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The Hong Kong Management Association
Advancing Management Excellence

2026
HKMA BEST ANNUAL REPORTS AWARDS

JUDGES' REPORT

TEF 2023 Gold Teaching Excellence Framework

UNIVERSITY OF GREENWICH

HKMA Advancing Management Excellence



Executive Master of Business Administration

EMBA

Reg No. 253411

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- Top 5 University in London (StudentCrowd University Awards 2026)
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Commencement Date: 10 January 2027

www.hkma.org.hk/greenwich/emba

Enquiries: Mr Michael Lee 2774 8550 / Ms Toby Chen 3628 3429

memba.greenwich@hkma.org.hk

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

BARA2610281

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

84 reports in the two categories were received as follows:

General 62
Non-profit Making and Charitable Organizations 22

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 2026 Panel of Adjudicators:



Mr Martin Murray OBE (Chairperson)
Finance Director
Swire Pacific Limited
Executive Committee & 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 Louis Lin
Chair of Hong Kong SAR Area
Committee
The Chartered Institute of Management
Accountants
(Representing the Chartered Institute of
Management Accountants)



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)



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



Ms May Tsue
Fellow Member (PE)
The Hong Kong Chartered
Governance Institute
FCCA (ACCA)
Joint Company Secretary,
Chief Operation Officer
CNOOC Limited
(Representing The Hong Kong
Chartered Governance Institute)



Prof Raymond Wong
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)



Dr Paris Yeung
Former Chief Executive Officer
Institute of Financial Planners
of Hong Kong
(Representing Institute of
Financial Planners of Hong Kong)

THE AWARDS OF THE 2026 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: The Hongkong and Shanghai Hotels, Limited
MTR Corporation Limited
Bronze: Chow Tai Fook Jewellery Group Limited
Hong Kong Exchanges and Clearing Limited
Swire Properties Limited

"Non-profit Making and Charitable Organizations" Category
Gold: Securities and Futures Commission
Silver: Hong Kong Monetary Authority
Bronze: The Hong Kong Jockey Club

Excellence Report Award
CK Hutchison Holdings Limited
Consumer Council
FWD Group Holdings Limited
Hang Lung Properties Limited
Henderson Land Development Company Limited
Hong Kong Housing Society
Hysan Development Company Limited
New World Development Company Limited
Swire Pacific Limited
Tung Wah Group of Hospitals

Excellence Award for Charitable Organizations
Hong Kong Housing Society
The Hong Kong Jockey Club
Tung Wah Group of Hospitals

Excellence Award for First-Year Listed Companies
FWD Group Holdings Limited

Excellence Award for H Share & Red Chip Entries
COSCO SHIPPING Ports Limited
Industrial and Commercial Bank of China Limited
Lenovo Group Limited

Excellence Award for Small Size Entries
Champion REIT
Consumer Council
Equal Opportunities Commission
SF REIT

Best New Entry
"General" Category
FWD Group Holdings Limited

"Non-profit Making and Charitable Organizations" Category
Hong Kong Sheng Kung Hui Welfare Council

Citation for Design
ANTA Sports Products Limited
Companies Registry
Equal Opportunities Commission
PCCW Limited
Towngas Smart Energy Company Limited

The Environmental, Social and Governance Reporting Award of the Year

CLP Holdings Limited

Best Environmental, Social and Governance Reporting Award

Accounting & Finance Services
HSBC Holdings plc

Conglomerate
Swire Pacific Limited

Infrastructure & Real Estate / REIT
Hang Lung Properties Limited

Logistics & Transport
MTR Corporation Limited

Manufacturing
VTech Holdings Limited

Property Development & Investment
Swire Properties Limited

Public Utility
HK Electric Investments

Shipping & Maritime Services
COSCO SHIPPING Ports Limited

Technology & Information
Tencent Holdings Limited

Tourism & Hospitality
The Hongkong and Shanghai Hotels, Limited

Excellence Award in Environmental, Social and Governance Reporting

Cathay Pacific Airways Limited
Henderson Land Development Company Limited
Hong Kong Exchanges and Clearing Limited
Hong Kong Housing Society
Hysan Development Company Limited
Link Real Estate Investment Trust

Certificate of Excellence in Environmental, Social and Governance Reporting

Airport Authority Hong Kong
CK Hutchison Holdings Limited
Fortune REIT
The Hong Kong and China Gas Company Limited
Kerry Properties Limited
KLN Logistics Group Limited
Lenovo Group Limited
S.F. Holding Co., Ltd.
Tung Wah Group of Hospitals
ZJLD Group Inc.

Citation for Online Environmental, Social and Governance Reporting

Airport Authority Hong Kong
Cathay Pacific Airways Limited
Drainage Services Department
Henderson Land Development Company Limited
Tencent Holdings Limited

ISLAND SHANGRI-LA, HONG KONG BEST REPORT AWARD

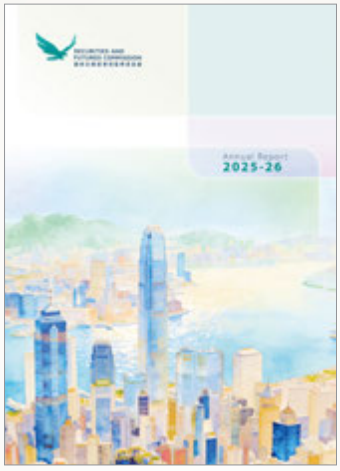


HSBC Holdings plc

HSBC set the high standard for quantified forward guidance, and impressed readers with its impactful messaging. Its ESG Review Section was presented with extraordinary clarity, while its Financial Review, Risk Review, and Corporate Governance Report remained meticulously detailed.

Non-profit Making and Charitable Organizations

Gold



Securities and Futures Commission
An outstanding report anchored by four clearly stated strategic priorities and colour-coded consistently throughout, and featured a critically important section, "Enhancing Institutional Resilience and Operational Efficiency".

Silver



Hong Kong Monetary Authority
A highly transparent report which was expertly well-targeted and strategically structured. Its "month-by-month" calendar format and "Priorities for 2026 and beyond" Section set a high benchmark for forward-looking visibility.

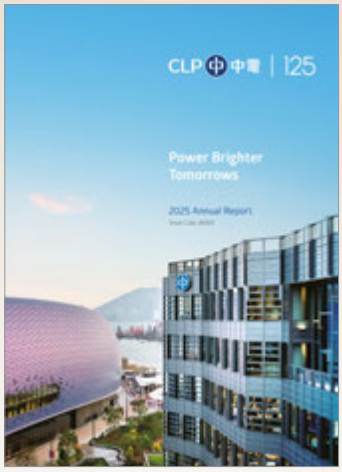
Bronze



The Hong Kong Jockey Club
A visually stunning report which excelled by integrating core operational reviews with dedicated, detailed chapters on social services and environmental sustainability, demonstrating a holistic approach to reporting.

General

Gold



CLP Holdings Limited
An explicit and thoughtfully designed report with an exemplary separation of financial from impact materiality, a clear line drawn between strategy, targets and performance tables, and a notably candid account of its own safety performance.

Silver



The Hongkong and Shanghai Hotels, Limited
A comprehensive and integrated report which provided a transparent overview of its strategy, governance and performance, highlighting its commitment to stakeholder engagement, operational integrity and sustainable value creation.



MTR Corporation Limited
A substantive and strategic outlook report detailing project completion dates, tendering schedules and a three-year capital expenditure plan, supported by a clean separation of recurrent operations from property development profit.

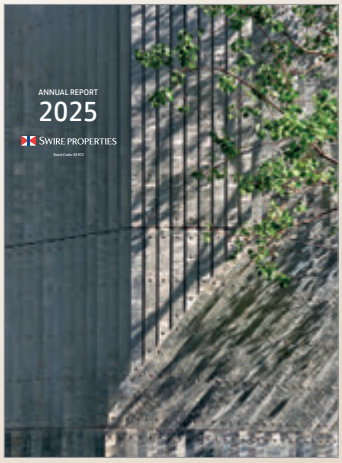
Bronze



Chow Tai Fook Jewellery Group Limited
A notably refined report which published a dated set of 2030 ambitions covering returns, store formats, international footprint and emissions reduction, illustrating its vision to deliver high-quality shareholder value.



Hong Kong Exchanges and Clearing Limited
An effective report, opening with a two-page clear timeline of the year's milestones followed by a well-structured market statistics dashboard, showcasing its series of pivotal strategic initiatives accomplished or initiated during the year.



Swire Properties Limited
A well-presented report which combined high-impact visual scaffolding with a rigorous separation of recurring from non-recurring performance and exceptional visibility over its investment pipeline.


CHOW TAI FOOK
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Best Environmental, Social and Governance Reporting Awards

Accounting & Finance Services



HSBC Holdings plc

Conglomerate



Swire Pacific Limited

Infrastructure & Real Estate / REIT



Hang Lung Properties Limited

Logistics & Transport



MTR Corporation Limited

Manufacturing



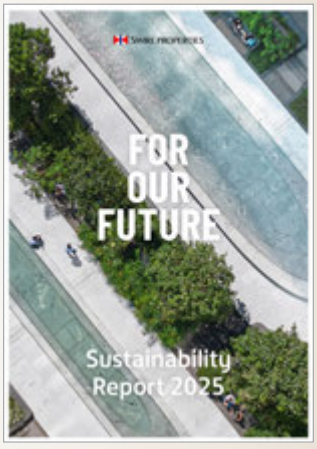
VTech Holdings Limited

The Environmental, Social and Governance Reporting Award of the Year



CLP Holdings Limited

Property Development & Investment



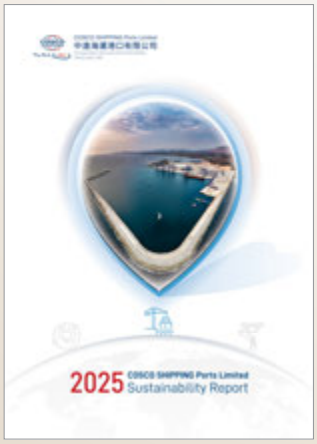
Swire Properties Limited

Public Utility



HK Electric Investments

Shipping & Maritime Services



COSCO SHIPPING Ports Limited

Technology & Information



Tencent Holdings Limited

Tourism & Hospitality



The Hongkong and Shanghai Hotels, Limited

Power Brighter Tomorrows



From every home we light
to every business we empower,
CLP has fuelled Hong Kong's prosperity.
We power this city,
as we shape a bright and sustainable future together.

CLP 中電 | 125

COMMENTS ON SPECIFIC CRITERIA BY THE PANEL OF ADJUDICATORS

GENERAL CATEGORY

1. Accounting – Conformity with the Requirements of the Relevant Financial Reporting Standards, the Hong Kong Stock Exchange and Hong Kong Companies Ordinance; and the Provision of Accounting Information over and above the Requirements

1.1 Overall standards and comments



In 2026, Hong Kong's economy maintained its solid expansion. For the first half of the year, the economy expanded by 5.1%, the strongest half-yearly performance in nearly five years. External trade remained the primary growth engine, driven by sustained global demand for AI-related electronics. Domestic demand showed encouraging resilience while further supported by overall investment expenditure grew. Against this backdrop, the government raised its full-year GDP growth forecast to 3.5%–4.5%, up from the earlier projection of 2.5%–3.5%.



Hong Kong's capital markets delivered a standout performance in the first half of 2026. The city recorded 84 IPOs raising HK$209.8 billion, a 92% year-on-year increase in fundraising and the highest first-half total in five years. Hong Kong ranked second globally by IPO proceeds, with A+H listings accounting for 44% of total fundraising. The AI value chain was a defining theme: AI-related companies accounted for more than half of IPO proceeds, reflecting Hong Kong's growing role as a financing platform for the global AI investment boom. Tourism also continued its recovery, with visitor arrivals reaching 26.71 million in the first half, up 13% year-on-year. Looking ahead, innovation and technology, particularly artificial intelligence (AI), advanced electronics and fintech, was supported by rising global demand for AI-related products, new research and computing infrastructure and government measures to promote technology enterprises.



A defining feature of the current policy landscape is the convergence of national and local strategic planning. 2026 marks the opening year of China's 15th Five-Year Plan, which places "new quality productive forces" and scientific and technological innovation at the centre of the development agenda. In parallel, Hong Kong unveiled its first-ever Five-Year Plan for Economic and Social Development, setting long-term strategies for economic development, innovation and technology, the Northern Metropolis, and integration into national development. The government has also deepened regional cooperation, notably through the launch of the Guangdong-Hong Kong low-altitude economy cross-border sandbox mechanism, positioning Hong Kong's standard-setting and R&D strengths alongside Greater Bay Area testing and industrial capacity.

In this context, the HKMA Best Annual Reports Awards recognizes organizations that not only uphold the highest standards of transparency and accountability but also demonstrate strategic clarity in navigating a period of rapid structural transformation. The convergence of technological disruption, climate imperatives, and evolving geopolitical dynamics demands that annual reports articulate how management is positioning the business for resilience and growth. This year's submissions reflect how Hong Kong's leading companies are responding to this challenge, with notable advances in environmental, social and governance (ESG) integration, digital presentation, and the articulation of strategy in an increasingly complex operating environment.

In general, no significant issues were identified with compliance with the minimum requirements under the Financial Reporting Standards, Hong Kong Companies Ordinance, and Listing Rules. However, as in prior years, there remain areas where disclosure practices can be further enhanced. These recommendations are summarized below:

(i) Tailoring disclosure weighting to reflect key messages and current-year performance drivers

A significant number of entries continued to present their financial statements on a predominantly compliance-driven basis. While these entries satisfied all or most of the minimum disclosure requirements under Hong Kong Financial Reporting Standards (HKFRSs), the weighting of disclosures is not calibrated to the relative importance and relevance of items to the current year's financial performance and trends. In other words, disclosures are presented with equal emphasis regardless of whether they are central to understanding the year's results or peripheral to them.

FIRST PACIFIC



Creating Long-term Value in Asia

First Pacific (HKSE: 00142, 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 investment portfolio is centered on our core industries and markets:

- **Indofood** – the largest vertically-integrated food company in Indonesia
- **PLDT** – the dominant integrated teleco and digital services provider in the Philippines
- **MPIC** – a leading infrastructure investment and management company in the Philippines

First Pacific also holds investments in:

- **PacificLight Power** – one of Singapore's most efficient gas-fired power plants
- **Philex Mining** – one of the largest metal mining companies in the Philippines
- **PXP Energy** – an upstream oil and gas company in the Philippines

www.firstpacific.com

Key operating companies

PacificLight · Meralco · Metro Pacific Investments · PLDT · Indofood · Indofood CBP · Philex Mining Corporation · Light Rail Manila Corporation · MPH · GBP Global Business Power · Maynilad · MPTC Metro Pacific Tollways · Smart · IndoAgri · PXP Energy

Financial statements are not merely a compliance exercise; they are a communication tool through which management conveys the key messages it wishes to deliver for the year. Entries may therefore consider adopting a more deliberate approach to disclosure weighting, ensuring that greater prominence and granularity are given to items that are most material to the year's performance. The principle is that the level of disclosure should be proportionate to the significance of the item to the entity's financial performance and position for the year. A "one-size-fits-all" approach to disclosure, even where technically compliant, does not serve the objective of enabling users to make informed economic decisions.

(ii) Linking financial performance to mega trends

Financial statements users would appreciate understanding entries' financial performance in the context of the broader mega trends shaping the operating environment. Annual reports increasingly discuss, often extensively in the ESG and management discussion & analysis (MD&A) sections, the impact of technological disruption, climate change, demographic shifts, and geopolitical realignment on the business. However, the financial statements themselves frequently remain disconnected from these narratives. Entries may consider providing additional disclosures that bridge this gap.

The overall recommendation is that entries should not treat the financial statements as a standalone compliance document, but rather as an integral part of the overall annual report narrative, one that should be informed by, and in turn inform, the discussion of mega trends affecting the business. Where management considers a trend to be sufficiently significant to warrant prominent discussion in the MD&A or ESG report, it is reasonable for users to expect corresponding visibility in the financial statements, whether through specific disclosure, breakdown, or cross-reference.



1.2 Conformity with the requirements of the relevant financial reporting standards

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. Some of them are highlighted below:

(i) HKAS 1 "Presentation of Financial Statements" – disclosures for material items

Under HKAS 1.31 additional disclosures are required for material balances or transactions that are not covered by specific disclosure requirements under other HKFRSs.

HKAS 1.31, provides that some HKFRSs specify information that must be included in the financial statements, including the notes. An entity needs not provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This applies even if the HKFRS contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in HKFRSs is insufficient to enable users of the financial statements to understand the impact of particular transactions, other events, and conditions on the entity's financial position and financial performance. This requirement reflects the principle that materiality applies to the financial statements as a whole and that entries should not aggregate or disaggregate information in a manner that obscures useful information. The IFRS Foundation has illustrated the application of this principle, for example, in the context of climate-related transition plans where an entity must assess whether additional disclosures are necessary even if the plan has no quantitative effect on the current period's financial statements.

Historically, the market has generally been effective at providing details and breakdowns of revenue and income, but less so for expenses. While continued improvement was observed over the past three years, with many entries now disclosing expense breakdowns at a level of detail that reconciles with the aggregate of all costs and expenses in the income statement (for example, cost of sales, administrative expenses, selling and marketing expenses, and other operating expenses), a number of entries still lack such detailed disclosures.

For example, where research and development (R&D) expenses represent a significant item in the profit or loss, although HKFRSs do not impose specific disclosure requirements on the details of R&D expenses beyond the aggregate amount recognized as an expense under HKAS 38.126, users of the financial statements would benefit from understanding their components and nature. HKAS 38.127 clarifies that R&D expenditure comprises all expenditure directly attributable to research and development activities, including costs of materials, employee benefits, fees, and amortization of patents and licences. Such information is important for users to evaluate management's strategy for deploying resources to R&D activities. The growing significance of intangible assets as drivers of economic activity further underscores the importance of enhanced disclosure in this area.

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Powering Hong Kong's Journey Towards Net Zero

For more than 135 years, HK Electric has delivered a world class electricity supply to Hong Kong, achieving a world-class 99.9999% reliability rating for multiple years since 2017—among the best in leading cities worldwide.

Beyond reliability, we are driving energy efficiency and sustainability. Through the transition of our electricity generation fuel mix from coal to natural gas, coupled with the adoption of zero-carbon energy, smart meters and advanced emissions-reduction technologies, HK Electric has delivered significant environmental improvements and achieved remarkable results. Hong Kong's total GHG emissions in 2024 fell by approximately 1.3 million tonnes compared with 2023. During the period, HK Electric's GHG emissions dropped by more than 590,000 tonnes, contributing to more than 45% of the city's total emissions reduction and making it a leading local energy provider in carbon reduction.

In addition, details and breakdowns of expenses by nature enable users of the financial statements to evaluate the company's performance and cost-effectiveness, as well as the performance of management. Where an entity presents expenses by function, HKAS 1.104 requires additional disclosure of expenses by nature, including depreciation and amortization expenses and employee benefits expenses. A full analysis of expenses by nature is not strictly required, but a greater level of detail than the minimum can significantly enhance users' understanding.



Furthermore, some entries did not provide sufficient detail for material balance sheet items such as "other receivables" and "other payables". This is consistent with observations made by regulators, which have noted that disclosure of the nature and impact of material balances and transactions was often less than adequately explained. For example, some issuers had material "other receivables" or "other payables" but did not provide further analysis and explanation of the nature of these balances. Regulator has recommended that issuers include an analysis and explanation of the nature and fluctuation of balances such as "other receivables" or "other payables" where they are of such significance that they would enhance investors and other users' understanding of the financial statements. Similar recommendations have been made in relation to material "other expenses", "other income", "other assets", and "other liabilities".



(ii) HKAS 36 "Impairment of Assets" – disclosures for key assumptions and relevant sensitivity analysis

While the general market recovery has reduced the risk of asset impairment, it was noted that impairment provisions in 2025 were lower than in 2024. Nevertheless, such risks remain in certain sectors and industries.

Under HKAS 36.134, specific disclosure requirements apply where a unit's (or group of units') recoverable amount is determined on the basis of fair value less costs of disposal. While most entries within the scope of HKAS 36 disclosed growth rate(s) and discount rate(s) assumptions in accordance with HKAS 36.134(d)(iv) and (v), they did not disclose other key assumptions to which the unit's (or group of units') recoverable amount is most sensitive, that is HKAS 36.134(d)(i). Little improvement was seen in this area in 2025, with only a few entries disclosing other key and sensitive assumptions, such as the gross profit ratio.



For mature and stable businesses, the terminal growth rate and discount rate are typically the most significant assumptions adopted. For new or fast-growing businesses, however, the most significant assumptions would also include the growth rate over the first five years or any adjustments made to the first-year base case.

In addition, HKAS 36.134(f) requires quantitative disclosure where a reasonably possible change in a key assumption on which management has based its determination of the unit's (or group of units') recoverable amount would cause the carrying amount to exceed the recoverable amount, that is sensitivity analysis. This includes disclosure of: (i) the amount by which the unit's (or group of units') recoverable amount exceeds its carrying amount; (ii) the value assigned to the key assumption; and (iii) the amount by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the unit's (or group of units') recoverable amount to equal its carrying amount.



A significant number of entries within the scope of HKAS 36 still disclosed only a statement that management considered any reasonably possible change in key assumptions would not result in an impairment of the relevant assets. They did not disclose what those key assumptions were, nor provide any quantitative disclosures in accordance with HKAS 36.134(f)(i)–(iii) as set out above.

(iii) Sustainability reporting and financial statements: A connectivity gap in Hong Kong

Sustainability reporting has been rising steadily up the accountancy agenda, and ESG reporting has attracted increasing management and market focus in recent years. However, in the financial statements, entries in Hong Kong seldom reflect related accounting considerations and disclosures. This disconnect is increasingly significant, as the International Sustainability Standards Board (ISSB) has emphasized that IFRS Accounting Standards and IFRS Sustainability Disclosure Standards are designed to provide complementary and connected perspectives on a company's financial position and performance. The International Accounting Standards Board (IASB) and ISSB have jointly noted that connectivity between the two sets of standards is essential for enabling the provision of high-quality financial information to capital markets. The following list identifies a number of relevant questions that warrant consideration.

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二手搵盤放盤，新盤分析

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收息攻略，退休個案分析





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國際局勢
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美國關稅追蹤



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Climate-related risks in impairment assessment under HKAS 36

Are climate-related risks considered in impairment assessment under HKAS 36, and if so: (i) are they reflected in discount rates? (ii) are they reflected in cash flow projections under different scenarios? and (iii) are different growth rates used for medium- and longer-term cash flows? In valuation practice, the impact of climate-related matters is generally reflected in the cash flows rather than in the discount rate whenever possible. However, if sufficient data is not available or it is not possible to reliably quantify the impact of a climate-related matter on cash flows, adjustments to the discount rate may need to be made. HKAS 36.55 requires the discount rate to reflect risks specific to the asset that have not been reflected in the cash flows, meaning climate-related financing risks should not be double-counted. Entries are expected to explain how climate risk has been incorporated into cash flow projections or discount rates where the business is materially exposed. Recent research has highlighted a significant connectivity gap between the forward-looking climate disclosures required by HKFRS S2 and the historically rooted asset valuations mandated by HKAS 36, with simulations showing that integrating HKFRS S2-related transition risk into HKAS 36 impairment testing can result in a substantial erosion of recoverable amounts compared to deterministic baseline assumptions.





Carbon costs and the net zero target

Does the accounting consider the additional carbon costs required to achieve the carbon zero target disclosed in the ESG report? The IFRS Interpretations Committee has published an agenda decision clarifying the circumstances in which a company would recognize a provision for the costs of fulfilling a commitment to reduce or offset its greenhouse gas emissions. The Committee confirmed that a company applies a two-part test under IAS 37: first, whether the company's public statement has created a constructive obligation; and second, whether that obligation meets all three criteria for recognizing a provision. A constructive obligation is an existing concept in IAS 37, and the assessment of whether a public statement creates such an obligation requires judgement and may need to be revisited from one reporting date to the next. Where a company commits to offset specific emissions it makes in the future, emitting pollutants will generally be the past event, meaning a provision is recognized only when the company emits the pollutants in the future.



Constructive obligations relating to environmental matters

Does the business have a constructive obligation to comply with environmental or carbon-related matters that requires provision on the balance sheet as at year end? Under HKAS 37.10, a constructive obligation derives from an entity's actions where, by an established pattern of past practice, published policies, or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities, and as a result, has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



Share-based compensation and ESG-related KPIs

Is there any share-based compensation and remuneration policy for senior management with carbon or ESG-related KPIs that should be disclosed? HKFRS 2.44 and 2.45 require an entity to describe each type of share-based payment arrangement and to disclose information that enables users of the financial statements to understand the nature and extent of such arrangements, including details of any climate-related performance conditions. Market observations indicate that a lot of issuers already include ESG objectives among the performance criteria for share-based compensation, demonstrating that this is an established and growing practice. Where share-based payment arrangements are linked to ESG performance factors that are also disclosed in the sustainability report, entities should ensure that the financial statement disclosures enable users to understand the terms of the arrangements and the effect on the entity's profit or loss and financial position.

(iv) HKFRS 7 "Financial Instruments: Disclosures" – disclosures in relation to expected credit loss (ECL) assessments

Under HKFRS 7.35G, an entity is required to explain the inputs, assumptions and estimation techniques used to apply the impairment requirements in Section 5.5 of HKFRS 9. The disclosure objective is to provide information that enables users of the financial statements to understand the basis on which expected credit losses have been measured, including the assumptions and inputs that are most significant to the estimate. HKFRS 7.35G(a) specifically requires disclosure of the basis of inputs and assumptions and the estimation techniques used, and HKFRS 7.35G(b) requires disclosure of how forward-looking information has been incorporated into the determination of expected credit losses. HKFRS 7.35M&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.



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In practice, entities in Hong Kong have generally provided detailed disclosures about the techniques and methodology used to apply the expected credit loss assessment. However, a considerable number of entries with significant financial assets subject to ECL assessment continued to provide inadequate or largely boilerplate disclosures on the key inputs and assumptions that would allow users of the financial statements to assess and judge whether the ECL recognized is adequate. 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 to understand the credit quality of this group of assets or receivables. Entities may instead consider disaggregating the balance into buckets with loss rates of, for example, 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 entities 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.

This disclosure gap is notable because the determination of ECL involves significant management judgement and a number of assumptions applied to develop the ECL models. Key parameters and assumptions typically include the identification of loss stages, estimates of probability of default, loss given default, exposures at default, discount rates, adjustments for forward-looking information and other adjustment factors. Where an entity's assumptions and inputs used to measure expected credit losses include information obtained from internal historical information or rating reports, assumptions about the expected life of financial instruments, and the timing of the sale of collateral, those matters should be explained in sufficient detail to enable users to evaluate the reasonableness of the ECL recognized.

(v) HKFRS 12 "Disclosure of interest in other entities"

A few entries did not provide disclosures of summarised financial information of subsidiaries with material non-controlling interests, material associates or joint ventures in accordance with HKFRS 12.B10-B15, or further information to understand the non-controlling interests, where 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.

(vi) 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 consider further disaggregating the portfolios for disclosure purposes.

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 is observed that a few entries classified all their investment properties as level 2, and accordingly, they provided a lesser extent of disclosures compared to their peers. It is recommended that these entries may consider providing additional information to facilitate comparison across their peers.

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

(vii) HKFRS 15.120 "Revenue from Contracts with Customers"

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 room for improvement in order to meet the expectation of financial statement users, such as transaction price allocation disclosure under HKFRS 15.120 "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.

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(viii) Other common inadequate disclosures

- With effect from 2025, the auditor's report is required to disclose the name and practice certificate number of the practitioner responsible. One entry was noted to have failed to comply with this new requirement.
- Inventories - HKAS2.36 "the carrying amount of inventories carried at fair value less costs to sell", generally entries only disclosed the provision amount and not the carrying amount of inventories impacted by the provision. This allows financial statements' users to understand whether such provision is an isolated case or the general issue for the inventories as a whole.
- Related party disclosures - HKAS24.23 "related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated".

1.3 Provision of accounting information over and above the requirements

Some entries have gone beyond the minimum requirements of HKFRSs by providing additional information on financial reporting. The following highlights areas where entries have demonstrated good practice:

(i) Enhanced presentation of financial statements

To help users of the financial statements understand the relationship between accounting policies, significant judgements and estimates, and the relevant financial statement line items, some entries presented accounting policies alongside significant judgements and estimates in notes that adjoin the related breakdowns. This presentation approach is encouraged by HKAS 1, which notes that where a particular matter has involved both accounting estimates and other judgements in the application of policies, financial statements users may find the information easier to understand if the disclosures required by of HKAS 1.122 (concerning judgements made in the application of policies) and of HKAS 1.125 (concerning accounting estimates) are combined in one note or cross-referenced to each other. The amendments to HKAS 1, effective from 1 January 2023, further reinforce this approach by requiring entities to disclose material accounting policy information rather than significant accounting policies, thereby focusing on entity-specific information that is more useful to users.

In addition, some entries provided additional currency disclosures in the core financial statements to facilitate users with different backgrounds. Some entries made cross referencing between disclosures in the MD&A to the related financial statement items to facilitate readers' understanding of analysis of business performance. Enhancing the overall presentation and layout of the financial statements in a more user-friendly manner is considered good practice.

(ii) Enhanced disclosures on complex business arrangements

Financial statements reflect the results of business arrangements and transactions. Additional disclosures on the details and terms of significant contracts allow users of the financial statements to better understand financial performance and financial position. Some entries provided detailed descriptions to explain business arrangements or contractual terms, for example, for long term cooperative arrangements and written put option over non-controlling interests, that are important to the understanding of the transactions and their accounting treatment. An entry provided detailed reconciliation and management analysis for the application of new accounting standards.

HKAS 1 requires entities to disclose, along with their material accounting policy information or other notes, the judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements. Where the accounting required for transactions is complex, an additional disclosure is particularly important so that users can understand those material transactions, other events, or conditions. Examples of such judgements include decisions as to whether the entity was acting as an agent or a principal in an arrangement, or whether circumstances during the period indicated that it was appropriate to suspend interest capitalisation on a development project.

(iii) Enhanced disclosures of operational data together with financial information

Some entries have supplemented financial information with operational data. For example, segment analysis may include operational data such as the number of customers and cost efficiency ratios. Disclosures of the fair value of financial instruments and the related control framework have also been provided. HKFRS 13 requires entities to provide information that enables users of financial statements to assess the methods and inputs used to develop fair value measurements and the effect of those measurements on profit or loss or other comprehensive income where they are based on significant unobservable inputs. The disclosure requirements apply only to fair value measurements made after initial recognition and vary depending on whether the measurement is recurring or non-recurring and which level of the three-level fair value hierarchy the assets or liabilities are categorised within. Providing operational data alongside financial information enables users to evaluate the performance and cost-effectiveness of the business more comprehensively.

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(iv) Enhanced disclosures on properties owned

Some entries provided detailed disclosures, including unobservable data for investment properties under the Level 3 category, on a property-by-property basis. Given that different properties may vary significantly depending on their locations, more granular detail allows users of the financial statements to better understand the quality of assets. HKFRS 13.93(h) requires a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. Where there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. At a minimum, the narrative description of the sensitivity to changes in unobservable inputs must include the unobservable inputs disclosed when complying with the quantitative disclosure requirements of HKFRS 13.93(d). Examples of recurring fair value measurements to which these requirements apply include investment properties accounted for using the fair value model under HKAS 40.

(v) Enhanced disclosures on segment information

Some entries provided additional segment information beyond the required disclosures by nature of business and geographic location. Examples include: (i) segmentation by customer types; (ii) segmentation by business units even within similar business natures; (iii) exclusion of certain significant accounting impacts such as HKFRS 16 Leases; and (iv) separate tax impact disclosures for primary and other locations with different tax rates.

HKFRS 8 requires disclosure of certain information about an entity's products and services, geographical areas, and major customers, even if the entity has only one reportable segment. These entity-wide disclosures must be based on the financial information used to produce the entity's financial statements and are required only if they are not provided as part of the reportable segment information. HKFRS 8.34 specifically requires disclosure of information about revenues from major customers if revenues from transactions with a single external customer amount to 10% or more of an entity's revenues. Where information disclosed in other notes refers to the same major customer or customers as are disclosed in the segment information, providing cross-references would be useful to users. Additional segmentation by customer type and business unit beyond the minimum requirements enhances users' ability to evaluate the nature and financial effects of the business activities in which the entity engages and the economic environments in which it operates, consistent with the core principle of HKFRS 8.

1.4 Outstanding companies deserving special mention

Chow Tai Fook Jewellery Group Limited, CK Hutchison Holdings Limited, CLP Holdings Limited, CTF Services Limited, FSE Lifestyle Services Limited, FWD Group Holdings Limited, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, HSBC Holdings plc, New World Development Company Limited, SF REIT, Swire Properties Limited and Towngas Smart Energy Company Limited.

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

2.1 Overall standards and comments

A continuous improvement in overall reporting quality of information relating to ESG of the "General Category" was observed. The enhancement was partly driven by the provision of clearer guidance collectively by the regulators and partly due to corporate affirmative attitude towards the potential favorable outcomes in associated with the adoption of sustainability strategy. ESG had been clearly articulated as a vital element driving successful corporate development, and the information disclosed highlights the sustainable business model in terms of achieving "Environmental Stewardship", "Operational Excellence" through ESG initiatives, delivering "Corporate Transformation" associated with ESG strategy, and/or emerging with "Sustainable Business Approach" along ESG integration.

Besides, it is worthwhile to mention that several outstanding entries have reflected their emphasis on ESG commitments via redefining corporate sustainability moves and presenting their strategies on "Decarbonizing" operation, "Co-creating" ecosystem, creating "Synergy", achieving "Mutualism", instilling "Inclusion" and "Responsible" finance or supply-chain. These corporate goals do justify that the management fully embraces the collective value creation driven by ESG initiatives. The "Business Ethics" has also been highlighted in almost all of the entries' reporting on governance aspects of the ESG development.

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A number of entries have already integrated "ESG" elements along the annual report preparation that discussions on sustainability have been well-blended into several sections of the annual reports, including but not limited to, management discussion and analysis, risk management assessment, and corporate future prospect. It is also a good practice of having senior management involved in steering the ESG committees or workforces. In line with emphasizing on ESG initiatives or development, more and more listed companies had their ESG-related workforce established along the board-level, management-level, and operation-level. 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

Some entries incorporated the concepts of sustainability along business processes and/or corporate transactions. For example, inclusion finance, green finance or ageing finance, sustainable design or construction of properties, responsible sourcing, sustainable marketing, responsible investment, circular economy were explicitly mentioned in the corporate future development and decisions on supply-chain management, investment decisions, and financing activities. It was encouraging to observe that some entries even leveraged on sustainability concept by lobbying corporate innovation or intelligent business models.

As observed last year, few entries started to promote a sustainability performance-linked appraisal system. While not all sustainability performance is reasonably quantifiable, such system implementation may give positive signals to investors, creditors, regulators, management, customers and suppliers of corporate commitment on adopting ESG strategies and emphasis on improving performance via non-financial initiatives.

As for communication with stakeholders, the outstanding entries created standalone section about corporate sustainability in parallel with the traditional ESG reporting section in 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 was also observed through a sharp display of standalone "ESG" or "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

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 annual reports. Relatedly, limited ESG or 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 or sustainability report to communicate with stakeholders the strategic plan and/or future business development.

It was also noted that quite a number of entries likely published their annual reports ahead of the ESG or sustainability reports, resulting in no concrete information being disclosed in the annual reports. By contrast, some entries, especially those outstanding ones, clearly stated the hyperlinks or created QR codes directing audience to access the ESG or sustainability reports; their discussions on sustainability were relatively more comprehensive and solid.

While it was good to observe that some entries discussed the sustainability "approach", "strategy" or "journey" at the frontend of the ESG or sustainability reports, which highlighted the corporate attitude and commitments towards sustainability at a high level, mere regulatory compliance with minimum disclosure was still of concern. By contrast, it seems that during the economic downturn, corporate focus on turnaround strategies over sustainability commitments was observed in some entries' reports.

An external verification or assurance continued to be a topic for enhancement. Close to 80 percent of the reviewed entries whose ESG reports were with external verification and/or assurance. Strengthening the external assurance mechanism likely improves credibility of reporting and provides further monitoring efforts.

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2.4 Outstanding companies deserving special mention

Airport Authority Hong Kong, Champion REIT, CLP Holdings Limited, COSCO SHIPPING Ports Limited, CTF Services Limited, FWD Group Holdings Limited, Hang Lung Properties Limited, Henderson Land Development Company Limited, HK Electric Investments, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Hysan Development Company Limited, Kerry Properties Limited, MTR Corporation Limited, New World Development Company Limited, Shui On Land Limited, Swire Pacific Limited, Swire Properties Limited, Tencent Holdings Limited and VTech Holdings Limited.

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

Submissions achieved an increasingly high standard this year, demonstrating a remarkable convergence of exceptional quality across the board and collective elevation in corporate storytelling, and clearly reflecting the considerable effort invested in improving readability and comprehension. Most organizations presented their overall performance in a concise and engaging manner, employing effective design and presentation techniques. An area in which many entries excelled was the visual communication of key data. High-impact highlights spreads, performance dashboards and purposeful infographics were widely used to convey complex operating metrics clearly rather than as decoration, and more companies than in previous years brought their headline operating and financial data forward to the opening pages. An increasing number of companies also showcased innovative and creative strategies by incorporating unique animal logos or avatars throughout their annual reports. This approach not only captured readers' attention but also encouraged them to delve deeper into the details.

Despite these advancements in visual appeal and creative branding, a notable contrast emerged in structural execution, as a number of entrants struggled to match their strong presentation with underlying narrative clarity. Specifically, these companies faced challenges presenting various disclosure areas, such as strategy, governance, operational highlights, financial highlights, and company information, in a coherent and systematic fashion. The messages intended to be conveyed by organizational charts were also often unclear, or the charts themselves were overly complex and difficult to interpret. This disorganization hindered readers' ability to obtain a clear and concise understanding of the companies.

Companies which deserve a special mention for their striking and effective highlights pages are:
ANTA Sports Products Limited, Bank of China Limited, CK Hutchison Holdings Limited, CLP 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, MTR Corporation Limited, PCCW Limited, Swire Properties Limited and Towngas Smart Energy Company Limited.

3b. Understandability, Clarity and Conciseness

The majority of the reports were prepared to the highest standards. They provided clear and concise summaries of strategies, key analysis in easy to read formats with appropriate use of charts, key diagrams and appropriate use of photographs. The complementary use of AI was clear in many of the reports, which continued to excel in governance, risk and sustainability.

The Chairman's Statements which included a clear personal touch, and the inclusion of relevant photographs enhanced the reading experience and the portraits of the directors brought the report to life. Outstanding reports set out clear strategies, risk profiles, financial highlights as well as their outlook.

Most entries did well in providing corporate information with vision, mission and strategy, and in setting these out at the forefront of the report rather than burying them. Outstanding reports then carried a single storyline through the whole document, so that the strategic proposition stated on the opening pages could be traced through the executive statements, the operational reviews and the financial results.

The strongest entries 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. A number of companies dealt openly with their own shortfalls, flagging unmet targets prominently in the body of the report and explaining the reasons for them rather than relegating the matter to an appendix. 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 unfamiliar 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. Many had improved their indexing making it a clearer reference guide for users.

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On the contrary, there were still a number of areas which needed further improvement. Majority of reports had attempted to use some form of AI. With the growing use of Copilot and AI, it was disappointing that there remained a few poor reports. Several reports included immaterial and irrelevant information, making it difficult for readers to discern key details from marketing fluff. Their disclosures lacked obvious meaningful and relevance. While photos can enhance important information, they can detract from the report if deemed irrelevant.

A further recurring pattern was a visually accomplished opening followed by a management discussion presented almost entirely in continuous prose and standard tables. Some entries relied too heavily on tables rather than graphical illustration in the presentation of information, and in a number of reports the charts and trend graphics disappeared at precisely the point where the reader most needed help. 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 some of the more detailed reports, length and reconciliation complexity came at the expense of conciseness. A number of entries required real effort to trace multi-layered non-statutory performance measures back to the reported figures. Where parallel sets of figures were presented under two accounting bases throughout, the result was transparent but demanding, and the general readers were not always well-served.

Strategic highlights, governance commentary and risk disclosure were frequently present but largely boilerplate, with no distinct executive summary and no attempt to benchmark performance against the market or the sector. Disclosure of relevant market or industry data, and of the bases of calculation underlying reported metrics, also remained relatively weak across the field.

Outstanding companies deserving special mention are:
Chow Tai Fook Jewellery Group Limited, CK Hutchison Holdings Limited, CLP Holdings Limited, FWD Group Holdings Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, MTR Corporation Limited, Swire Pacific Limited and Swire Properties Limited.

4. Summary of Past Results and Highlights

Most entries effectively communicated past performance through clear financial summaries, visual charts, and data analysis to highlight key business focuses. Leading companies distinguished themselves by going beyond basic revenue and profit metrics to include segment comparison, key reasons affecting the performance and other useful financial and business metrics. However, over half of the companies relegated 5-year historical summaries to an appendix. Integrating multi-year trends directly into the core financial overview would offer investors a more immediate long-term perspective.

Organizations which are particularly outstanding in this aspect include:
Airport Authority Hong Kong, Bank of China Limited, Chow Tai Fook Jewellery Group Limited, CK Hutchison Holdings Limited, CLP Holdings Limited, Henderson Land Development Company Limited, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, MTR Corporation Limited, Swire Pacific Limited and Swire Properties Limited.

5. Management Discussion and Analysis

The management discussion and analysis were, by contrast, the most consistently well-handled part of the annual reports, and very few entrants fell materially short on it. The best management discussions separated recurring performance from disposals, fair value movements and other non-recurring items, and reconciled the two transparently, which materially improved the credibility of the narrative surrounding the figures.

However, the analysis of assets and liabilities was almost invariably the thinnest element. Most companies listed aggregated balance sheet figures, gearing ratios and net asset positions without explaining the working capital movements, capital structure decisions or valuation judgements that laid behind them, and in several cases the discussion amounted to little more than a restatement of the balances themselves. Even among the strongest reports, stand-alone balance sheet commentary was frequently the briefest passage in an otherwise substantial review. Companies that described their revenue and cost drivers with real analytical care would do well to extend the same treatment to the balance sheet.

Companies which deserve mention for extensive and informative management discussion and analysis include:
CLP Holdings Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Lenovo Group Limited, MTR Corporation Limited, Swire Pacific Limited and Swire Properties Limited.

6. Indications of Prospects / Forward Looking Statements



The disclosure of prospects and forward-looking statements remained relatively scarce. The area of greatest weakness was the quantification of prospects, on which the lowest individual assessments in the category were recorded. Forward-looking statements were frequently expressed without measurable content, describing initiatives and target markets in general terms while omitting timeframes, quantified milestones and any means by which a reader might later judge delivery. Some companies identified new geographic markets or product lines without attaching a timeline or a target to either. This was not a universal failing, and rather more than half of the entrants disclosed dated and measurable commitments; but the field divided almost evenly on the point, and where the leading entries published numbers, a substantial minority published intentions, on which a reader had no basis to form a view.

Some companies also lacked the perspective on how they planned to integrate AI into their corporate strategies, operational workflows, and business development over the next two to three years, especially concerning operational cost efficiency and data management. As for future development directions, strategic focuses, and overarching strategies, most reports followed a structured template, though there is room for improvement in certain individual reports, particularly in the presentation of numeric KPIs.

Risk disclosure also remained largely disconnected from the outlook. Even where risk management frameworks were properly described, few companies tied identified risks to projected financial or cash flow impacts, so readers could not judge how sensitive the stated plans were to the risks the company had itself identified. Sensitivity and scenario analysis around interest rates, tariffs, commodity prices and property yields was largely absent, including from a number of otherwise strong reports.

Companies deserving special mention in this area include:
Airport Authority Hong Kong, ANTA Sports Products Limited, Chow Tai Fook Jewellery Group Limited, CLP Holdings Limited, COSCO SHIPPING Ports Limited, HK Electric Investments, The Hong Kong and China Gas Company Limited, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Lenovo Group Limited, MTR Corporation Limited, Swire Pacific Limited and Swire Properties Limited.

7. Environmental, Social and Governance (ESG) Reporting

7.1 Overall standards and comments

This year's entries in the "General" Category reflected the first full reporting cycle under the Hong Kong Stock Exchange's enhanced climate disclosure requirements in Appendix C2 (formerly Appendix 27). It was pleased to observe that many companies invested significant time and resources in ESG and how to maintain the companies' sustainable growth. More companies were embracing ESG as a strategic priority, given the rising focus from investors and stakeholders. The leading examples in both categories were built around multi-year key performance indicator tables, transparent year-on-year comparisons. A clear majority of companies have moved from TCFD-referenced reporting to frameworks aligned with the ISSB. An increasing number set out long-range strategic plans extending to 2030 or 2050, which demonstrated a treatment of sustainability as a corporate strategy rather than a compliance exercise. This transition has visibly lifted the structure and comparability of climate-related disclosures across the field.

The strongest entries combined clear governance narratives, well-explained materiality assessments and externally assured data with disciplined, readable presentation. Ethical values and business conduct received noticeably more attention this year, with more companies moving beyond a recitation of policies towards concrete disclosure of training coverage, whistleblowing statistics and case handling. Materiality assessments also matured, with a number of entries adopting double materiality concepts and explaining both the impact and financial relevance of the issues identified.

Notwithstanding these advances, the gap between the leaders and the rest of the field remained wide. Experienced reporters produced comprehensive, structured disclosures with measurable objectives and robust assurance, while others continued to struggle with articulating targets, verification practices and forward planning. Report length remained a persistent issue: several entries again exceeded 100 pages, and in some cases the volume of material diluted rather than strengthened the message. Managing length and focus is now as much a differentiator as the underlying content.



The transition to ISSB-aligned reporting will continue to raise the bar over the next two to three reporting cycles. Some even followed the sustainability accounting standards for Engineering and Construction Services to prepare for their sustainability reports. All these contributed to the rising quality of information being disclosed and reflected listed company management's solid implementation of ESG disclosure requirements beyond a mere compliance with the standards. The panel also noted the emerging use of technology, including AI tools, in data collection and report preparation; where such tools were used, companies should ensure that governance and verification of the underlying data keep pace.

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

(i) Reporting on commitment to ethical values and behaviors

More companies disclosed substantive information on business ethics this year, including anti-corruption and anti-bribery training coverage by employee category, the operation of whistleblowing channels, the number and nature of reports received, and how cases were investigated and resolved. Board-level statements on conduct and culture were increasingly specific, and several entries linked ethical conduct metrics to remuneration or performance assessment, which added credibility to the stated commitments.

Most described relevant issues and their business impacts, analyzing both transition and physical risks. Some developed climate-related policies and strategies. More and more entries made use of a "Case Study" approach to describe their solid actions contributing to environmental preservation ("E"), enhancing well-being and community ("S"), improving corporate ethical standards ("G").

(ii) Materiality assessment

The majority of companies conducted thoughtful materiality assessments and explained their process for identifying and prioritizing material ESG issues. The stronger entries disclosed the stakeholder groups engaged, the engagement methods used, and how the results translated into the prioritization shown in their materiality matrices. A growing number adopted double materiality, distinguishing between impacts on the environment and society and issues with financial relevance to the business, and refreshed their assessments rather than rolling forward prior-year conclusions unchanged.

(iii) Assurance and reporting process

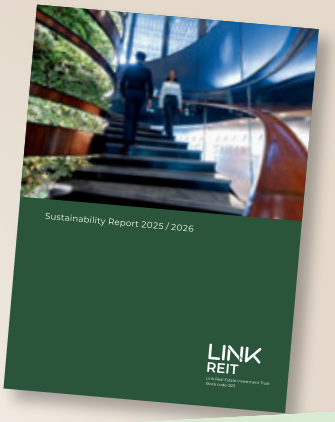
External assurance continued to gain ground. More entries obtained independent limited assurance over key ESG metrics, a number extended assurance scope beyond greenhouse gas emissions to social data, and some engaged more than one independent professional party. The better reports disclosed the assurance standard applied, the scope of work and the basis of preparation for reported data, including calculation methodologies and emission factors, which materially improved the reliability and comparability of the information disclosed.

(iv) Compliance with expanded disclosure requirements

Most companies complied well with the tightened ESG reporting deadlines and expanded disclosure requirements from the Hong Kong Stock Exchange. This included the new board statement on oversight of ESG issues, managing material ESG matters and reviewing progress on goals. Many provided increased detail compared to last year. Involving senior management in the direction of ESG committees or workforces is considered standard procedure. Few companies also set up Development Fund for promoting ESG and sustainability within corporate environment. Recognizing the importance of ESG, these actions help convey a company's commitment to ESG issues and demonstrate accountability for sustainability to the public.

(v) Reporting on climate change

The provision of appendixes in the sustainability or ESG reports, which captured the methodology of greenhouse gas calculation (covering aspects of environment, safety, workforce, training, family or parental data), metrics of Global Reporting Initiative (GRI) indicators, and ISO 14001 Environmental Management System (EMS) targets, not only improved the credibility of quantifying sustainability accomplishment, but also was evident of corporate's confidence in assessing sustainability impacts.



7.3 Areas in which this year's entries deserve improvement

(i) Boilerplate ethics disclosures

Despite the overall improvement, a significant number of entries still addressed ethical values through generic policy statements without any supporting data. Reports that simply confirmed the existence of a code of conduct and a whistleblowing policy, with no disclosure of training coverage, reported cases or outcomes, gave readers no basis to assess whether the stated values operated in practice.



(ii) Materiality processes asserted rather than explained

Many entries presented a materiality matrix or issue list without explaining how it was derived. Disclosures frequently omitted who was consulted, how views were weighted, and why issues moved up or down from the prior year. A materiality assessment that cannot be traced to a process carries limited credibility.



(iii) Assurance still the exception rather than the rule

While the number of ESG Reports with external verification and assurance had been increased, strengthening the engagement with external assurance shall improve credibility of reporting. 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, merely listing events attended or stating that they conducted ESG risk management without elaboration. This lack of detail made it hard to evaluate strategy and progress. They might not fully grasp the motivation and merit of reporting ESG activities and failed to use the ESG or sustainability report to reveal the strategic plan and/or capture the future business development. As reporting moves onto the HKFRS S1 and S2 footing, stakeholders will increasingly expect assured data as standard.

(iv) Targets without methodology or progress measurement

A recurring weakness was the statement that targets had been set for emissions, energy use, water efficiency and waste reduction without disclosure of the baseline, the measurement approach or the steps being taken to achieve them. 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. It was noted that many entries simply stated that they had set targets without providing further details on their evaluation in these aspects. Investors need more comprehensive insights into risk management and progress monitoring. Companies should be setting strategic goals and measurable objectives.

While many provided ESG statistics, not all had them externally verified or audited. Better disclosure of methodology is needed for comparability. Reports focused heavily on local issues without adequately addressing global concerns like climate change. A few entries also lacked proper ESG Reports altogether or had reports missing key elements like vision, mission and approach overviews. 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.

(v) ESG content without strategic bridge into the MD&A

ESG content was frequently relegated to a stand-alone volume with no strategic bridge into the MD&A, which weakened both documents. And where indicators moved in the wrong direction, the explanation was too often confined to a single line. Several entries recorded material adverse movements in complaint volumes, energy consumption or safety statistics without disaggregating the cause, which is precisely the point at which a reader most requires an explanation.

7.4 Companies to be commended on their ESG reporting

Cathay Pacific Airways Limited, CLP Holdings Limited, COSCO SHIPPING Ports Limited, Hang Lung Properties Limited, HK Electric Investments, Hong Kong Exchanges and Clearing Limited, The Hongkong and Shanghai Hotels, Limited, HSBC Holdings plc, Link Real Estate Investment Trust, MTR Corporation Limited, Swire Pacific Limited, Swire Properties Limited, Tencent Holdings Limited and VTech Holdings Limited.

8. Promptness of Reporting

Annual reporting timeliness remained a critical area of improvement this year, with 70% of companies exceeded 90 days post-fiscal year-end to issue annual reports, and none achieving release within the 60-day mark. This marked increase in delays compared to the previous year undermined stakeholder trust. Delivering financial disclosures promptly signals openness and accountability to investors, employees, and regulators, enabling them to evaluate risks accurately and make informed decisions. Prioritizing timely publication is essential to maintaining market confidence, reinforcing strong leadership, and securing long-term growth.



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

ESG reporting demonstrated commendable progress this year, supported by consistently high accessibility across both annual and sustainability disclosures. Organizations increasingly prioritized non-financial communications, utilizing concise digital messaging to articulate corporate values and long-term sustainability objectives alongside traditional financial metrics. Disclosures were effectively integrated into core operational reviews, reflecting strong responsiveness to ESG drivers. Exemplary entrants fully leveraged digital media through interactive website redesigns and layered data navigation, significantly enhancing transparency. Furthermore, direct-access interface icons and refined executive messaging served to reinforce management's top-down commitment to sustainable business practices.







Companies which deserve special mention for online ESG reporting are: Airport Authority Hong Kong Cathay Pacific Airways Limited, Henderson Land Development Company Limited, HK Electric Investments, HSBC Holdings plc, MTR Corporation Limited and Tencent Holdings Limited.

10. Conclusion

Submissions this year achieved an exceptionally high standard of financial and ESG reporting, characterized by rigorous compliance with accounting standards and remarkable overall clarity. Entries successfully enhanced their MD&A sections through reconciliations to financial statements and deeper disclosures on critical accounting estimates, and effectively presented past performance using clear visuals and segment data, though multi-year trend summaries were often relegated to appendices. Sustainability disclosures were strengthened through standard ESG frameworks alongside stronger connectivity with financial metrics.

Conversely, forward-looking disclosures remained weak, frequently lacking quantified targets, timelines, numeric KPIs, and AI integration strategies. Additionally, risk management remained disconnected from future outlooks, lacking scenario analyses and linkages to projected financial impacts. To build further stakeholder value, organizations should explicitly articulate strategic roadmaps, including forward-looking plans for AI integration in operational workflows, cost efficiency, and data management. Additionally, companies must balance visual design to ensure seamless readability across both online web formats and traditional print media.

This year's Island Shangri-La, Hong Kong Best Report Award winner, HSBC Holdings plc, set the standard for quantified forward guidance, and impressed with its overall conciseness, impactful messaging, and clear hierarchical structure. Its ESG review section was presented with exceptional clarity, while its Financial Review, Risk Review, and Corporate Governance Report remained as meticulously detailed and forward-looking as ever. Other medal winners have similarly demonstrated exemplary standards, establishing clear benchmarks to inspire peer organizations in their drive for operational and disclosure 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 considerably between entries, and consequently the level of detail in their financial statements varied as well. Excluding additional disclosures required under the Listing Rules, the level of disclosure under HKFRSs was significantly less comprehensive than that of listed companies in general.



This disparity has an institutional root. Hong Kong has not developed a distinct set of financial reporting standards specifically for non-profit organizations; instead, a common set of HKFRSs applies to various types of organizations. Although HKFRSs are not designed to apply to not-for-profit activities in the private sector, public sector or government, entities with such activities may find them appropriate. Consequently, non-profit organizations applying HKFRSs often satisfy only the minimum disclosure requirements, with limited supplementary guidance tailored to their operational characteristics. At the international level, majority of countries have no specific guidance for non-profit organizations' financial reporting, leading to inconsistency and reduced comparability. The International Non-Profit Accounting Standard (INPAS), published in October 2025, is the first globally applicable accounting standard for non-profit organizations, providing a consistent framework for annual audited financial statements and supporting clear, consistent, and decision-useful financial reporting.



For non-profit and charitable organizations, stakeholders including donors, funders, and the public tend to place greater emphasis on expenses than on revenue or income (which is mainly derived from subventions and donations). The effective use of funds and resources is a central dimension in evaluating the performance of a non-profit organization. The Hong Kong Council of Social Service, through its NGO Board Governance Network, has published a concise guide on financial reporting and disclosure for NGOs, specifically addressing the elements and compliance requirements to be considered when reporting and disclosing an organization's financial position, reflecting the sector's recognition of this issue.



Disclosures varied widely across entries. Some entries tended to adhere to the minimum requirements under HKFRSs, while others provided extensive supplementary breakdowns and analysis. 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, and their audit opinion, for public scrutiny. These financial statements were audited in accordance with the Hong Kong Standards on Auditing, either by professional auditors or the Audit Commission of the HKSAR. 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. For the remaining entries, some 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.

From the perspective of a user of the financial statements, more detailed information beyond the minimum HKFRS requirements is appreciated, as it enables an assessment of whether management has managed its resources properly during the year. Furthermore, where a non-profit organization manages multiple operating functions, additional disclosures by operating function, akin to segment disclosures for public interest entities, would also be welcomed, although not compulsory. International practice supports this approach: in the United States, the Generally Accepted Accounting Principles (GAAP) requires not-for-profit entities to provide information about expenses disaggregated by both function and nature, with functional classifications primarily comprising programme services and supporting activities. Presenting this analysis allows stakeholders to understand which areas their funds support and to evaluate the organization's cost-effectiveness more comprehensively.

Outstanding organizations which deserve special mention are:
Construction Industry Council, Consumer Council, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hospital Authority and Securities and Futures Commission.

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



Disclosures of governance-related information continued to be an issue for improvement. In particular, (1) attendance record and (2) breakdown of top management compensations represent vital governance areas for public assessment of the operating or governance effectiveness, while more than half of the reviewed entries missed the disclosure of such information. It is important to note that many of the members of the councils or committees of the reviewed entries, particularly those in non-profit making and charitable nature, are serving as advisory roles on voluntary basis; their participations, contributions, and rewarding mechanisms should thus be of value for public evaluation of the organization's effectiveness to carry out missioned activities.



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

Organizations which are particularly outstanding in this aspect include:
Construction Industry Council, Consumer Council, Hong Kong Housing Society, The Hong Kong Jockey Club, 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



Non-profit making and charitable organizations which have consistently produced high-quality annual reports in previous years have maintained that standard this year. Their reports excelled in clearly expressing their vision, mission, and values, as well as effectively documenting their implementation efforts across various sectors. A significant number of them effectively articulated their vision, mission, and values in their reports. These submissions showcased impressive design elements, including layout, photographs, charts, diagrams, infographics, and indexing, which enhanced their accessibility and engagement.

It was highly encouraging to note a general increase in the adoption of AI throughout the report preparation and production phases. The standout submissions prove that the most masterful use of technology is virtually invisible; it operates seamlessly behind the scenes to craft an authentic visual identity that is deeply and consistently aligned with the core values of the company.

Conversely, those organizations that historically submitted lower-quality reports have shown little improvement this year. This suggested that many organizations were relying on the same formats as in prior years, failing to implement necessary revisions or enhancements.

Outstanding organizations deserving special mention are:
Companies Registry, Construction Industry Council, Consumer Council, Equal Opportunities Commission, Hong Kong Genome Institute, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hospital Authority, Securities and Futures Commission, Travel Industry Authority, Tung Wah Group of Hospitals and Urban Renewal Authority.

3b. Understandability, Clarity and Conciseness

In general, the annual reports of organizations in this category were of a high standard, exhibiting strong clarity, readability, and depth of disclosure. Significant efforts were evident in design and layout, in the volume of relevant information disclosed, and in a higher degree of transparency than in previous years.

The most encouraging feature of this year's submissions was the maturity demonstrated in their reporting structure. Organizations in this category are accountable to a wider community rather than to shareholders, and the stronger reports recognized this by opening with a clear statement of role, vision, mission and values, followed by a highlights or at-a-glance spread that placed the year's core performance data before the readers ahead of any detailed narrative. Most entries spent considerable effort describing their mission and values in practice, and readers could readily formulate a view of the organization from the summarized statistics and service overview provided.

Several entries have done well in providing more relevant details about their financial performance and position, including supplementary breakdowns of revenue and expenses by nature in accordance with their operations. Some entries have also included analyses of financial statements, such as financial ratios disclosed to aid readers' understanding of financial performance and position. These practices align with the core principle of transparency in non-profit financial reporting, which requires financial information to be presented in a clear and understandable manner, using plain language and avoiding technical jargon, so that non-financial stakeholders can also comprehend the information. Providing detailed disclosures in the notes, including information about revenue sources, expense allocations, and investment policies, further enhances the completeness and usefulness of the financial statements.

There was also an increasing tendency for organizations to bring headline operating and financial data forward, and to make use of reader-friendly infographics, tables and charts on both a cross-sectional and a time series basis. Outstanding entries made particularly effective use of figures-at-a-glance spreads and comprehensive highlights sections to present key performance information upfront. They also incorporated dedicated forward-looking sections at the conclusion of each functional chapter, addressing areas such as digitalization, productivity, safety, environmental management, modular construction, training, and trade testing. As a result, the organization's outlook was integrated throughout the operational review, rather than being restricted to the executive statements.

Visual categorization of operational data was another strength. Pie and bar charts breaking down complaints, investigations and caseload by category made statutory activity far easier to interpret than narrative alone would have allowed.

Nevertheless, a number of areas continued to deserve improvement, and several of them recurred even within otherwise well-produced reports. The framework for forward-looking disclosure was, in most cases, present and well-built. A majority of entrants provided a dedicated outlook section, and several went considerably further, embedding a signposted forward passage at the close of every functional chapter. Where such sections were absent and future-oriented commentary was confined to the closing paragraphs of executive statements, important information that the organization had taken care to provide risked being overlooked by readers. Fortunately, this was the exception rather than the norm.

Operational data was too often presented for the reporting year alone. Several organizations illustrated their annual statistics clearly but provided no multi-year trend charts, which limited readers' ability to judge performance over time. It was also noted that some entries devoted disproportionate space to event and ceremony photography, and that excessive use of pictures together with long descriptions of activities made those reports hard to follow.

Outstanding organizations deserving special mention are:
Construction Industry Council, Consumer Council, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Hospital Authority, Investor and Financial Education Council, Securities and Futures Commission and Urban Renewal Authority.

4. Purpose, General Description of Activities and Performance

The majority of entries demonstrated high reporting standards by effectively communicating their operating context alongside their vision, mission, and core values. Operational reviews were closely aligned with organizational objectives and enriched by illustrative case studies showcasing community impact. Entries skillfully utilized graphics, charts, indexing, and clean layouts to present key performance indicators and multi-year comparative trends in an engaging format. This level of disclosure underscored a sophisticated understanding of stakeholder accountability and a strong drive to enhance transparency across the non-profit category.

Organizations which are particularly outstanding in this aspect include:
Consumer Council, Equal Opportunities Commission, Hong Kong Housing Society, The Hong Kong Jockey Club, Hong Kong Monetary Authority, Securities and Futures Commission, Travel Industry Authority, Tung Wah Group of Hospitals and Urban Renewal Authority.

5. Indications of Prospects / Forward Looking Statements







The depth and consistency of future prospects and forward looking statements remained a key differentiator between the high-scoring and average entries. Best practices observed included the use of future-oriented thematic sections, long-term strategic goals with measurable milestones, and a clear demonstration of how past performance directly informs future strategy. However, several areas were also identified for improvement across the category.

From a sustainability standpoint, there were significant gaps that future reports should strive to fill. One area requiring more attention was contingency planning and risk management. Organizations need to place greater emphasis on how their governance frameworks anticipate and respond to uncertainties. Additionally, reports should provide greater insight into how governance structures, leadership approaches, and people strategies are evolving in response to sustainability challenges. Another important aspect is the integration of ESG considerations; systematically embedding these elements will enhance the overall credibility and relevance of the reports.

Furthermore, the most consistent weakness across nearly all entries was the limited forward-looking content. While reports provided extensive retrospectives, the articulation of long-term strategic directions, clear objectives, and measurable benchmarks for the future was often underdeveloped. Objectives for the coming year were repeatedly stated in qualitative terms, without quantified performance indicators, target completion dates or measurable service pledges of any kind. Some reports allocated excessive space to biographical details at the expense of focusing more on future development directions and core operational strategies, leading to an imbalance in the overall narrative, while some prioritized personnel profiles over strategic vision. It is recommended that organizations should place greater emphasis on developing and clearly articulating their strategic roadmaps to enhance the overall value of their annual reports for stakeholders.

Few entries set out a structured risk register or risk matrix. Individual risks, such as budget constraints, information technology supply chain exposure, emerging AI risks, were mentioned, but rarely linked formally to their mitigations. Consequently, readers were unable to assess the resilience of the organization's plans or the effectiveness of its risk management framework.

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, Securities and Futures Commission, Tung Wah Group of Hospitals and Urban Renewal Authority.

6. Environmental, Social and Governance (ESG) Reporting

6.1 Overall standards and comments

Standards in sustainability reporting were noticeably higher than in the main annual reports of the same organizations, although they varied substantially across the category. The leading examples were built around clear performance dashboards, multi-year quantitative trends and comprehensive content indexes mapped to the GRI Standards, the Hong Kong Stock Exchange reporting requirements and the international sustainability disclosure standards, and each carried independent external assurance. At the other end of the range, however, at least one entrant embedded its sustainability disclosures within its annual report, produced no quantitative carbon accounting at all and obtained no external assurance.

Governance disclosure remained the strongest area. Nearly all entries outlined their management or governance structures, sub-committee memberships and functions, supported by organizational charts, and many elaborated on the respective roles of the board and senior leadership. However, environmental disclosure remained the weakest area, and the sector as a group continued to trail listed companies in the depth of ESG reporting. Disclosures of board attendance records and top management compensation were still missing from most entries, and risk management and contingency planning received limited attention.

Organizations are encouraged to prepare a separate ESG or sustainability section, or a standalone report where resources permit, to distinguish sustainability matters from the organization's core service narrative and to catch the reader's attention. Reference to established frameworks such as the GRI, the inclusion of a report reference table and key performance indicators, and progressively obtaining external assurance will add credibility. The standalone reports published by several regulatory and governmental bodies this year demonstrated what is achievable and provided a practical benchmark for the wider sector.

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

(i) Provision of ESG information and governance transparency

Most organizations did well in providing information on ESG, especially on corporate governance. Detailed descriptions of governance frameworks, committee functions and management hierarchies enhanced transparency, and many entries included dedicated ESG sections covering environmental protection, community engagement and employee welfare. Performance pledges and analysis of enquiries and complaints handled helped readers assess operating effectiveness. Clear delineation of ESG governance elements, and detailed presentation of the enterprise risk management system represented significant progress in this area.

(ii) Materiality and alignment with recognized frameworks

Several organizations conducted structured materiality assessments and prepared disclosures with reference to the GRI, with the more advanced entries providing detailed emissions inventories, mitigation policies and carbon-related targets. Reports that integrated GRI disclosures were noticeably more impactful, offering a holistic perspective on ESG alongside their core service narratives. Some of them presented three-year comparative data across environmental, workforce and service metrics alongside independent assurance statements, enabling readers to assess trends over time rather than rely on a single year's results.

(iii) Assurance and reporting process

It was encouraging that a meaningful proportion of the entries competing for the ESG Reporting Awards obtained assurance over their sustainability reports. Disclosure of reporting boundaries, data collection processes and reference frameworks improved the credibility of the information presented.

(iv) Feedback mechanisms and stakeholder engagement

Many organizations demonstrated genuine engagement with stakeholders through surveys, service pledges, complaint and enquiry statistics, storytelling and structured feedback channels. The stronger entries explained how stakeholder input was collected, how the results informed priorities, and how the organization responded, which turned stakeholder engagement from a claim into a demonstrated practice.

6.3 Areas in which this year's entries deserve improvement

(i) Environmental disclosure

Environmental issues remained the weakest area. The stronger entries disclosed full greenhouse gas inventories with multi-year comparatives, intensity metrics and dated reduction targets. Others confined themselves to describing individual green initiatives, such as recycling tonnages, solar installations, education programmes, without any quantitative carbon accounting, and without time-bound targets for energy, water or emissions against which progress might be measured. Activity of this kind is commendable in itself, but it is not environmental reporting, and organizations of substantial scale should now be establishing a basic carbon accounting framework. More broadly, disclosure of indirect value chain emissions was typically confined to business travel and paper waste, omitting the upstream and downstream supply chain and, for organizations undertaking major capital works, the embodied carbon of construction activity.

(ii) Depth of ESG Information

While ESG reporting has been emerging, it remained inconsistent in scope and depth. Some reports lacked meaningful ESG disclosure or demonstrated application in practice. For many organizations, ESG sections remained a separate addendum rather than a fully integrated and substantive part of the strategic narrative.

(iii) Financial and executive governance transparency

Most entries continued to omit board and committee attendance records and any breakdown of top management compensation. Clear information on executive remuneration, responsibilities and evaluation processes, and detailed income and expenditure reporting, is essential for public assessment of governance and operational effectiveness. For organizations that allocate charitable funds, approval procedures and oversight arrangements should be disclosed.

(iv) Targets, metrics and verification

Several entries provided only high-level overviews without measurable targets, timelines or metrics, making it difficult to assess progress. Forward-looking strategies frequently lacked quantifiable objectives, and the absence of independent verification undermined credibility as reporting standards continue to rise. To add credibility to the reporting, additional information on key performance indicators and a report reference table should be included. Furthermore, including a dedicated section on ESG and sustainability would effectively engage readers while clearly differentiating these topics from the organization's core mandate of delivering social services to the community. A wider use of graphical illustrations might also provide a clearer understanding of how the ESG or sustainability issues are related to the organization.

(v) Stakeholder identification and balance

Some reports did not systematically identify and prioritize their stakeholders, which weakened the materiality assessment, and a number of entries still failed to provide a balanced view of the organization, addressing the interests of one stakeholder group at the expense of others. Reports that read as a collection of event photographs, without evidence of what was achieved during the year, fell short of stakeholder expectations.

(vi) Risk management and contingency planning

Discussions of risk management, contingency planning and how governance frameworks anticipate and respond to uncertainties were often insufficient and deserve more attention across the sector.

6.4 Organizations to be commended on their ESG reporting

Drainage Services Department, Electrical and Mechanical Services Department, Hong Kong Housing Society, Hong Kong Monetary Authority, Securities and Futures Commission and Tung Wah Group of Hospitals.

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7. Promptness of Reporting

A notable decline in financial reporting efficiency occurred this year, with only 15% of organizations issuing annual reports within 90 days post-fiscal year end. Conversely, 70% exceeded 180 days from the balance sheet date. Closing this disclosure gap is critical to delivering the timely insights stakeholders require to accurately evaluate organizational performance and financial stability, thereby strengthening institutional transparency and trust.

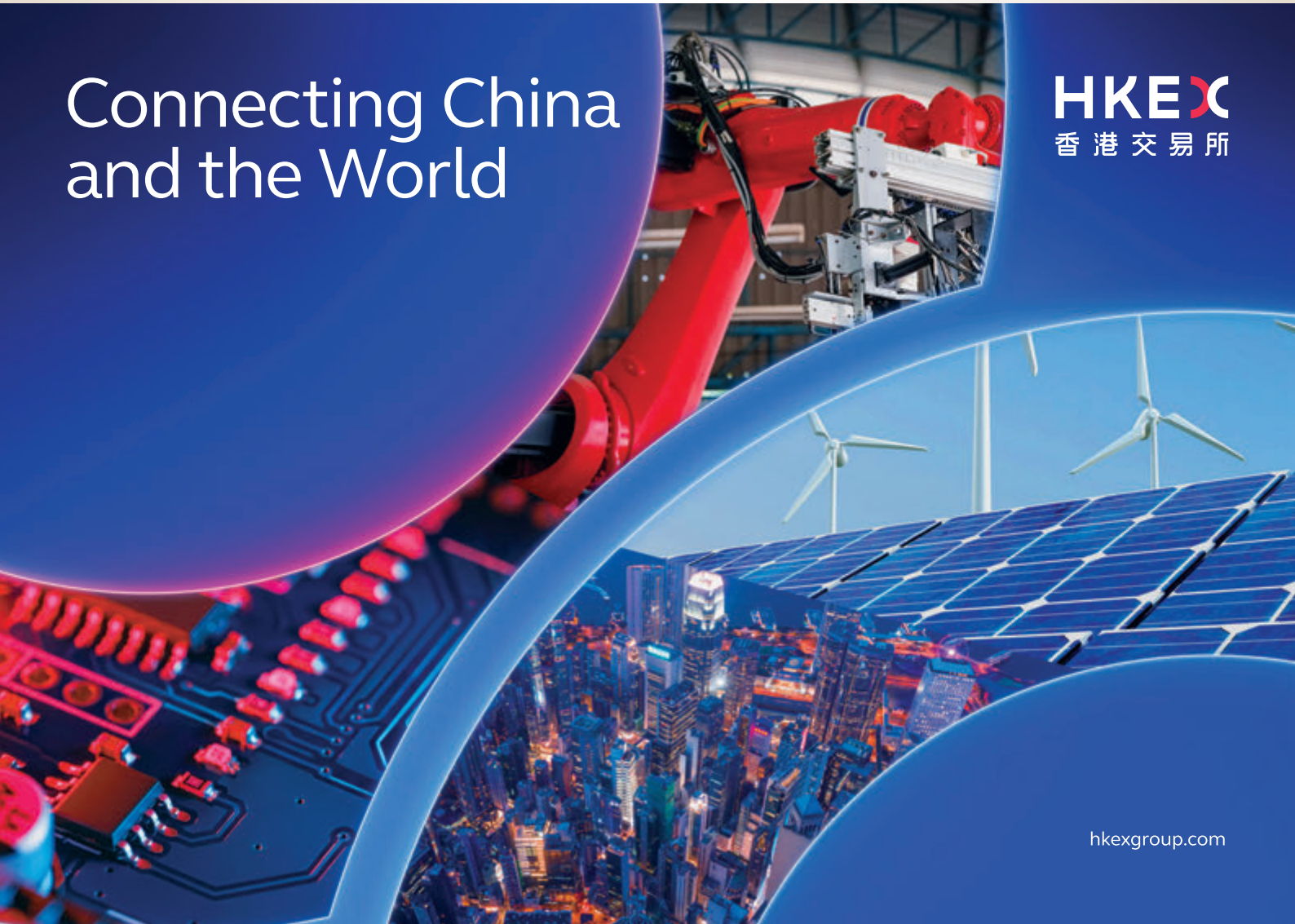
8. Presentation and Accessibility of the Report(s) with ESG Information on the Organization's Website

Most organizations prominently hosted their annual and sustainability reports on their websites, leveraging interactive tools like data visualizations and search functions to engage and inform readers. Conversely, a few organizations restricted the accessibility of their financial disclosures, requiring specific, targeted search queries to locate complete financial statements. Fostering greater transparency and accountability is vital to improving stakeholder engagement and enhancing organizational credibility.

Organizations which deserve special mention for online ESG reporting are:
Drainage Services Department, Hong Kong Housing Society, Hong Kong Monetary Authority and Tung Wah Group of Hospitals.

9. Conclusion

The annual reports in this category demonstrated commendable quality, marked by enhanced visual appeal, clear structuring, and reader-friendly layouts. Organizations effectively communicated operational achievements and financial accountability using infographics, tabulated statistics, and thematic narratives. Top reports successfully humanized their impact by incorporating service user testimonials and stakeholder perspectives, while detailed operational reviews and historical timelines provided strong contextual depth.



On ESG reporting, a majority of award recipients successfully obtained external sustainability assurance, significantly boosting disclosure credibility. Although environmental reporting remained somewhat limited, organizations strongly emphasized social investment, community impact, and their unique contributions to society. Aligning more closely with evolving sustainability expectations would be essential to elevating the quality and relevance of future reports.

A defining weakness across entries was the gap between accounting for past accomplishments and committing to future strategy. While organizations explained past performance well, they rarely outlined future plans. Implementing cost-effective structural improvements, such as a dedicated outlook section with three to five quantified targets, a risk mitigation matrix, and multi-year comparative trend charts would significantly elevate report quality.

Reporting promptness declined notably this year. Minimizing the disclosure gap between publication of reports and the balance sheet date is critical to delivering the timely insights stakeholders. Furthermore, while most organizations hosted interactive, searchable reports on their websites to engage readers, a small minority obscured complete financial data behind targeted search queries. Shortening publication delays and ensuring open financial disclosure are essential for boosting transparency and stakeholder trust.

Online Judges' Report



PENINSULA PERSPECTIVES

"Every day is an adventure in my playground, finding joy in the discovery of others."

Connie Lo, Driver,
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ACKNOWLEDGEMENTS

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THE PANEL OF ADJUDICATORS WISHES TO RECORD ITS THANKS TO THE FOLLOWING COMPANIES AND ORGANIZATIONS WHICH HAVE SUBMITTED THEIR REPORTS FOR JUDGING

Airport Authority Hong Kong
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COSCO SHIPPING Ports Limited
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Shui On Land Limited
Swire Pacific Limited
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Tencent Holdings Limited
TIME Interconnect Technology Limited
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