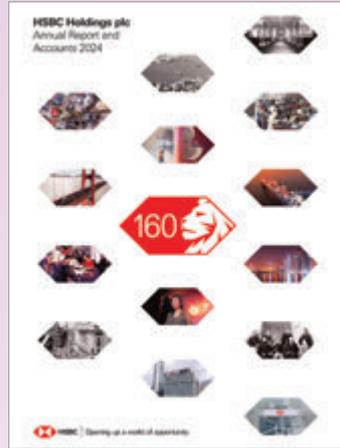
[m sclf.greenwich@hkma.org.hk](mailto:m sclf.greenwich@hkma.org.hk)



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It is a matter of discretion for individual employers to recognise any qualification to which this course may lead.

# ISLAND SHANGRI-LA, HONG KONG BEST REPORT AWARD

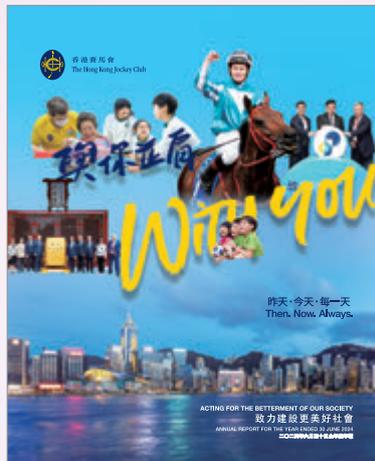


## HSBC Holdings plc

HSBC raised the bar by producing an excellent and benchmark-setting report which featured significant leadership transitions of the company, providing a clear account of changes that promoted agility while ensuring compliance and relevance for diverse stakeholders.

## Non-profit Making and Charitable Organizations

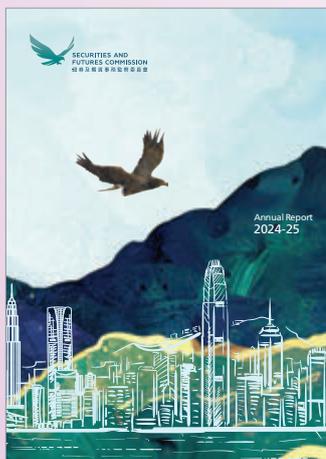
### Gold



### The Hong Kong Jockey Club

An expertly crafted report which showcased the club's wide-ranging charitable support, and commitment to the welfare and betterment of the community, harmonizing with its 140th anniversary theme, "With You. Then. Now. Always."

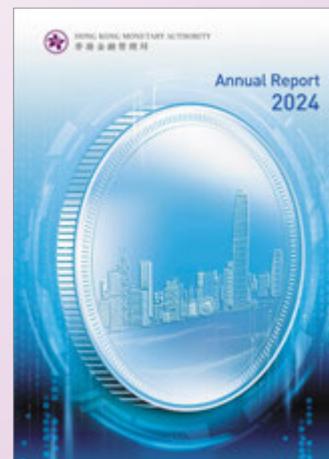
### Silver



### Securities and Futures Commission

A clearly structured and transparent report demonstrating SFC's effort to build on a legacy of trust, evolution and reform to ensure Hong Kong's capital markets remain a beacon of stability, innovation and global relevance.

### Bronze



### Hong Kong Monetary Authority

A well-presented report featuring a digital token on its cover to highlight HKMA's extensive market development efforts, with several refinements made to the "Corporate Governance" chapter to provide a clearer overview of its framework.



## ***A Fast Route to be a Professional Accountant***

*Exemptions on 9 ACCA exam papers for those who have completed  
BA(Hons) Accounting and Finance (1 year)+ Advanced Diploma in Professional Accounting Studies (1 year)*

*Full exemption from the operational level of the CIMA qualification*

## **BA(Hons) Accounting and Finance** Reg No.: 251227



Teaching Excellence Framework Gold-Rated University (2023)

Winner of Queen's Anniversary Prize for Higher and Further Education (2000, 2002, 2007, 2015, 2019)

- Fully recognised in the UK
- Same qualification of the home programme offered in the UK
- Accredited by ACCA and CIMA with exemptions on professional exam papers
- Taught by practicing accountants and academics
- World renowned alumnus, Professor Charles Kao (高錕教授), former Vice-Chancellor of The Chinese University of Hong Kong and the Nobel Prize winner in Physics



## **Advanced Diploma in Professional Accounting Studies**



- Tailored for accountancy-related diploma holders or mature students with minimum 2 years of accounting-related work experience

Now accepting applications for May 2026 intake. Education fund available.

[www.hkma.org.hk/greenwich/bgaf](http://www.hkma.org.hk/greenwich/bgaf)

[www.hkma.org.hk/dadas](http://www.hkma.org.hk/dadas)

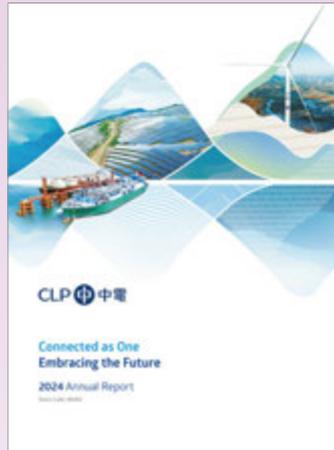
Enquires **Mr Sam Wong 2774 8513 / Mr Ian Yong 2774 8523**  
[bgaf.greenwich@hkma.org.hk](mailto:bgaf.greenwich@hkma.org.hk)  
[dadas.dpd@hkma.org.hk](mailto:dadas.dpd@hkma.org.hk)



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It is a matter of discretion for individual employers to recognize any qualification to which these courses may lead.

## General Gold



### CLP Holdings Limited

An exquisitely designed report which provided a broadened set of sustainability-related metrics and targets supported by relevant infographics, and applied externally assured annual materiality assessment to maintain high standard of communication.

## Silver



### CK Hutchison Holdings Limited

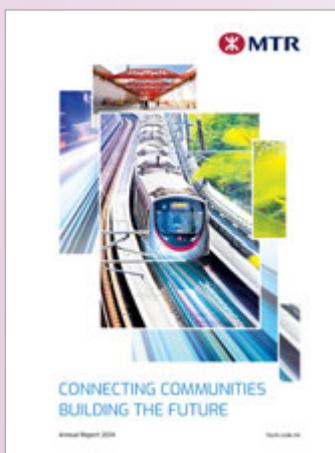
A thoughtfully designed and informative report with a visually striking circular diagram on the cover, symbolizing the interconnectedness of the group's four core businesses and embodying corporate synergy.



### Hong Kong Exchanges and Clearing Limited

An exemplary and transparent report illustrating the continued strength of HKEX's business under fruition of its strategic initiatives, which focused on driving greater connectivity and sustainability across the region's capital markets.

## Bronze



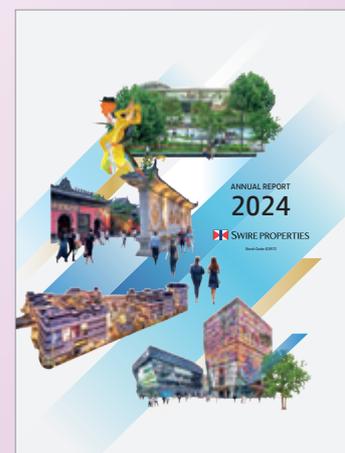
### MTR Corporation Limited

A forward-looking report titled "Connecting Communities, Building the Future", which recapped major accomplishments of MTR's 45th year of railway service while providing a look into the future of railway infrastructure development.



### Swire Pacific Limited

A comprehensive report with detailed disclosure of the group's progress towards meeting the ESG targets under SwireTHRIVE strategy, regulatory developments towards sustainability, and other climate-related ESG matters.



### Swire Properties Limited

An eye-catching report which demonstrated clear financial reporting through well-structured layouts, and highlighted the company's commitment to effective risk management, aligning with its SD2030 Strategy on sustainability.

Power Brighter Tomorrows

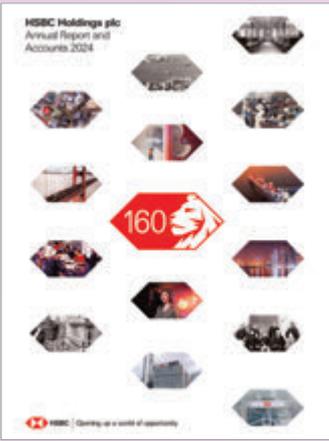


# Co-creating Sustainable Success



# Best Environmental, Social and Governance Reporting Awards

## Accounting & Finance Services



HSBC Holdings plc

## Government



Drainage Services Department

## Infrastructure & Real Estate / REIT



Link Real Estate Investment Trust

## Logistics & Transport



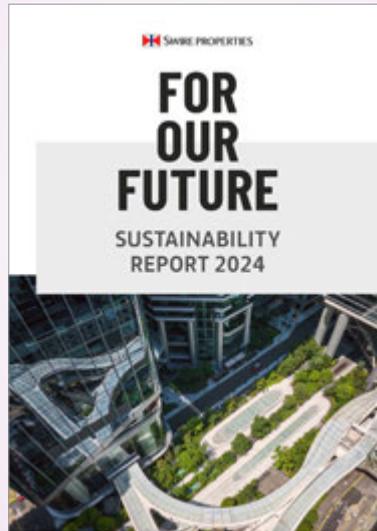
MTR Corporation Limited

## Manufacturing



VTech Holdings Limited

## HKMA 65th Anniversary Best Environmental, Social and Governance Reporting Award



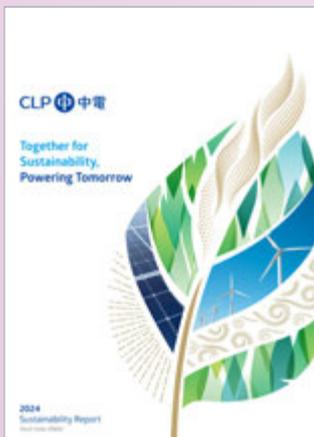
Swire Properties Limited

## Property Development & Investment



Swire Pacific Limited

## Public Utility



CLP Holdings Limited

## Technology & Information



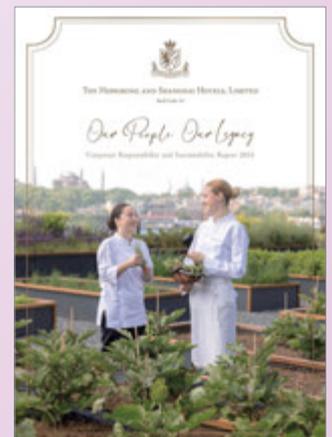
Tencent Holdings Limited

## Telecommunications



CK Hutchison Holdings Limited

## Tourism & Hospitality



The Hongkong and Shanghai Hotels, Limited

**First Pacific** (HKEX : 142, ADRs : FPAFY) is a Hong Kong-based investment holding company with investments located in Asia-Pacific. The Company's principal investments are in **consumer food products**, **telecommunications**, **infrastructure**, and **natural resources**.

First Pacific's strong growth momentum continued in the first half of 2025, with profit contribution from operations increasing 8% to US\$423.2 million and recurring profit up 11% to US\$375.4 million – achieving record highs. This follows four years in a row of record high full year profit. Given broad expectations that the markets of First Pacific's investee companies will continue to be among the fastest-growing economies in the world in the years ahead, the management is confident in the outlook for the group's operational and financial performance.

[www.firstpacific.com](http://www.firstpacific.com)



## Key operating companies



# COMMENTS ON SPECIFIC CRITERIA BY THE PANEL OF ADJUDICATORS

## GENERAL CATEGORY

### 1. Accounting – Conformity with the Requirements of the Relevant Financial Reporting Standards, including Hong Kong Financial Reporting Standards / International Financial Reporting Standards / China Accounting Standards for Business Enterprises; and the Provision of Accounting Information over and above the Requirements

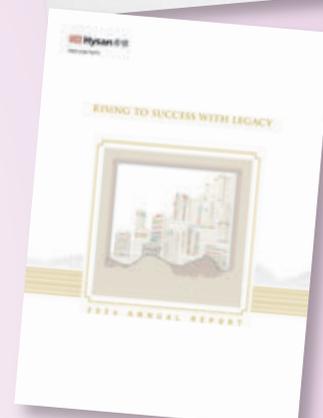
#### 1.1 Overall standards and comments

The year 2025 has marked a pivotal phase of economic recalibration and strategic transformation of Hong Kong. The city's resilience, long anchored in its role as a global financial hub, has been tested and redefined amid shifting global dynamics, regional integration, and technological disruption. In 2024, Hong Kong's economy posted a moderate yet meaningful recovery, with real GDP growth reaching 2.5% driven primarily by robust merchandise trade and a rebound in service exports. This recovery was underpinned by improved external demand, particularly from Chinese Mainland, and a recalibrated policy environment that fostered investment and innovation. However, domestic consumption remained subdued, reflecting evolving consumer behavior and lingering uncertainties in the retail and tourism sectors.

Looking at 2025, Hong Kong's economic outlook is cautiously optimistic. Forecasts suggest continued growth in the range of 2-3%, supported by lower interest rates, increased capital formation, and deeper integration into China's national development strategies. The city's strategic positioning within the Greater Bay Area continues to unlock new avenues for cross-border collaboration, particularly in logistics, fintech, and green finance. Meanwhile, the global disinflationary trend and easing monetary policies among major economies have created a more favorable macroeconomic backdrop, despite persistent geopolitical tensions and trade fragmentation.

Beyond the cyclical indicators, Hong Kong is undergoing a structural evolution shaped by several megatrends. Digital transformation has accelerated across industries, with enterprises embracing AI, blockchain, and cloud technologies to enhance operational efficiency and stakeholder engagement. Sustainability has emerged as a central theme, with ESG reporting standards gaining prominence and businesses aligning more closely with carbon neutrality goals. The rise of stakeholder capitalism is also reshaping corporate narratives, compelling companies to articulate long-term value creation beyond financial metrics. These shifts are not merely reactive — they reflect a broader reimagining of corporate purpose and governance in a rapidly changing world.

Overall, most entries continued to show a high level of compliance with the mandatory disclosure requirements as set out in the accounting standards. With the increasing expectation on quality of corporate reporting, and in the midst of the complex and uncertain economic environment as introduced above, companies are required to make continuous efforts to maintain high quality standard. In cases where entities place reliance on illustrative financial statements prepared by the large accounting firms or the prior year financial statements to meet the accounting disclosure requirements, clearly there will be rooms for improvement in order to meet the expectation of financial statement users for the purpose of evaluating the financial performance and position of the company. Certain Hong Kong Financial Reporting Standards (HKFRS) disclosures below are very relevant to the understanding of financial statement users, even though some of them may not always be mandatory in certain situations. HKFRS 8 "Operating Segments" governs the segment disclosures based on chief operating decision makers' view of business performance evaluation, which may include internal use key performance indicators. Risk management disclosures under HKFRS 7 "Financial Instruments: Disclosures", such as quantitative information presented to key management personnel about credit risk, liquidity risk and market risk are very relevant. Sensitivity disclosures of the recoverable amounts with respect to changes of key assumptions and estimates may be necessary for goodwill impairment testing under HKAS 36 "Impairment of Assets".



以專題模式 深入分析 發掘投資機遇

# 五大免費頻道 盡在香港經濟日報

立即下載hket App



## 即市財經

即時股市分析, IPO攻略



## 地產資訊

二手搵盤放盤, 新盤分析



## 理財攻略

收息攻略, 退休個案分析



## 中國國情

分析國策, 追蹤國情



## 國際局勢

環球局勢分析  
美國關稅追蹤



For entities with deteriorating financial performance, certain disclosures regarded as immaterial in the prior years may now become material for the current period. Examples observed from the current year entries include: transaction price allocation disclosure under HKFRS 15 paragraph 120 “Revenue from Contracts with Customers”, which provides information about revenue pipeline to be recognized in the next 12 months and thereafter, or in an alternative appropriate time bands; and as required by of HKFRS 12 paragraph B10 “Disclosure of Interests in Other Entities”, the summarized financial information of subsidiaries that have non-controlling interests material to the group, when a significantly higher proportion of profits was attributed to non-controlling interests in the current year. Disclosures around the use of significant judgement and estimates also continued to play an important role to facilitate understanding of assumptions made in the preparation of financial information. The above mentioned disclosures, together with commentaries in Management Discussion and Analysis (MD&A) section, provide useful and relevant analysis and information for financial statement users to understand the implications of changing business environment for the businesses.

Outstanding entries provided disclosures over and above the minimum mandatory requirements which were informative to readers. For example, the inclusion of disclosures of major events relevant to changes of business performance with cross reference to the related information included in the annual report, and providing breakdown of balances if necessary for readers’ understanding. A few outstanding entries made high quality disclosures to explain significant judgement and estimates applied to fair value measurement, credit quality rating grades and goodwill impairment.

## 1.2 Conformity with the requirements of the relevant financial reporting standards

Some entries continued to provide tailor-made or additional information in relation to financial information in the following aspects:

### (i) Presentation of financial statements

To facilitate users’ understanding of financial performance, some entries presented the accounting policies, and significant judgement and estimates in notes that adjoin the notes breakdown. Where applicable, cross referencing was made between disclosures in the annual report to the related financial statement items to facilitate readers’ understanding.

### (ii) Complex business arrangement or accounting treatment

Some entries provided detailed descriptions to explain business arrangements or contractual terms that are important to the understanding of the transactions and their accounting treatment. An entry included a specific section “Accounting Mini-Series” to explain topical and complex accounting topics to facilitate readers’ understanding.

### (iii) Expected credit losses

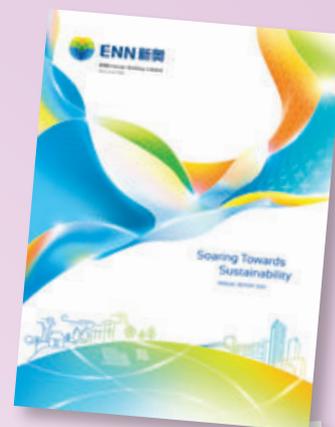
Some entries disaggregated their credit portfolio into groups of customers/ debtors and provided separate disclosures for different customer/ debtor groups, and the respective inputs for expected credit loss measurement, for example, probability of default or loss rate, as appropriate. Some entries provided disclosures of internal rating grades.

### (iv) Impairment of non-financial assets

Some entries provided significant quantitative inputs used in their impairment assessments, which were beyond and above the minimum requirements, such as assumptions used in revenue and operating cost forecasts, and in some cases, together with sensitivity analysis. Some others voluntarily disclosed the recoverable amounts of cash-generating units and the headroom.

### (v) Fair value

Some entries invested in a large portfolio of financial assets or investment properties. They provided disclosures of valuation inputs based on groups of financial assets or investment properties by category of different types of assets or by locations, for example, private equities, convertible bonds and structured products for financial assets, and commercial properties and residential properties for investment properties.





# 創建宜居 永續共融

CREATING HOMES FOR  
SUSTAINABLE LIVING



HONG KONG  
HOUSING SOCIETY  
香港房屋協會

(vi) Non-Generally Accepted Accounting Principles (GAAP) measures and segment information

In the MD&A, most companies featured non-GAAP measures alongside their official financial statements. These often included figures like adjusted net income, earnings before interest, tax, depreciation and amortization (EBITDA), various leverage indicators, working capital efficiency metrics, or relevant operational data, when they reviewed their financial condition and achievements. To facilitate comprehension and boost openness, many supplied reconciliations and clarifications for these ratios or special adjustments. Furthermore, some voluntarily offered granular insights into sales, such as segmentation by product lines, buyer demographics, or sales avenues, going beyond the mandated geographic and product disclosures required by HKFRS 8.

(vii) Other examples of good disclosures

Only significant accounting policies that were material were disclosed. Some entries provided specific information in relation to the application of accounting policies to entity specific circumstances. Some entries provided breakdown of income and expenses items where material.

Nonetheless, there remains scope to further enhance the quality of disclosures. Examples of omission and incomplete disclosures of information required by the accounting standards, or boiler-plate disclosures which were not sufficient to meet the disclosure objectives, were noted. Moving beyond a compliance-oriented approach, entities may consider providing more informative and decision-useful disclosures that support users in better understanding the financial statements and the underlying business activities. Some of them are highlighted below:

#### **HKAS 1 (Revised) "Presentation of Financial Statements" – disclosures for material items**

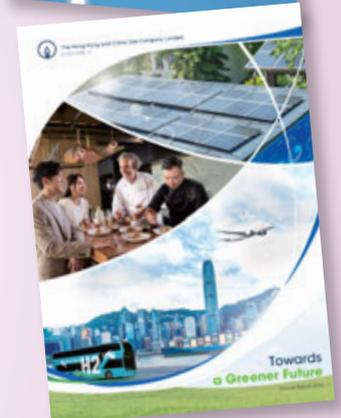
Pursuant to HKAS 1 (Revised) paragraph 31, entities are required to provide additional disclosures for material balances or transactions not specifically addressed by other HKFRSs. While many HKFRSs prescribe minimum disclosure requirements, HKAS 1 paragraph 31 clarifies that such disclosures may be omitted if the resulting information is immaterial. Conversely, where compliance with the specified requirements does not sufficiently enable users to understand the impact of particular transactions, events, or conditions on the entity's financial position and performance, supplementary disclosures should be considered.

Traditionally, entities have demonstrated strength in disclosing detailed revenue and income breakdowns. However, expense-related disclosures have historically been less comprehensive. Encouragingly, the past three years have seen notable progress, with many entities now presenting expense breakdowns that reconcile with the aggregate figures reported in the income statement, such as cost of sales, administrative expenses, selling and marketing expenses, and other operating costs. Nonetheless, gaps remained among certain entities.

It was observed that certain entries grouped together expenses with limited or no clear similarity for disclosure purposes, often combining both fixed and variable costs within the same category. This practice can hinder users of financial statements from conducting meaningful analysis and evaluating the entity's financial performance with clarity and precision.

In particular, where research and development (R&D) expenses constitute a material component of the profit and loss statement, enhanced transparency regarding their composition would be highly beneficial. Disaggregating R&D costs into elements such as direct staff costs, professional fees, and depreciation of R&D equipment, while not explicitly required under HKFRS, provides valuable insight into management's strategic focus and resource deployment.

Furthermore, it is commonly observed that categories labeled as "others" or "sundry" often comprise a substantial portion of the breakdown presented in the notes to the financial statements. When such aggregated items represent a significant balance, it is advisable to provide further disaggregation or a qualitative description to enhance transparency. This additional context enables users of financial statements to better understand the nature of the underlying components and supports more informed analysis of the entity's financial position and performance.



# Century-long Placemaking of Lee Gardens For a Sustainable Community



**HKAS 36 “Impairment of Assets” – disclosure of triggering events for impairment charges during the year and the relevance of key assumptions**

Under HKAS 36 “Impairment of Assets” paragraph 134 outlines specific disclosure requirements when the recoverable amount of a cash-generating unit (or group of units) is determined based on fair value less costs of disposal. These disclosures are intended to provide transparency into the valuation approach and the assumptions underpinning impairment assessments.

It was observed, however, that disclosures regarding the triggering events leading to impairment charges often remained too general. In many cases, entities cited ongoing business challenges as the rationale for impairment, without sufficiently explaining why the recognition occurred in the current financial year. As a user of financial statements, this raises questions about the timing of the impairment, particularly when such challenges appear to be persistent over multiple reporting periods. More specific information on the nature and timing of the triggering event would greatly enhance users’ understanding of management’s judgment and rationale for recognizing the impairment in the current period.

Additionally, the identification and disclosure of key assumptions used in impairment testing require careful judgment and should be tailored to the entity’s specific circumstances. Generic disclosures may not adequately reflect the risks or sensitivities relevant to the asset or unit under review. As also highlighted in the judges’ report of 2024, entities are encouraged to provide assumption-specific disclosures that reflect the actual operating environment and valuation context. Such enhancements would significantly improve the relevance and utility of impairment-related disclosures for stakeholders.

**HKFRS 7 “Financial Instruments: Disclosures” – disclosure of credit risk**

HKFRS 7 paragraph 35G requires an entity to explain the inputs, assumptions and estimation techniques used to measure expected credit losses. HKFRS 7 paragraph 35M&N further requires the disclosure of credit quality rating grades, or provision matrices if expected credit losses were determined as such. The information should be aggregated or disaggregated to an extent in order to provide meaningful information.

Many entries provided boiler-plated disclosures about methodology used for expected credit loss measurement. Information about grouping of financial assets or trade receivables based on shared credit risk characteristics was very limited. A few entries disclosed loss rates for their financial assets based on a range, but the range was too wide (from around 1% to around 50%) to be meaningful in order to understand the credit quality of this group of assets or receivables. They should instead disaggregate the balance and group them into buckets with loss rates of 0%-5%, 5%-20% and 20%-50%.

Some entries provided no or little information about credit quality rating grades. This is particularly important to certain industries in which credit risk management is fundamental to the core business, such as banks. A few banking entries did not disclose credit quality rating grades for loans and advances to customers. Given that HKFRS 7 requires the disclosure of credit risk based on management information, banks should at least disclose internal ratings to an extent which is no less detailed than the 5 grade loan classification as required under the banking regulations.

**HKFRS 12 “Disclosure of Interest in Other Entities”**

Some entries did not provide disclosures of summarized financial information of subsidiaries with material non-controlling interests, material associates or joint ventures in accordance with HKFRS 12 paragraph B10 - B15 on the basis that management determined such non-controlling interests/ associates/ joint ventures were not individually material. While the determination of materiality involves judgement, entities should consider if the extent of disclosures is sufficient to meet the disclosure objective under HKFRS 12 paragraphs 10 and 20. In a few cases, the non-controlling interest balances and profits attributable to non-controlling interests amounted to approximately 20% of total equity and the profits for the year, and in one particular case, the non-controlling interest related accounts were very material and the percentage attributions and balances did not seem to reconcile to the shareholding percentage by non-controlling shareholders. However, no or minimal disclosures were made in respect of non-controlling interests.





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### **HKFRS 13 “Fair Value Measurement”**

Many entries found it challenging to disaggregate information for disclosure of significant unobservable inputs, in a situation where the entities hold a large portfolio of investments. Very often, these entities disclosed the unobservable inputs by disaggregating the investments into different classes. However, the ranges disclosed continued to be too broad to convey meaningful information. It is advised that these entities may further disaggregate the investments.

In relation to real estate property valuation, given that each property is unique, considerations of making or not making price adjustments for specific features, for example, floor, sea view vs park view, are often significant. Vast majority of entries classified all or substantially all real estate properties as level 3 owing to the above reason. It was observed that a few entries classified all their investment properties as level 2, and accordingly, they provided a lesser extent of disclosures comparing to their peers. These entries may consider providing additional information to enable financial statement users to better understand the asset portfolio in order to facilitate comparison across their peers.

A few entries did not disclose the effect of sensitivity given a reasonable range of alternative assumptions made to significant unobservable inputs.

### **HKFRS 15 “Revenue from Contracts with Customers”**

Some entries did not disclose transaction price allocated to unsatisfied or partially satisfied performance obligations and the time bands for the duration of remaining performance obligations as required in accordance with HKFRS 15 paragraph 120, nor disclosed if they applied practical expedient.

### **1.3 Provision of accounting information over and above the requirements**

In the absence of major changes to accounting standards this year, the current reporting cycle presents an opportune moment for companies to voluntarily elevate their disclosure quality. Doing so would position the entity more favorably among peers and reinforce its reputation for financial integrity and operational transparency. Additional information in relation to the following aspects is recommended:

#### **(i) Accounting and disclosures in relation to climate-related matters**

Sustainability reporting has steadily gained prominence within the accounting profession, with ESG-related disclosures attracting increased attention from both management and market participants in recent years. Despite this growing focus, it is noted that financial statements prepared by entities in Hong Kong often lack corresponding accounting considerations and disclosures that reflect ESG-related impacts.

To bridge this gap, several pertinent questions merit consideration when evaluating the integration of ESG factors into financial reporting:

- Are climate-related risks incorporated into impairment assessments under HKAS 36, specifically:
  - reflected in discount rates?
  - embedded in cash flow projections under various scenarios?
  - differentiated through medium- and long-term growth rate assumptions?
- Are key assumptions used in determining value in use under HKAS 36 appropriately disclosed, in line with the entity's specific circumstances?
- Has the entity accounted for additional carbon-related costs necessary to achieve net-zero targets as outlined in its ESG report?
- Does the entity have a constructive obligation to comply with environmental or carbon-related regulations that may warrant recognition of a provision on the balance sheet at year-end?
- Is there any share-based compensation or remuneration policy for senior management that includes carbon or ESG-related performance indicators, which should be disclosed?

Addressing these questions would enhance the relevance and completeness of financial statements, aligning them more closely with evolving stakeholder expectations and sustainability commitments.

#### **(ii) Segment reporting – alignment with business model**

Segment reporting plays a vital role in enhancing the transparency and usefulness of financial statements. By breaking down financial data by business units or geographic regions, it provides more granular insight into the performance of individual “business engines.” This allows investors, analysts, and management to assess which segments are driving growth, generating profits, or facing challenges — information that is often obscured in consolidated figures.

# The One In Asia



## To Inspire a World without Boundaries by Leading Global Logistics from Asia



People



Environment



Customers



Business  
Ethics



Supply  
Chain



Community

Importantly, the presentation of segment data should align with other sections of the annual report, particularly the MD&A. When segment disclosures mirror the strategic narrative and operational highlights discussed in the MD&A, it reinforces consistency and credibility. This year's improvements in segment entries, such as more detailed revenue breakdowns and clearer segment definitions, have strengthened that alignment, making it easier for stakeholders to connect financial outcomes with business strategy.

Beyond performance analysis, segment reporting supports better decision-making by highlighting risks, returns, and resource allocation across the enterprise. It also helps identify dependencies on major customers or markets, which is crucial for assessing sustainability. Ultimately, segment reporting transforms financial statements from static summaries into dynamic tools for understanding how a company truly operates through the lens of its most critical components.

In addition to the conventional segmentation by nature of business and geographic location, a number of entities adopted more refined approaches to segment disclosure. These enhancements include segmentation by customer type, disaggregation by business units even where operations share similar business characteristics, and the exclusion of specific accounting impacts, such as those arising from HKFRS 16 "Leases", to present a clearer view of underlying performance.

It was also observed that some entries expanded their segment analysis to incorporate key operational metrics, such as customer count, cost efficiency ratios, and other performance indicators. These disclosures offer valuable context beyond financial figures, enabling users of financial statements to better assess segment-level performance and strategic positioning. Additionally, disclosures concerning the fair value of financial instruments, along with the associated control frameworks, contribute to a more comprehensive understanding of financial risk management and valuation governance.

#### (iii) Overall presentation of financial statements and alignment with the overall strategy of the entity

A key purpose of financial statements is to enable users to assess an entity's performance in relation to the strategic objectives and targets it has communicated to the market. As such, the alignment between the presentation of financial information and the entity's overarching business strategy is essential for meaningful evaluation.

It was observed that some entities had taken steps to enhance this alignment. For example, one entrant segmented its financial disclosures in accordance with its stated strategic objectives, allowing stakeholders to track progress against specific goals. Another entrant, with a strong emphasis on ESG initiatives, provided additional disclosures and detailed breakdowns that reflected its sustainability-related activities.

These tailored presentations not only improve transparency but also reinforce the credibility of the entity's strategic narrative. They offer users a clearer lens through which to interpret performance and assess the effectiveness of management's execution against declared priorities.

#### (iv) Additional disclosures of property portfolio

In light of recent volatility in real estate markets, investor sensitivity to valuation risk has increased, particularly for entities holding substantial property portfolios. Over the past year, a growing number of market participants have reported declines in the fair value of investment properties, as well as recognition of impairment losses on properties held for sale. These developments have heightened scrutiny over the assumptions and methodologies underpinning property valuations.

Although current accounting standards do not mandate a detailed breakdown of property portfolios, certain entities voluntarily disclosed more granular information, including segmentation by asset class, location, and valuation basis. Such disclosures often include fair value or carrying value data, offering enhanced transparency into the composition and performance of the property portfolio.

Whether relating to investment properties measured at fair value or properties for sale carried at cost, supplementary disclosures provide valuable context for users of financial statements. They enable stakeholders to better understand management's valuation judgments and, where appropriate, apply their own analytical adjustments. In an environment of heightened market uncertainty, such voluntary enhancements to disclosure practices contribute meaningfully to investor confidence and support more informed decision-making.

#### (v) Disclosures on complex business arrangements

In recent reporting periods, an increasing number of entities have demonstrated a willingness to provide supplementary disclosures concerning complex business arrangements. These include detailed explanations of contractual structures, acquisition and disposal transactions, and other non-standard commercial arrangements. While such disclosures are not explicitly required under prevailing accounting standards, their inclusion reflects a growing recognition of the importance of transparency in areas that may carry elevated risk.



# INVESTING FOR THE LONG-TERM



By articulating the nature, terms, and financial implications of these arrangements, entities enable users of financial statements to better assess the associated risks and understand the strategic rationale behind such decisions. This level of insight is particularly valuable in evaluating the sustainability of earnings, exposure to contingent liabilities, and potential future cash flow impacts. Enhanced disclosure in this area contributes to more robust investor analysis and reinforces confidence in the entity's governance and risk management practices.

It was commendable that several entities delivered high-quality disclosures addressing complex commercial arrangements and intricate shareholding structures. These enhanced disclosures reflect a strong commitment to transparency and provide valuable clarity on matters that are often critical to understanding the entity's governance, control dynamics, and financial exposures. By articulating the substance of such arrangements with precision, these entities have set a positive example in elevating the standard of financial reporting.

#### **1.4 Outstanding companies deserving special mention**

Chow Tai Fook Jewellery Group Limited, CK Hutchison Holdings Limited, CLP Holdings Limited, CTF Services Limited, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, HSBC Holdings plc, MTR Corporation Limited, New World Development Company Limited, Shui On Land Limited, Swire Pacific Limited, Swire Properties Limited, Techtronic Industries Company Limited and Towngas Smart Energy Company Limited.

## **2. Conformity with the Disclosure Requirements of the Hong Kong Stock Exchange and Hong Kong Companies Ordinance, and Provision of Information Relating to Environmental, Social and Governance (ESG)**

### **2.1 Overall standards and comments**

The overall reporting quality of information relating to ESG of the "General" Category has steadily increased. Apart from the mere compliance with and implementation of ESG disclosure requirements under the HKEX Listing Rules (Appendix 27), listed company management has recognized the merit of delivering non-financial information to assist stakeholders' understanding of the corporate commitments and attitudes towards managing profitable, yet responsible, business. Peer pressure might also be one of the factors driving the improvement in reporting quality of information relating to ESG and sustainability.

Over the years, ESG has been clearly seen as a vital element along corporate development, and the information disclosed highlighted the sustainable business development in terms of achieving "Operational Excellence" through ESG initiatives, delivering "Corporate Transformation" associated with ESG strategy, and/or emerging with "Sustainable Business Model" along ESG incorporation. The "Business Ethics" has also been highlighted in almost all of the entries' reporting on governance aspects of the ESG development.

Besides, it was witnessed that some entries, especially those outstanding ones, have reflected their emphasis on ESG commitments via redefining corporate sustainability moves and presenting their strategies on "Decarbonizing" operation, "Co-creating" ecosystem, creating "Synergy", and instilling "Inclusion" finance/ supply-chain. These corporate reporting goals do justify that the management fully embraces the collective value creation driven by ESG initiatives. In sum, it was encouraging to observe that an increasing number of companies have incorporated ESG/ sustainability as an important corporate strategy, which reflected their positive approach/ attitude/ value towards matters relevant to environmental concerns, society engagement, and governance professionalism in addition to the minimum statutory disclosure requirements.

It is worthwhile to mention that the reporting quality of ESG information of the new entries was impressive that they acutely understood the goals of ESG coupled with feasible and sound implementation strategies in their reporting. By contrast, few of those entries that have started to adopt ESG reporting several years ago looked "too" familiar with the ESG reporting; leaving them underestimated the dynamic development of ESG strategies and somehow overlooked the value creation aspects of ESG.

In line with emphasizing on ESG initiatives/ development, more and more listed companies have "integrated" ESG-related workforce along the Board-level, Management-level, and Operation-level. For example, some entries vertically built the ESG team with the ESG "Council"/ board committee steering the strategic direction of ESG Working Group/ Task Force in addition to engaging ESG-skilled personnel for separate business units.

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Similar to the observations in previous years, more entries formally elevated CSR/ sustainability committee to one of the board committees, while many companies established an ESG steering committee/ working group and/or created a professional position (Chief Sustainability Officer or Executive Director on ESG) to oversee ESG activities and address compliance issues. It is also good practice of having senior management involved in steering the ESG committees/ workforces. Few companies also set up Development Fund for promoting ESG and sustainability within corporate environment and handling responsible investment projects. Such a great recognition of importance of ESG and its impacts are contributory to communicating corporate attitudes towards commitment and emphasis of ESG concerns, as well as highlighting accountability of sustainability issues, to the general public.

## **2.2 Areas in which this year's entries have shown very good performance**

Apart from the good practices identified in 2.1, more and more entries made use of a "Case Study" approach to describe their solid actions contributing to environmental preservation, enhancing well-being, improving corporate ethical standards. SDG goals had also been stated in more entries' reporting to well align with corporate ESG strategies.

Some entries also incorporated the concepts of sustainability along business processes and/or corporate transactions. For example, inclusion finance or ageing finance, sustainable design or construction of properties, responsible sourcing, sustainable marketing, responsible investment, green finance, and circular economy were explicitly mentioned in the corporate future development and decisions on supply-chain management, investment decisions, and financing activities.

Few entries started to promote a sustainability performance-linked appraisal system. While some of the sustainability performance may not be easily quantified, such move may give strong signals to both internal and external stakeholders about corporate emphasis on ESG performance, which should be an encouraging move.

As for communication with stakeholders, some companies (especially those outstanding ones) created standalone section about corporate sustainability in parallel with the traditional ESG reporting section in the annual reports. Some even mandated the board committee responsible for ESG functions to report the committee work in the annual reports (similar to the Audit Committee reports).

An increased visibility and emphasis of ESG and corporate sustainability has also been observed through a sharp display of standalone "ESG"/ "Sustainability" icons on corporate websites. Some companies even revamped corporate websites to increase sustainability coverage and highlight business sustainability via disclosing relevant information along corporate development, which acutely demonstrated corporate strong commitment on developing business model beyond mere financial perspectives.

## **2.3 Areas in which this year's entries deserve improvement**

External verification/ assurance continued to be an issue for improvement. While the number of ESG reports with external verification and/or assurance has been increased (up to about 80 percent), strengthening the external assurance mechanism that helps improve credibility of reporting shall be emphasized.

While most entries acknowledged the power of ESG reporting in reflecting corporate attitudes towards non-financial concerns and revealing corporate social responsibility, few entries maintained minimum regulatory disclosures in the annual reports. Relatedly, limited ESG/ corporate sustainability information was available on the websites of these entries. They might not fully grasp the motivation and merit of reporting ESG activities and failed to use the ESG/ sustainability report to communicate with stakeholders the strategic plan and/or future business development.

Besides, while the HKEX disclosure requirements improved the information transparency and motivated companies to increase ESG/ sustainability awareness, few companies took ESG/ sustainability reporting as a "separable" reporting merely satisfying the listing requirements; contents of which misaligned with corporate financial/ strategic/ operational information as reported in the annual reports. By contrast, those outstanding entries incorporated ESG/ sustainability elements as important corporate strategy to developing business practices.

## **2.4 Outstanding companies deserving special mention**

The Bank of East Asia, Limited, China Pacific Insurance (Group) Co., Ltd., CK Hutchison Holdings Limited, CLP Holdings Limited, ENN Energy Holdings Limited, Hang Lung Properties Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Hysan Development Company Limited, Link Real Estate Investment Trust, MTR Corporation Limited, New World Development Company Limited, Swire Pacific Limited, Swire Properties Limited and VTech Holdings Limited.

# HKEX-listed companies face unprecedented disclosure compliance challenges.

## Regulatory Complexity

2025 New Corporate Governance Code



>400

Non-compliance disclosure cases in 2025

## Evolving Reporting Standards

2026 ESG IFRS S2 Reporting Requirements



<20%

ESG disclosures are 3<sup>rd</sup> party verified

## Increasing Scrutiny

75% equities trading is done by AI



>95%

Disclosures are not AI-ready

## Integrated AI platform covering the full spectrum of reporting and compliance workflows.

-  **Gap Analysis**  
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-  **Peer Benchmarking**  
Compare your financial and ESG performance against global peers.
-  **Secured Data Room**  
Automatically verify disclosures and generate investor Q&A based on your internal supporting documents.

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### **3a. General Presentation such as Design, General Layout, Photographs, Graphs, Charts, Diagrams, Illustrations, Infographics and Indexing**

Companies that demonstrated strong performance in previous years continued to excel this year. The outstanding reports did not only demonstrate consistency with the company's brand image and the tone of report writing, but also consistency throughout the documents from the most visionary statements to the most technical data. Conversely, some organizations that struggled in the past also showed signs of improvement.

The majority of companies presented their overall performance in a concise and engaging manner, utilizing compelling design and presentation styles. In several reports, the design, layout, text style, color co-ordination and photographs were striking and impressive, effectively showcasing the companies' performance. They worked for both printed and digital readership without compromising the graphic quality of both formats. Many organizations excelled in using vibrant on-site photos to illustrate their diverse business sectors and product lines, helping the readers to navigate throughout the documents.

An increasing number of companies also adopted tailored language instead of generic terms, leading to more precise descriptions and unique presentations. Innovative and creative approaches were employed, such as incorporating customized animal logos or avatars throughout their annual reports, which captured readers' attention and encouraged them to explore further details.

There is a growing trend for companies to issue annual reports and ESG/ sustainability reports separately. Most entries showed equal care to the annual reports and ESG reports, which demonstrated that ESG has been integrated within the company culture, were given further commendation. By preparing two distinct reports, companies can address different purposes, provide more comprehensive content, and present information in unique ways. This approach allows various readers to access information that is more relevant to their needs.

Nevertheless, some companies struggled to present various areas of disclosure, such as strategy, governance, operational highlights, financial highlights, and company information, in a logical and systematic manner. Information was often buried within the reports, lacking clear or distinctive headings. This disorganization made it difficult for readers to gain a clear and concise understanding of the companies. Disclosure regarding relevant market or industry performance, along with the underlying calculations or formulas, also remained relatively weak. Some companies relied excessively on tables and charts instead of utilizing graphical illustrations to convey information or ideas effectively.

Companies which deserve a special mention for their striking and effective highlights pages are:

[CK Hutchison Holdings Limited](#), [CLP Holdings Limited](#), [Hong Kong Exchanges and Clearing Limited](#), [The Hongkong and Shanghai Hotels, Limited](#), [HSBC Holdings plc](#), [Hung Fook Tong Group Holdings Limited](#), [Hysan Development Company Limited](#), [MTR Corporation Limited](#), [Swire Pacific Limited](#) and [Swire Properties Limited](#).

### **3b. Understandability, Clarity and Conciseness**

The overall standard of the reports was excellent. The exemplary reports provided concise summaries of key drivers in easy-to-read formats, utilizing charts, milestones, key highlights, and operational statistics within the corporate overview section. Most organizations included corporate information alongside clear vision and mission, and strategic direction, further enhancing clarity. Traditional elements, including governance, risk management, and sustainability reporting, were well-covered, with the best reports featuring excellent indexing and easy reference. Many companies successfully linked governance and risk sections to their overall strategic direction, leading to improved disclosures on sustainability, which were increasingly integrated into annual reports rather than presented in separate documents. This cohesive approach demonstrated a commitment to transparency and provided stakeholders with a unified view of sustainability efforts.

Notably, the Chairman's Statements and Directors' Reports stood out for their completeness and clarity, effectively analyzing the company's business operations. The inclusion of relevant photographs enhanced the reading experience, while the portraits of the directors made the commentary more relatable.

In addition, majority of the companies presented their overall performance concisely and consistently across business segments through efficient use of design and presentation style, for example, carefully selected photographs, colorful charts. They had good drawn charts and graphical illustrations to explain the operating and financial results to help readers understand lengthy explanations. The outstanding companies tended to adopt the modern and progressive style which provided a clear executive summary of their performance, past results and the overall strategy across different reported segments and other sections. More companies highlighted key strategies and business results at the forefront of the report, and thereafter put the detailed financial information in the second half. This sequence of presentation enabled readers (especially those who are not familiar with the companies) to better grasp the basic idea and key information before examining the detailed analysis. More companies also paid attention to the design of cover and some companies provided supplementary remark for underlying concepts and the corporate message to be delivered to the readers.

However, significant areas for improvement remain. Several reports included immaterial and irrelevant information, making it difficult for readers to discern key details from marketing fluff. This highlights the need for companies to ensure that their disclosures are meaningful and relevant. While photos can enhance important information, they can detract from the report if deemed irrelevant. Certain companies placed excessive emphasis on tables and charts in their information presentations, rather than utilizing graphical illustrations to convey ideas effectively. Some reports were also overly wordy, lacking clear references, complicating the task of quickly locating key information. Many entries fell into the trap of data dumps, presenting excessive irrelevant details. In particular, sustainability reports often focused more on highlighting awards than detailing how those achievements were realized, detracting from their material relevancy.

Moreover, companies should include market review and business outlook including potential risks and opportunities. The use of performance indicators and efficiency ratios and comparison against industrial average could provide better visibility of prospects for investors/ stakeholders. Some disclosures on relevant markets or industries performance/ data and their bases of calculation or formulae also remained relatively weak. Discussion of innovative products and services development by adoption of new technology could offer better attractiveness. Companies publishing reports online should also prioritize interactivity, succinctness, and external assurance to enhance engagement.

Outstanding companies deserving special mention are:

Airport Authority Hong Kong, Chow Tai Fook Jewellery Group Limited, CK Hutchison Holdings Limited, CLP Holdings Limited, Hang Lung Properties Limited, Hang Seng Bank, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Hysan Development Company Limited, MTR Corporation Limited, New World Development Company Limited, Swire Pacific Limited, Swire Properties Limited and Towngas Smart Energy Company Limited.

#### **4. Summary of Past Results and Highlights**

Many organizations offered a clear and concise overview of previous performance and key highlights. The more effective companies tended to include additional details beyond a simple comparison of revenue, earnings before interest, taxes, and amortization, as well as profit attributable to shareholders. These included segment comparisons, key factors influencing performance, and other relevant financial and operational metrics. Over half of the companies included a summary of five years of results in the appendix. However, it is recommended to incorporate this information in the main summary of past performance, as it provides investors with insights into the company's performance over a longer timeframe.

Organizations which are particularly outstanding in this aspect include:

CK Hutchison Holdings Limited, CLP Holdings Limited, Hang Seng Bank, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, HSBC Holdings plc, Industrial and Commercial Bank of China Limited, Lenovo Group Limited, MTR Corporation Limited, Swire Pacific Limited, Swire Properties Limited and Towngas Smart Energy Company Limited.

#### **5. Management Discussion and Analysis**

The quality of the MD&A continued to be impressive. Many organizations effectively described their business operations and performance, thoroughly examining the factors that influenced their activities, including economic conditions and industry-specific elements such as capacity expansion and product diversification. They were able to present both qualitative and quantitative insights on how the macroeconomic environment affected the organization, along with the management's strategies to address these challenges. An increasing number of companies began to provide customized descriptions or voluntarily disclose entity-specific quantitative data to enhance financial statement items that involved significant judgment and estimates. It was encouraging to note that some companies even included a dedicated section within the MD&A to discuss this aspect specifically.

Companies which deserve mention for extensive and informative management discussion and analysis include:

Airport Authority Hong Kong, CK Hutchison Holdings Limited, CLP Holdings Limited, Hong Kong Exchanges and Clearing Limited, HSBC Holdings plc, MTR Corporation Limited, Swire Properties Limited and Swire Pacific Limited.

## 6. Indications of Prospects / Forward Looking Statements

High-quality annual reports included strong future prospects such as strategic investment in upcoming operations, a well-defined roadmap of key initiatives, planned investment and measurable milestones to track progress. Transparent disclosure of future projects reinforced the company's mission, vision and long-term goals. Equally important is the use of impactful narratives to present a balanced mix of qualitative insights and quantitative data.

Nonetheless, it was disappointing to note that many companies still exhibited poor performance in this area and failed to provide clear, quantifiable targets or actionable strategies to address potential risks and future prospects. Forward-looking statements and the indication of future prospects are essential for the annual report's value, which allow stakeholders to understand where the company is headed and its strategy for growth. This prospective information is critical for investors and analysts to accurately value the business and effectively assess associated risks. By openly communicating future goals and potential challenges, management boosts transparency and credibility, ensuring stakeholders have the necessary context for making informed investment decisions and building market confidence.

Companies are recommended to provide context to the financial statements by explaining a company's past, present, and future performance and financial condition, which need to include the overview, the results of the operations, the investment activities and cash positioning. The activities should be able to align with company's goals, strategic imperatives and progress of achieving these objectives. Risk factors should be analyzed and discussed to reflect the impact of these factors on companies' future performance and cash positioning. Material financial and non-financial information should also be included to foster accountability of the business for stakeholder assessment of future prospects.

Companies deserving special mention in this area include:

AAC Technologies Limited, Airport Authority Hong Kong, China Mobile Limited, China Pacific Insurance (Group) Co., Ltd., CK Hutchison Holdings Limited, CLP Holdings Limited, Hang Lung Properties Limited, HKT Limited, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, HSBC Holdings plc, KLN Logistics Group Limited, MTR Corporation Limited, S.F. Holding Co., Ltd. and Swire Pacific Limited.

## 7. Environmental, Social and Governance (ESG) Reporting

### 7.1 Overall standards and comments

This year's entries in the "General" Category demonstrated a marked improvement in ESG governance, driven by compliance with Hong Kong Stock Exchange's ESG disclosure requirements under Appendix 27. In addition to the minimum disclosure requirements, an increasing number of companies tended to incorporate ESG/ sustainability as an important corporate strategy, which reflected their positive approach towards matters relevant to environmental concerns, society engagement, and governance professionalism. Some companies presented 5- or 10-year strategic plans focused on ESG. Some entries already complied with the HKFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information", and HKFRS S2 "Climate-related Disclosures". Most companies adhered well to the tightened reporting deadlines and expanded disclosure mandates, including the new board statement on ESG oversight, management of material issues, and progress tracking.

It was observed that climate change issues attracted attention from corporate management, who discussed and supported work conducted by the Task Force on Climate-related Financial Disclosures (TCFD). Issues relevant to improving the whole ecosystem and/or promoting biodiversity had also been identified. Some also shared strategic plans for future ESG alignment. These developments reflect a growing maturity in ESG governance and a commitment to transparency and accountability.



Furthermore, it was encouraging to observe that many companies invested significant time and resources not only in ESG initiatives but also in the preparation of their ESG disclosures. Numerous entries had input plenty of resources into the preparation of the dedicated reports, such as sustainability reports, ESG reports, and CSR reports, sometimes exceeding 100 pages, showing that they embraced ESG as a strategic priority, given the rising focus from investors and stakeholders. This level of detail underscores the strategic importance ESG now holds across industries, with companies increasingly viewing it as a driver of sustainable growth rather than a compliance obligation.

Notwithstanding these advances, variation in reporting maturity remained. While more experienced companies provided comprehensive, structured disclosures with clear, measurable objectives and robust assurance, others faced challenges in clearly articulating their targets, verification practices, and future planning. Excessive report length or clutter in certain entries diminished readability and engagement. Attention to managing report length and focus is increasingly important to maintain stakeholder engagement and readability.

## 7.2 Areas in which this year's entries have shown good performance

### (i) Meaningful integration of ESG considerations within core business processes

Some entries incorporated the concepts of sustainability in business processes, corporate transactions and investment decisions. Sustainable design or construction of properties, responsible sourcing, sustainable marketing, responsible investment, and green finance were specifically referenced in corporate decisions related to supply-chain management, investment, and finance. A few entries also emphasized social impacts being captured by their ESG efforts in addition to mere discussions on work done, which possibly reflected corporate eagerness to evaluate or quantify their contributions for further enhancement.

### (ii) Effective deployment of digital platforms and technologies

It was interesting to note that digitalization had been identified as a catalyst for ESG transformation. Such increased adoption of digital technologies enhanced the quality of ESG reporting and performance measurement.

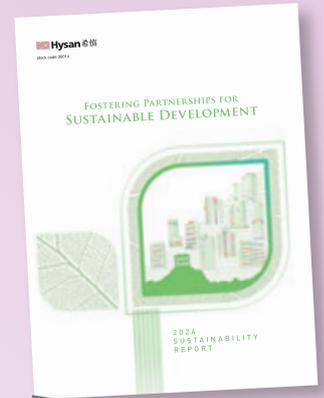
### (iii) Comprehensive board-level ESG oversight and governance structures

Most companies complied well with the tightened ESG reporting deadlines and expanded disclosure requirements from the Hong Kong Stock Exchange. This included the board statement on oversight of ESG issues, managing material ESG matters and reviewing progress on goals. Many provided increased details compared to last year.

An increasing number of companies have officially promoted their CSR/ sustainability committees to become part of the board committees, while many companies have also established ESG steering committees or working groups. It was good practice of having senior management involved in steering the ESG committees/ workforces. Some companies also set up development funds for promoting ESG and sustainability within corporate environment. With great recognition of importance of ESG and its impacts, such moves are contributory to communicating corporate attitudes towards commitment and emphasis of ESG concerns, and highlighting accountability of sustainability issues to the general public.

### (iv) Strong and transparent materiality assessments and alignment with global frameworks

The majority of companies conducted thoughtful materiality assessments, explaining their process for identifying and prioritizing material ESG issues. Most reports were prepared based on the ESG Guide and made reference to reporting standards such as the International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD) and Sustainable Development Goals (SDG). Some entries explained their calculation methodologies, improving transparency, comparability and reliability.



(v) Increased prevalence of external assurance from multiple independent parties

While still limited, a growing number obtained external assurance and review. This increased the credibility of information disclosed. Companies also increasingly engaged external experts to evaluate and advise on ESG matters. Some entries engaged with more than one independent professional party to provide more external assurance to their ESG/ sustainability reports.

(vi) Clear articulation of climate change risks and mitigation strategies

Most described relevant issues and their business impacts, analyzing both transition and physical risks. Some developed climate-related policies and strategies, including scenario analyses and carbon neutrality targets. Companies also addressed impacts on adverse weather, integrating lessons learned over the past few years into their ESG and operational practices.

### 7.3 Areas in which this year's entries deserve improvement

(i) Lack of external verification for ESG data/ figures despite increasing adoption

External assurance remained a critical area for enhancement. Although the number of ESG reports featuring external verification has increased, boosting engagement with external assurance would enhance reporting credibility. Many entries provided minimal disclosures, lacking detail on ESG risk management, hindering the assessment of strategies and future business developments. There is a need for broader adoption of external assurance to strengthen credibility and confidence in ESG disclosures.

(ii) Absence of ESG plans, targets, and calculation methodologies

Several entries did not disclose ESG plans or targets. Most of them did not provide how their ESG statistics and information were captured and calculated. This would become increasingly unacceptable as corporate ESG accountability solidifies. Regarding the requirements to disclose the ESG targets about emissions, energy use, water efficiency and water reduction; and the steps taken to achieve them, it was noted that many entries simply stated that they had set targets without providing further details on their evaluation in these aspects. Insufficient specificity in ESG targets limited stakeholders' ability to assess progress and corporate accountability. Furthermore, while many provided ESG statistics, not all had them externally verified or audited. Better disclosure of methodology is needed for comparability. Investors need more comprehensive insights into risk management and progress monitoring. Companies should be setting strategic goals and measurable objectives.

(iii) Overemphasis on local issues with limited global climate context

Reports focused heavily on local issues without adequately addressing global concerns. Underemphasis on global ESG issues such as biodiversity and wider climate-related impacts in some reports was noted.

(iv) Omission of critical elements

A few entries also lacked proper ESG reports altogether or had reports missing key elements like vision, mission, approach overviews, comprehensive strategic ESG plans, stakeholder feedback mechanisms, and clear linkage between ESG outcomes and business performance. Some did not identify relevant sector issues or provided stakeholder feedback channels. Companies are strongly advised to thoroughly understand the revised ESG reporting requirements and look to global peers for best practices. Disclosing substantive plans, targets, risks and metrics verification would build credibility and trust.

### 7.4 Companies to be commended on their ESG reporting

Cathay Pacific Airways Limited, Chinachem Group, CK Hutchison Holdings Limited, CLP Holdings Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Hysan Development Company Limited, Link Real Estate Investment Trust, MTR Corporation Limited, Swire Pacific Limited, Swire Properties Limited, Tencent Holdings Limited, Towngas Smart Energy Company Limited and VTech Holdings Limited..



## 8. Promptness of Reporting

Timeliness in annual reporting took a step backward this year. 69% of the companies published their reports 91 days or more after the end of their financial year. Even more concerning, no company was able to release its report within 60 days. This is a noticeable increase in delays compared to the previous year. Timely communication is essential for building credibility and a strong reputation. When companies provide current financial information promptly, they demonstrate openness and accountability to all stakeholders from investors to employees, and regulators. This enables them to make more informed decisions and accurately evaluate potential risks and opportunities. This practice not only boosts assurance among investors, but also backs sound leadership and strengthens important connections. Companies should prioritize timely report publication to ensure their long-term viability and growth.

## 9. Presentation and Accessibility of the Report(s) with ESG Information on the Organization's Website

ESG reporting has shown continuous improvement, with the accessibility of annual and ESG reports remaining strong. An increasing number of organizations recognized the importance of conveying sustainability-related information to stakeholders, presenting concise online messages that reflected corporate attitudes and goals beyond traditional financial metrics. The sustainability information was well-aligned with core business activities, demonstrating corporate responsiveness to ESG needs. Some exemplary companies revamped their websites and utilized the electronic medium to their fullest by having an attractive, interactive presentation, offering easy, layered access to data to enhance sustainability visibility, showcasing their commitment. Most ESG reports were easily accessible, often featuring user-friendly icons for direct access, while management messages were refined to emphasize commitment to sustainable business practices.

Companies which deserve special mention for online ESG reporting are:

[AsialInfo Technologies Limited](#), [Cathay Pacific Airways Limited](#), [CLP Holdings Limited](#), [The Hong Kong and China Gas Company Limited](#), [Towngas Smart Energy Company Limited](#) and [VTech Holdings Limited](#).

## 10. Conclusion

In general, the reports demonstrated high standards, reflecting significant efforts to enhance readability and understanding through carefully selected photographs, vibrant charts, and well-structured indexing and headlines. Notable improvements in ESG reporting were evident, with many companies recognizing the importance of integrating ESG principles into their business strategies and operations. This shift indicates a growing perception of sustainability as a core strategy rather than merely a compliance requirement. Companies increasingly communicated their ESG objectives clearly, emphasizing climate-related risks and biodiversity conservation while adopting digital technologies to improve reporting quality.

However, there are several areas for improvement. Transparency gapped in the methodologies used for data collection and calculation impact data comparability, raising concerns about the credibility of reported performance. Some entries featured vague or incomplete emissions and resource efficiency goals, with minimal disclosures lacking strategic depth and clarity. Companies are encouraged to discuss their operational and financial performance more comprehensively to provide a clearer picture of their activities. Experienced organizations have effectively aligned their sustainability reports with ESG guidelines, but those just beginning their ESG reporting journey have room for growth. While advancements in ESG reporting are commendable, further efforts are needed to meet the global standards, with expectations for ongoing enhancements in the future.

This year's Island Shangri-La, Hong Kong Best Report Award winner, [HSBC Holdings plc](#), has established a remarkable benchmark with its highly transparent and expertly designed report. The report presented a clear and informative number of corporate changes that promoted agility, provided insights into the board's workforce engagement programme, and emphasized employee contributions to the company's operations and overall success, while ensuring compliance and relevance for diverse stakeholders. Other medal winners have also achieved high standards, serving as excellent role models to inspire other companies in their pursuit of excellence.

Winners of the lead award categories and those receiving Excellence Report Awards had already attained an outstanding level in each of the judging criteria. As in previous years, they were deemed ineligible for consideration for an award in Citation for Design this year.

# NON-PROFIT MAKING AND CHARITABLE ORGANIZATIONS CATEGORY

## 1. General Presentation of Financial Statements

The scale of operations varied significantly across entries, and accordingly, the level of detail presented in their financial statements also differed. Excluding disclosures mandated under the Listing Rules, the extent of information provided in accordance with HKFRSs was generally less comprehensive than that observed among listed companies. For non-profit making and charitable organizations, stakeholders tend to place greater emphasis on the analysis of expenses rather than revenue, which often comprises government subsidies or donations. In this context, the effective deployment of funds and resources becomes a key indicator for evaluating organizational performance and accountability.

Disclosure practices among entries spanned a wide spectrum. Over 50% of the entries presented a full set of financial statements prepared in accordance with HKFRSs, with cash flow statements and supplementary notes and comparative figures for public scrutiny. Out of the 16 entries where an auditor's report was included: 11 used Big 4 auditors and two used non-Big 4 audit firm which conducted the audit in accordance with HKSAAs. Three entries were audited by the Audit Commission of the HKSAR.

While some entries adhered strictly to the minimum requirements under HKFRSs, others offered more granular breakdowns and analytical insights. A few outstanding entries included not only the full set of financial statements in their annual reports, but also provided analysis or qualitative discussions in other parts of annual reports against the organizations' plan or performance indicators. Accordingly, these entries spent more time and efforts on detailed information or operating data rather than the HKFRS disclosures to enable the annual report users to assess whether management has effectively managed its resources throughout the year.

On the contrary, the remaining entries provided extracts of financial statements, with no or limited analysis of financial information, whereas some others provided only very limited financial information in their annual reports. They selectively disclosed financial information in forms of financial highlights, summary statistics or just few narratives, and did not make transparent disclosures of financial information to the public. High quality financial information should be an essential component of the annual report, and external audits provide additional confidence to the public that the organization strives to uphold reporting standards and enhance corporate governance, accountability and transparency. Non-profit making and charitable organizations should continue to strive for making transparent financial disclosures to the public.

Additionally, where a non-profit making organization oversees multiple operational functions, it would be beneficial to provide supplementary disclosures by functions. This approach, similar to segment reporting for public interest entries, would offer greater transparency and allow stakeholders to better understand the financial dynamics and resource allocation across different areas of the organization.

Outstanding organizations which deserve special mention are:

Construction Industry Council, Consumer Council, Equal Opportunities Commission, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hong Kong Tourism Board, Hospital Authority, Investor and Financial Education Council, The Office of the Privacy Commissioner for Personal Data, Hong Kong, Securities and Futures Commission and Urban Renewal Authority.

## 2. Provision of Information Relating to Environmental, Social and Governance (ESG)

Most organizations did well in providing information on ESG, especially on corporate governance, notwithstanding their limited resources. However, there were only a few organizations issued separate ESG/ sustainability reports.



Most organizations clearly articulated their governance frameworks and social responsibility initiatives to the readers with varying levels of detail. Nearly all the organizations outlined their management or governance structures, providing sufficient information on the various sub-committees' members and their functions. For those organizations with separate boards and management teams, many elaborated on their respective roles and the relationship between the board and senior leadership. A significant number discussed the functions and frameworks of various board committees, and almost all disclosed the identities of their Chairpersons and Chief Executive Officers or their equivalents. Most included their management hierarchies by using organizational charts. It would be beneficial to establish a connection between the board and the successful attainment of the charity's objectives, along with a comprehensive explanation of the board's role in driving the success of the organization.

Furthermore, many organizations included an ESG section, addressing environmental protection, community engagement, and employee welfare. Performance pledges were also disclosed, and analysis of enquiries and complaints handled were included in some reports, helping readers understand the corporate governance aspects of the organizations.

Despite the above good practices, disclosures of governance-related information should be further strengthened. Only a few organizations included a section on employment and labor practices for discussion in their annual reports. Most entries missed the disclosure of attendance record and breakdown of top management compensations, which are essential for public assessment of governance and operational effectiveness. More attention must also be paid to contingency planning and risk management. Organizations are recommended to put greater emphasis on how governance frameworks anticipate and respond to uncertainties.

Disclosures on environmental issues remained limited, since many organizations provided minimal information. Some offered general environmental protection policies, while most shared standard information without materials specific to their operations. For those that involve allocation of charity money, it is recommended that detailed information regarding approval procedures and oversight should be disclosed to the public.

Organizations which are particularly outstanding in this aspect include:

Competition Commission, Drainage Services Department, Electrical and Mechanical Services Department, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hospital Authority, Securities and Futures Commission, Tung Wah Group of Hospitals and Urban Renewal Authority.

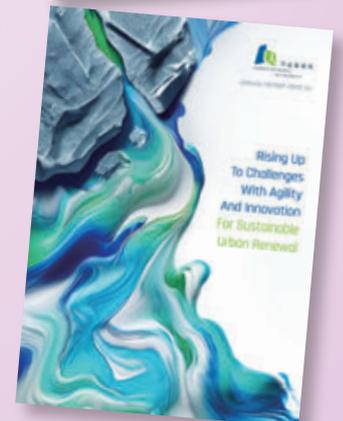
### 3a. General Presentation such as Design, General Layout, Photographs, Graphs, Charts, Diagrams, Illustrations, Infographics and Indexing

The overall benchmark for the general presentation of the reports achieved a uniformly high standard. Although it is clear that the resources available for entries in this category for the preparation of these reports are less than that available for entries in the "General" Category, the genuine commitment to crafting expertly designed reports with the limited resources was strikingly evident in many entries, which deserves high praise. It would be beneficial to see this level of dedication maintained uniformly across the entire report, extending even to the more routine sections of the report.

On the other hand, it was understandable that there was pressure to quantify the effort in the ESG reporting and, in most cases, this was done very methodically, but several aspects that were less quantifiable were also worthy of inclusion, even if they couldn't be directly converted into quantitative data. In some instances, stories with human touch enlivening the documents throughout were much appreciated. It is also worth recalling that sometimes a simpler approach in graphic design might be better than the application of graphic images and layout that might distract from the wonderful work that entries are doing.

Outstanding organizations deserving special mention are:

Chinese YMCA of Hong Kong, City University of Hong Kong, Competition Commission, Construction Industry Council, Consumer Council, Heep Hong Society, The Hong Kong Anti-Cancer Society, Hong Kong Genome Institute, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hong Kong Tourism Board, Hospital Authority and Investor and Financial Education Council.



### 3b. Understandability, Clarity and Conciseness

The annual reports were of a high standard for understandability with good details and clarity. Most entries devoted considerable effort to describing their mission and values, allowing readers to formulate their view on the organizations. Certain entries demonstrated commendable efforts in structuring their primary financial statements with a level of detail that facilitated a clear and immediate understanding of financial performance. They enhanced the relevance of their disclosures by providing supplementary breakdowns of revenue and expenses that aligned with the nature of their operations. These disclosures offer valuable context and improve the interpretability of financial results. Notably, some entries also included analytical insights such as key financial ratios, alongside the financial statements, further supporting users in assessing financial position, performance trends, and operational efficiency. Such practices contribute meaningfully to the overall quality of financial reporting and reflect a user-centric approach to disclosure that goes beyond minimum compliance.

In addition, there was an increasing tendency for organizations to make use of readers' friendly infographics, tables and charts on both cross-sectional and time series basis to present the performance metrics in order to promote better understanding and presentation. Many companies had provided table of summarized statistics and service provisions.

Nevertheless, the poorer reports lacked clear direction, taxonomy, and came across as cluttered. It was hard to find what was relevant and even what was the key purpose and targets. Whilst many entries reported on their staff outings and how happy they all were, they really did not really provide the background and the reports became just a book of happy pictures. In some entries, there was no real evidence of what had been achieved over the past year other than business as usual. Many reports followed a very standard format and did not really stand out. The key difference was that these reports were less structured, which made them hard to read. Also, many entries still failed to provide a balanced view about their organizations. Some of them did not design their reports well at all relevant stakeholders, reducing the effectiveness of messages conveyed to the readers. Coloring is also a key factor as some entries had used too light colors, resulting in poor readability.

Outstanding organizations deserving special mention are:

Chinese YMCA of Hong Kong, City University of Hong Kong, Construction Industry Council, Consumer Council, Hong Kong Genome Institute, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, The Hong Kong Polytechnic University, Hong Kong Tourism Board, Hospital Authority, Investor and Financial Education Council, Securities and Futures Commission and Urban Renewal Authority.

### 4. Purpose, General Description of Activities and Performance

Most entries excelled in this area. The annual reports were nicely prepared that provided relevant information about organizations' operating environment and presented a clear articulation of vision, mission, and values over the reporting year. Many organizations included comprehensive reviews on the activities aligned with their visions. Most of them highlighted activities in serving the community by presenting case studies or real-life stories. Many organizations had effectively used infographics, charts, diagrams, and indexing to showcase their activities and accomplishments to capture readers' attention. Most of the design and layout were very good with relevant information disclosed, and showing key performance and trends against previous years. This reflected that the organizations acutely understood the stakeholders' expectation about their roles and responsibilities even they are non-profit making in nature, and were motivated to make relevant and informative disclosure to increase accountability and transparency.

Organizations which are particularly outstanding in this aspect include:

Construction Industry Council, Consumer Council, The Hong Kong Jockey Club, Hong Kong Monetary Authority, The Hong Kong Polytechnic University, Investor and Financial Education Council, Po Leung Kuk, Securities and Futures Commission and S.K.H. St. Christopher's Home Limited.

### 5. Indications of Prospects / Forward Looking Statements

In general, entries have shown improvements in the presentation of future prospects and forward looking statements. Some organizations excelled in this area while others performed satisfactorily by clearly outlining organizational goals, strategic plans and outlooks for business environments or economic growth, effectively showcasing their potential. Some of these future plans were detailed, providing stakeholders with valuable insights to make informed decisions and helping them understand how the organization's governance structures, leadership, and personnel strategies might evolve in light of sustainability challenges.



Organizations which are particularly outstanding in this aspect include:

Construction Industry Council, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hospital Authority, Po Leung Kuk, Securities and Futures Commission, Travel Industry Authority and Urban Renewal Authority.

## 6. Environmental, Social and Governance (ESG) Reporting

### 6.1 Overall standards and comments

ESG reporting among non-profit making and charitable organizations has continued to improve in transparency and accountability, despite resource constraints and external challenges. Many organizations demonstrated strong commitment to governance, social responsibility, and community engagement. The reports were particularly strong in articulating organizational vision, mission, and values, as well as in documenting implementation efforts across different sectors. ESG disclosures were becoming more comprehensive, with better governance structures and clearer linkages between ESG efforts and organizational objectives. It was also commendable that several organizations, particularly those with regulatory or governmental affiliations, had taken proactive steps to publish standalone sustainability reports. These efforts not only signaled institutional commitment but also served as valuable reference points for other organizations seeking to enhance their ESG practices.



However, variability remained in the depth of environmental disclosures and certain reporting elements such as governance effectiveness, contingency planning, and risk management. Forward-looking and measurable ESG strategies were still evolving in this sector. A recurring limitation was the relatively modest attention given to how their work impacted, or was impacted by, broader ESG considerations. As global discourse increasingly emphasized sustainability, reports with a limited ESG focus risk being assessed less favorably since they do not fully reflect contemporary expectations of accountability and sustainability. The credibility of the report was affected by the incomplete coverage of the issues. Notably, reports that have integrated GRI disclosures are more impactful, as they provide a holistic perspective on ESG alongside their core narratives.

### 6.2 Areas in which this year's entries have shown good performance

Most of the entries have achieved good performance in the reporting of social responsibility. Most entries demonstrated strong performance in social responsibility reporting, with several organizations presenting comprehensive ESG/sustainability reports that included strategic goals, stakeholder engagement, and issue prioritization. Many effectively communicated their mission and societal contributions in a compelling manner, reinforced by tools like key event tables and service pledges. Robust governance structures and notable committee members effectively supported by organizational charts further enhanced credibility. Strong leadership and commitment were evident through community investment and partnership programmes that addressed critical social issues such as food security, digital inclusion, and mental health.

Furthermore, comprehensive climate action disclosures were aligned with GRI and TCFD frameworks, including detailed emissions inventories, mitigation policies, carbon neutrality targets, and climate risk assessments. Climate resilience was emphasized as integral to sustainable value creation, setting a benchmark for full-scope accountability, and indicating a growing awareness and adoption of established reporting frameworks. More than half of entries competing for the ESG Reporting Awards provided sustainability report assurance. Organizations included measurable ESG and sustainability targets, utilizing metrics, case studies, and service pledge information to enhance transparency and align purpose with business effectively. Engagement with stakeholders was fostered through storytelling and feedback mechanisms, showcasing the integration of diverse perspectives in their initiatives.

### 6.3 Areas in which this year's entries deserve improvement

Environmental issues remained the weakest area in disclosure. Such disclosures were often limited in scope and detail relative to their operational impacts. Some reports lacked adequate coverage of material environmental and economic impacts, offering only generic disclosures.

On the other hand, governance disclosures required strengthening. Financial governance transparency, especially regarding detailed income and expenditure reporting, continued to be a challenge. Many organizations frequently omitted clear information regarding executive remuneration, responsibilities, and evaluation processes. Some entries did not adequately address employment and labor practices in their discussions. Several provided only high-level overviews without detailed metrics, making it challenging to assess their progress effectively. Many reports lacked systematic identification and prioritization of stakeholders, which impaired materiality assessments. Often, some reports summarized past events without outlining specific objectives or evaluations, falling short of stakeholder expectations.

Additionally, risk management and contingency planning discussions were often insufficient. Forward-looking strategies frequently lacked quantifiable targets and timelines, which diminished clarity regarding future commitments. The absence of consistent discussions on independent verification processes also undermined credibility, especially as reporting standards continue to rise. It is essential to strengthen the governance perspective alongside commitments to environmental and social issues, and integrate ESG considerations more systematically, reinforcing the overall relevance of their reports and enhancing the credibility of disclosures. This includes detailing how the ESG strategy is devised, implemented, overseen, and evaluated. Moving beyond mere compliance, organizations should embrace ESG as a strategic focus for decision-making and stakeholder engagement.

#### **6.4 Organizations to be commended on their ESG reporting**

**Drainage Services Department, Electrical and Mechanical Services Department, Hong Kong Housing Society and Tung Wah Group of Hospitals.**

### **7. Promptness of Reporting**

The promptness of annual report submissions showed a decline this year. Only 15% of organizations managed to publish their reports within 90 days of their financial year-end. Meanwhile, a significant 63% of organizations released their reports 181 days or more after the balance sheet date, reflecting a disappointing setback. To improve this trend, organizations should strive to minimize the period between financial year end and release of annual reports to ensure that stakeholders have prompt access to essential information, allowing them to accurately evaluate the organization's operational performance and financial stability, thus enhancing stakeholders' engagement and trust.

### **8. Presentation and Accessibility of the Report(s) with ESG Information on the Organization's Website**

The majority of submissions featured their annual reports/ sustainability reports on organizations' websites, engaging readers with features like visualizations and searchability to build and maintain their interest, and keep them informed. However, a small number of entries appeared less eager to put their financial data within public reach. A complete set of financial statements was not obtainable on public source, but only became discoverable via a targeted phrase search on the website. Reinforcing responsibility and boosting openness, conversely, would be helpful for refining communications between organizations and interested parties, alongside uplifting their reputation.

Organizations which deserve special mention for online ESG reporting are:

**Drainage Services Department, Hong Kong Housing Society, Hong Kong Monetary Authority and Hong Kong Productivity Council.**

### **9. Conclusion**

This year's entries showcased several notable strengths while also highlighting areas for improvement in the realm of non-profit making and charitable organizations. The best reports adhered to key attributes of corporate governance, featuring excellent Chairman's Statements, clear mission articulation, effective taxonomy, robust governance sections, and risk assessments. They excelled in presentation quality, utilizing effective design elements such as photographs, charts, diagrams, infographics, indexing and stories with human touch, making reports both accessible and engaging. Governance disclosures were clear, with organizations transparently outlining their structures. Although environmental reporting was limited, many NGOs emphasized their social impact and community contributions, underscoring their distinctive contribution to society.

However, a wide disparity in the quality of financial information persisted, similar to observations in previous years. It is recommended that future reports embed quantitative ESG targets and timelines more thoroughly, improve assurance coverage, and enhance stakeholder engagement processes. Increased graphical presentations of ESG data would aid in understandability and promote transparency. By focusing on environmental issues and showcasing transparent governance practices, organizations can bolster public trust and set higher benchmarks for the sector.

Additionally, other common areas for improvement include limited discussions on emissions, resource use, and natural capital considerations. Gaps in reporting on labor standards, contingency governance, and the evolution of governance structures in response to emerging risks were noted. Given that many entries are funded by public sources, maintaining financial accountability is crucial. Enhanced disclosures beyond baseline requirements are valued by financial statement users, facilitating informed assessments of resource stewardship. Ultimately, while NGOs excel in communicating their mission, aligning closely with sustainability expectations would be essential for enhancing the quality and resonance of future reports. Strengthening external assurance mechanisms would further improve the credibility of these disclosures.



[Online Judges' Report](#)



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## ACKNOWLEDGEMENTS

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The Association would also like to thank ACCA Hong Kong, CFA Society Hong Kong, Chartered Institute of Management Accountants, The Hong Kong Chartered Governance Institute, Hong Kong Design Centre, Hong Kong Institute of Certified Public Accountants and Institute of Financial Planners of Hong Kong for nominating their representatives to serve on the Panel.



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