

Corporate Governance

EXECUTIVE COMMITTEE AND SUBCOMMITTEES

An Executive Committee of the Board has been established which has overall delegated authority from the Board of Directors to ensure that decisions can be taken quickly so that the Company will be in a position to seize opportunities in the fast-moving business environment in which we operate.

The current members of the Executive Committee are Li Tzar Kai, Richard (Chairman); Alexander Anthony Arena (Deputy Chairman); Yuen Tin Fan, Francis; Cheung Wing Lam, Linus; David Norman Prince; Cheung Kam Hung, William; Ma Si Hang, Frederick; and Jeffrey Amsden Bowden.

In January 2002, the Executive Committee established a new subcommittee structure to strengthen decision making and oversight of all key operating and functional areas within the Company. A Finance Committee, Operational Committee, Mergers & Acquisitions Committee, Infrastructure Committee and Regulatory Affairs Committee have been established comprising executive directors and members of senior management. The subcommittees are chaired by directors of the Company. Each meets regularly and reports to the Executive Committee on a monthly basis.

AUDIT COMMITTEE

The authority and duties of the Audit Committee are set out in written terms of reference which are consistent with those recommended by the Hong Kong Society of Accountants. The Audit Committee comprises Sir Roger Lobo (Chairman); Dr. Li Kwok Po, David; and Prof. Chang Hsin-kang. The Audit Committee meets at least twice a year to review, among other things, the Company's financial statements, its internal financial reporting processes and controls, and the work program and activities of the Company's internal Risk Management & Compliance unit.

The Audit Committee meets regularly with, and reviews and receives reports from, the Company's management and external auditors.

REGULATORY COMPLIANCE COMMITTEE

A Regulatory Compliance Committee comprising executive and non-executive directors, but excluding Li Tzar Kai, Richard, has been established to review and monitor, amongst other things, dealings with the Hutchison Whampoa Group and Cheung Kong Holdings Group to ensure that all dealings between the Group and the Hutchison Whampoa Group and Cheung Kong Holdings Group are on arm's-length terms.

The members of the Regulatory Compliance Committee are Sir Roger Lobo (Chairman) and David Norman Prince, supported by directors, Alexander Anthony Arena and Jeffrey Amsden Bowden, and Robin Nicholson, Senior Adviser to the Board of Directors and the Company Secretary.

RISK MANAGEMENT & COMPLIANCE UNIT

The Company has established an independent Risk Management & Compliance unit to assist the Audit Committee and the management in reviewing and assessing the adequacy and effectiveness of internal controls to safeguard the Group's assets, secure the accuracy and reliability of its records and promote efficiency of operations. Dedicated functions within Risk Management & Compliance include internal audit, revenue assurance and integrity, corporate security and fraud management, and information and network systems security.

Risk Management & Compliance coordinates activities with the Group's external auditors to provide effective audit coverage. Its reports and recommendations are reviewed by the Audit Committee.

The Director of Risk Management & Compliance reports directly to the Audit Committee.