

SUNDAY is committed to ensuring high standards of corporate governance in the interests of shareholders and takes care to identify practices designed to achieve effective oversight, transparency and ethical behaviour.

BOARD OF DIRECTORS

The Board of Directors comprises five Executive Directors, two independent Non-executive Directors and five Non-executive Directors. The Directors, except the Chairman and the Managing Director, are subject to retirement by rotation and re-election at the annual general meeting in accordance with the provisions of the Company's Articles of Association. The Board is scheduled to meet at least three times a year to determine overall strategic direction and objectives and approve interim and annual results, budgets and other significant matters. All Directors are able to take independent professional advice at the Company's expense in furtherance of their duties if necessary.

Frequency of Meetings and Attendance

Three full Board meetings were held during the year with an average attendance rate of 76% (2001 : 66%).

Remuneration

In 2002, total Directors' remuneration amounted to HK\$14 million (2001 : HK\$14 million).

Remuneration of the Directors is reviewed and approved by the Remuneration Committee annually. Remuneration to the Group Managing Director and the Executive Directors is prudently designed to attract, motivate and retain them to formulate strategies and to oversee operational matters of the Group and to reward them for enhancing value to the shareholders. The Group Managing Director is also entitled to a discretionary bonus which is assessed based on both individual and Group performance.

Independence

The independent Directors of the Company and their immediate family receive no payments from the Company or its subsidiaries (except the Director fees). No family members of the independent Directors are employed as an executive officer of the Company or its subsidiaries, or have been so employed within the past three years. The independent Directors are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the provisions of the Company's Articles of Association.

COMMITTEES

The Board has established a number of committees with a variety of functions, to assist in the management and oversight of the Group.

Executive Management Committee

The Executive Management Committee consists of the Executive Directors of the Board. Its principal functions include formulating strategies and overseeing operational matters of the Group under the direct authority of the Board. The committee meets regularly each month and on an ad hoc basis as required with the senior management of the Group, and engages in frequent informal discussions.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of the Directors and officers of the Company, and such other matters relating to remuneration as directed by the Board from time to time. The committee consists of the Company's two Co-Chairmen and an independent Non-executive Director, Mr. Henry Michael Pearson Miles. None of the members of the committee has any personal financial interests (other than as shareholders) or conflicts of interests arising from day-to-day involvement in the running of the business. It meets at least once each year. No Director plays a part in any discussion about his own remuneration.

Share Option Committee

A committee consisting of the Company's two Co-Chairmen was formed in 2000 to deal with the granting of share options under the Company's Share Option Scheme. In each case, the grant of options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, requires approval by the Company's independent Non-executive Directors.

Audit Committee

The Audit Committee of the Board of Directors was established with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee is chaired by Mr. Robert John Richard Owen and meets regularly with the external auditors and the Group's internal audit personnel and management. None of the members of the committee has any personal financial interests (other than as shareholders) or conflicts of interests arising from day-to-day involvement in the running of the business.

Its principal duties include approving the nature and scope of both the statutory and internal audits, considering and approving the interim and annual accounts of the Group, and reviewing the adequacy and effectiveness of the accounting and financial controls of the Group. The committee meets at least twice a year. It also follows up regularly with management regarding management actions arising from the audits.

In 2002, two meetings were held with an average attendance rate of 83% (2001: 67%). The committee has reviewed the annual and interim results during the year and was content that the accounting policies of the Group are in accordance with the current best practice in Hong Kong and the United States.

INTERNAL AUDIT

An internal audit function was established in May 2001 with an Internal Audit Charter approved and adopted by the Audit Committee. The internal audit function is an independent unit established within the Group, which provides to the Board of Directors an independent appraisal of the Group's systems of internal controls by means of conducting reviews to evaluate the adequacy and effectiveness of the controls established to safeguard shareholders' investments and the Group's assets. The head of the internal audit has a direct reporting line to the Audit Committee.

EXTERNAL AUDITORS

During the year, the fees paid to PricewaterhouseCoopers, the auditors of the Company, for audit services, including independent review of interim results and annual results filing to U.S. Securities and Exchange Commission, amounted to HK\$1,163,000 (2001: HK\$1,118,000). Apart from these audit services, PricewaterhouseCoopers also provides permissible non-audit services which have been pre-approved by the Audit Committee, including tax advisory and reviews for the Company's compliance with certain regulatory requirements. Such non-audit services fees amounted to HK\$280,000 in 2002 (2001: HK\$372,000).

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year are set out in note 28 to the accounts. All such related party transactions were entered into in the ordinary course of business of the Group, on normal commercial terms, and complied with the Group's internal control procedures. These related party transactions are periodically reviewed and approved by the Audit Committee.

The Audit Committee was content that these transactions were carried out on normal commercial terms, in the ordinary course of business of the Group and are fair and reasonable to the shareholders of the Company.

MAJOR SHAREHOLDERS AND SPREAD OF SHAREHOLDERS

The shares of the Company are listed on the Stock Exchange of Hong Kong and NASDAQ National Market in the United States. Each American Depositary Share represents ownership interests in 100 ordinary shares (or the right to receive 100 ordinary shares). As at 31st December 2002, the major shareholders of the Company and the geographic spread of shareholders were as below:

Beneficial Shareholders	Number of Ordinary Shares Owned	Percentage
Distacom Communications Limited	1,380,000,000	46.2%
USI Holdings Limited	345,000,000	11.5%
Public	1,265,000,000	42.3%
Geographic Spread		Percentage
Hong Kong		98%
United States of America		2%

Distacom is a private holding company with interests in multiple wireless investments. The Distacom group currently has holdings in Hong Kong, India and Madagascar.

USI's shares are listed on the Stock Exchange of Hong Kong. USI invests in and operates a balanced range of businesses. The three areas of operation are apparel, property and communications.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that Non-executive Directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the provisions of the Company's Articles of Association.

SECURITIES DEALING CODE

The Company adopted, with certain modifications, the Stock Exchange of Hong Kong's Model Code for Securities Transactions by Directors of Listed Companies as the Company's own Securities Dealing Code in March 2000. The Code sets out the principles applying to dealings in the Company's shares and other securities. It applies to all Directors and to all employees to whom the Code is given and who are informed that they are subject to its provisions. The Directors and all the relevant employees must comply strictly with the terms of the Code. Any breach of the Code will be regarded as a very serious disciplinary matter.

EMPLOYMENT POLICIES AND CORPORATE RESPONSIBILITY

The employment policies that the Group espouses reflect the legal, cultural and employment requirements in Hong Kong. The Group operates an equal opportunities policy for all aspects of employment regardless of race, nationality, sex, marital status, disability or religious or political belief. In practice, this means that the Group will select its employees based on merit and ability and strive to make the most effective use of the talents and experience of its people.

SUNDAY is committed to ensuring the health, safety and welfare of employees at work so far as is reasonably practicable. SUNDAY adheres to high standards throughout the organisation in the management and control of operations in order to ensure proper safeguards to protect both those who work for the Group and those who may be affected by its operations.

ENVIRONMENT/COMMUNITY

SUNDAY is committed to high standards of social responsibility, particularly in the areas of environmental protection and community service.

As a wireless communications provider, SUNDAY is helping society as a whole to reduce its reliance upon paper-based communications. SUNDAY brings this commitment to its own operations through a "Green Office Policy" that cultivates environmental protection among staff. SUNDAY is a member of the "Wastewise Scheme", jointly organised by the Environmental Protection Department and Hong Kong Productivity Council to offer free professional advice on reducing and managing waste. SUNDAY encourages customers to recycle old batteries through its bills and website, and provides battery recycling bins at its stores. The Group also sponsors such programs as Green Power - Clean Up the World in Hong Kong, and Green Power Hike.

SUNDAY is committed to providing much needed resources to the local community. At dozens of community-based events every year, SUNDAY provides a courtesy loan of mobile phones and SIM cards with free local airtime. SUNDAY also sponsors community-based programs and civic services to support worthy causes, particularly to promote good health and support handicapped children and adults. Most recently, the Group has sponsored such organisations and events as World Heart Day, Helping Hand's Cookies Campaign, Hong Kong Cancer Fund, and Hong Kong Special Olympics Inter-cities Invitation Games.

COMMUNICATION WITH SHAREHOLDERS

Communication with shareholders is given high priority. Extensive information about the Group's activities is provided in the annual report and the interim report. SUNDAY website provides regularly updated information of interest to shareholders, and a channel for enquiries and feedback. SUNDAY also maintains a regular dialogue with investors. Enquiries on matters relating to shareholdings and the business of the Group are welcome, and are dealt with in an informative and timely manner. The Group encourages all shareholders to attend the annual general meeting.