

Corporate Governance

A continuous commitment to high standards of corporate governance

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and provide shareholder value. Hongkong Electric is committed to high standards of corporate governance in its day-to-day operations.

In 2003, the Company continued to comply with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") issued by The Stock Exchange of Hong Kong Limited.

Board of Directors

The Board of Directors, which meets formally at least four times a year, is made up of 14 individuals who have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity.

The Executive Committee of the Board, comprising the Chairman, Deputy Chairman, Group Managing Director and the Executive Directors, meets formally at least monthly to

review and discuss management reports on the performance of the company, current plans and long term opportunities, and any other issues of immediate concern.

The Executive Directors are responsible for the day-to-day management of the Company's operations. These Directors conduct regular meetings with the senior management of the Company and its subsidiary and associated companies, at which operational issues and financial performance are evaluated.

The Group views well-developed reporting systems and internal controls as essential and the Board of Directors plays a key role in the implementation and monitoring of internal financial controls.

Responsibilities of the Board of Directors

In the course of discharging their duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

The Board of Directors



George C. Magnus
Chairman



Canning Fok Kin-ning
Deputy Chairman



Tso Kai-sum
Group Managing Director



Andrew J. Hunter
Group Finance Director

George C. Magnus

Chairman

Aged 68. Appointed to the Board in 1985. He is the Deputy Chairman of Cheung Kong (Holdings) Limited ("Cheung Kong"), Executive Director of Hutchison Whampoa Limited ("Hutchison") and Deputy Chairman of Cheung Kong Infrastructure Holdings Limited ("CKI"). He holds a Master's degree in Economics.

Canning Fok Kin-ning

Deputy Chairman

Aged 52. Appointed to the Board in 1985. He is the Group Managing Director of Hutchison, the Chairman of Hutchison Harbour Ring Limited, Hutchison Telecommunications (Australia) Limited, Partner Communications Company Ltd. and Hutchison Global Communications Holdings Limited, and the Co-Chairman of Husky Energy Inc.. He is also the Deputy Chairman of CKI and a Director of Cheung Kong. He holds a Bachelor of Arts degree and is a member of the Australian Institute of Chartered Accountants.

Tso Kai-sum

Group Managing Director

Aged 72. Appointed to the Board in 1985 and became Group Managing Director in 1997. Mr. Tso worked with the Hongkong Electric Group from 1966 to 1981, holding positions of Chief Project Engineer of The Hongkong Electric Company, Limited and Executive Director of Associated Technical Services Limited. He is also an Executive Director of CKI. He has extensive experience in the power industry and property development. He holds a Bachelor of Science degree in Engineering and is also a Chartered Engineer.

Andrew J. Hunter

Group Finance Director

Aged 45. Appointed to the Board in 1999, prior to which he was Finance Director of the Hutchison Property Group. He holds Master of Arts and Master of Business Administration degrees and is a member of the Institute of Chartered Accountants of Scotland.

Kam Hing-lam

Aged 57. Appointed to the Board in 1993. He is an Executive Director of Hutchison, the Deputy Managing Director of Cheung Kong, Group Managing Director of CKI, and President and CEO of CK Life Sciences Int'l., (Holdings) Inc.. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

Francis Lee Lan-ye

Director & General Manager (Engineering)

Aged 63. Appointed to the Board in 1997. He has served the Group for more than 30 years in various capacities and his present major responsibilities are in power generation including the construction and operation of power station, transmission and distribution of energy, system planning and development. He is a Chartered Engineer and a Fellow of the Institute of Mechanical Engineers in Hong Kong and the United Kingdom.

- Regular board meetings focusing on business strategy, operational issues and financial performance.
- Active participation on the Boards of subsidiary and associated companies.
- Approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities.
- Monitoring the quality, timeliness, relevance and reliability of internal and external reporting.
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring processes are in place to maintain the overall integrity of the company, including the financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Company's Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Audit Committee

The Company's Audit Committee is composed of three independent Non-executive Directors to ensure independence and impartiality. It reports directly to the Board of Directors and reviews matters within the scope of audit, such as

financial statements and internal controls, to protect the interests of the Company's shareholders. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues, and review the effectiveness of internal controls and risk evaluation. The written terms of reference which describes the authority and duties of the Audit Committee are regularly reviewed and updated by the Board.



Hongkong Electric received "The Best in Corporate Governance" Award from "The Asset", a leading finance magazine. Group Managing Director Mr. K.S. Tso accepts the honour.



Kam Hing-lam
Executive Director



Francis Lee Lan-ye
Director & General Manager
(Engineering)



Victor Li Tzar-kuoi
Executive Director



Frank John Sixt
Executive Director

Victor Li Tzar-kuoi

Aged 39. Appointed to the Board in 1994. He is Deputy Chairman and Managing Director of Cheung Kong. He is also the Chairman of CKI and CK Life Sciences Int'l., (Holdings) Inc., Deputy Chairman of Hutchison, the Co-Chairman of Husky Energy Inc. and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr. Victor Li serves as a member of the Standing Committee of the 10th Chinese People's Political Consultative Conference. He is also a member of the Commission on Strategic Development and the Economic and Employment Council of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering and a Master of Science degree in Structural Engineering.

Frank John Sixt

Aged 52. Appointed to the Board in 1998. He is the Group Finance Director of Hutchison, the Chairman of TOM Group Limited and TOM Online Inc. and an Executive Director of CKI and Hutchison Global Communications Holdings Limited. He is also a Director of Cheung Kong, Partner Communications Company Ltd., Hutchison Telecommunications (Australia) Limited and Husky Energy Inc.. Mr. Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is member of the Bar and of the Law Society of the Provinces of Quebec and Ontario, Canada.

Susan M.F. Chow

Aged 50. Appointed to the Board in 1996. She is the Deputy Group Managing Director of Hutchison and an Executive Director of CKI, Hutchison Harbour Ring Limited and Hutchison Global Communications Holdings Limited. She is also a Director of Partner Communications Company Ltd. and TOM Group Limited. She is a solicitor of the High Court of the Hong Kong Special Administrative Region and the Supreme Court of England and Wales. She holds a Bachelor's degree in Business Administration.

Ewan Yee Lup-yuen

Aged 65. Joined the Group in 1967 and appointed to the Board in 1982. He was Managing Director from 1987 to 1996. He is a Fellow of the Institute of Electrical Engineers in Hong Kong and the United Kingdom and a Chartered Engineer.

Ronald Joseph Arculli*

Aged 65. Appointed to the Board in 1997. He is a practising solicitor. Mr. Arculli has served on the Legislative Council from 1988 to 2000. He has a distinguished record of public service on numerous government committees and advisory bodies. He holds a number of directorships in listed companies in Hong Kong.

Holger Kluge*

Aged 62. Appointed to the Board in 1999. He was formerly President of Personal and Commercial Bank, CIBC, one of the largest financial services institutions in North America. He is also a Director of Loring Ward International Inc., Husky Energy Inc., Hutchison Telecommunications (Australia) Limited, Fincentric Inc. and TOM Group Limited. He holds a Bachelor of Commerce degree and a Master's degree in Business Administration.

Ralph Raymond Shea*

Aged 70. Appointed to the Board in 1985. He is a solicitor of the Supreme Court of England and of Hong Kong.

Wong Chung-hin*

Aged 70. Appointed to the Board in 1985. He is a Director of Hutchison and The Bank of East Asia, Limited.