

Section **Singapore Corporate Awards Supplement**

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Packed with reader-friendly info

The winners this year are more informative and better designed. **CHEW XIANG** looks at the effort that companies take to produce the reports

THE annual report is one of the most important sources of information about a company to its investors. Unsurprisingly, there are many rules about the level of disclosure required.

It is all too easy to bury information in a hundred pages of legalese but some companies routinely take it on themselves to exceed the minimum requirements, not just in form, but also in transparency and clarity.

The Best Annual Report Award seeks to recognise and encourage just this sort of behaviour. This year, 14 awards were given out for excellence in the various categories.

What unites these companies is a genuine, rather than merely stated, commitment to transparency and openness. Keppel Land, which won the gold award in the big cap - \$1 billion and above - category has as its biggest priority engaging "our stakeholders on pertinent contemporary issues in a transparent, fair and meaningful manner, with information backed by rigorous and robust research", says Choo Chin Teck, company secretary and director, corporate services.

For Petra Foods, winner of a gold medal in the mid-cap - between \$300 million and \$1 billion - category, the key is to craft "messages that can succinctly and accurately communicate Petra Food's performance and strategies going forward", says chief financial officer Chin Koon Yew.

Qian Hu Corp, the ornamental fish breeder, won as one of its four awards this year the gold medal in the small cap (less than \$300 million) category. Chief executive officer Kenny 'The Fish' Yap says the biggest priority is simply to start as early as possible.

"We are already preparing our annual report 2009," he says. "First we imagine what is going to happen in this year, then come up with a theme, and every month add in some contents. By the time we announce the full-year result, the annual report is almost ready."



A good read: This year saw enhanced disclosures from companies, especially much more candid discussions of performance and outlook, says Kevin Kwok, chairman of the judging panel

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For Qian Hu that is some achievement, given that its full-year results are announced within two weeks of Dec 31, when the financial year closes. But as important as speed is a constant process of innovation, says Mr Yap. "My team keeps on challenging ourselves every year. We will explore how we can disclose more, how we can make the reading easier, and what kind of new things we can add in or improve upon."

"We will discuss the AR in my office, in the restaurants, and in the pubs. The most important thing in the process of challenging ourselves and trying to raise the yardstick is that we must have fun in the process and be passionate about doing that," he says.

For Petra Foods, the focus is and always has been on simplicity. "In terms of presentation, we believe simplicity is key," says CFO Mr Chin. "We tell the Petra Foods' story through the

use of strong colours, a simple layout and loads of colourful pictures befitting of a fun cocoa and chocolate industry."

"We always aim to make our annual report an interesting and fun read for all our shareholders and the public to want to read on and understand us," he says.

"To get the key messages right, the working committee and creative agency ploughs through analysts' and industry reports to sieve out the key issues before spending days and nights to establish the overall strategic direction and creative messages. This is very hard work with loads of brainstorming involved."

While readability is important, says Keppel Land, just as crucial is what is disclosed. "We drive for depth

and detailed insights," says Mr Choo. "We offer close-ups on current conditions in the markets where we operate both at the ground as well as at national level. On critical issues that may impact the company, we take efforts to flesh out potential risks and our mitigation plans. We also share important details on how we manage the business, including capital resource management, risk management, safety and environment," he says.

As a first this year, Keppel Land has introduced a sustainability report to reflect environmental concerns, and incorporating guidelines set out by the Global Reporting Initiative. At a time when disclosures in even basic financial reporting are often sub-standard, Keppel's commitment

is rare and exemplary. The sustainability report is one example of how Keppel's commitment "to augment communication with our stakeholders" goes beyond financial reporting, says Mr Choo.

"In all our communication strategies and tools used to engage our stakeholders, including our annual reports, we seek ways to continuously improve on disclosure and presentation, as a responsibility towards our stakeholders as well as our commitment to uphold our corporate values of transparency, governance and integrity."

Kevin Kwok, chairman of the annual report award judging panel and a partner at Ernst & Young, notes that this year saw "enhanced disclosures from companies, especially much

more candid discussions of business performance and outlook". That is especially gratifying seeing the juddering shift in economic conditions. Mr Kwok says more companies were willing to highlight their top brands and/or list of retail stores and their business strategies providing a greater understanding of their businesses and operations.

"It was also heartening to note that more companies included corporate sustainability disclosures in their annual reports. Improvements to corporate governance disclosures on whistle-blowing policies, more detailed disclosures of directors and key management remuneration information and an increased use of checklists highlighting compliance with the Code of Corporate Governance were also observed," Mr Kwok says.

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