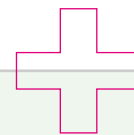


Corporate⁺ Governance



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, three independent Non-executive Directors and three Non-executive Directors. The Directors, except the Co-Chairmen and the Group 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 encouraged to take independent professional advice at the Company's expense in performance of their duties if necessary. The roles of the Co-Chairmen and the Group Managing Director are distinct and segregated with a clear division of responsibility. The role of Non-executive Directors is to enhance independence and objectivity of the Board's deliberations and decisions.

Frequency of Meetings and Attendance

Three full Board meetings were held during the year with an average attendance rate of 80% (2002: 76%). Attendance at board meetings by category is set out below:

Category	Average Attendance Rate
Executive Directors	100%
Non-executive Directors	43%
Independent Non-executive Directors	72%

Remuneration

In 2003, total Directors' remuneration amounted to HK\$11 million (2002: HK\$14 million).

Remuneration of the Directors is reviewed and approved by the Remuneration Committee annually. Remuneration of 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.



Corporate⁺ Governance

Independence

The independent Non-executive Directors of the Company and their immediate family receive no payments from the Company or its subsidiaries (except the director fees). No family member of any independent Non-executive Directors is employed as an executive officer of the Company or its subsidiaries, or has been so in the past three years. The independent Non-executive 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. Each independent Non-executive Director has provided a confirmation of his independence to the Company. The Company considers each independent Non-executive Director to be independent with reference to the new independence guidelines as set out in the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange Limited.

COMMITTEES

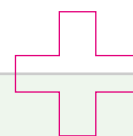
The Board has established a number of committees with a variety of functions, to assist in the management and oversight of the Group.

Executive Management Committee

The Executive Management Committee consists of the Executive Directors of the Board. The committee's 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. Apart from the regular meetings held monthly, the committee held five formal meetings on an ad hoc basis in 2003.

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 re-assesses the Audit Committee Charter on annual basis. The committee comprises four Directors, including three independent Non-executive Directors and a Non-executive Director. One of these Directors, Mr. John William Crawford, has appropriate professional qualifications and experience in financial matters. The committee 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 interest arising from day-to-day involvement in the running of the business.



The committee's 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 and on ad hoc/as-needed basis. It also follows up regularly with management regarding management actions arising from the audits.

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 practices in Hong Kong and the United States.

Four meetings were held during the year and the attendance at meetings is set out below:

Audit Committee Members	Meetings Attended/Held
John William Crawford (appointed on 10th November 2003)	1/1
Henry Michael Pearson Miles	3/4
Simon Murray	1/4
Robert John Richard Owen	3/4

Remuneration Committee

The Remuneration Committee is responsible for reviewing the remuneration of the Directors and officers of the Company, and 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 interest arising from day-to-day involvement in the running of the business. 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.

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.



Corporate⁺ Governance

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 filed to the U.S. Securities and Exchange Commission, amounted to HK\$1,100,000 (2002: HK\$1,163,000). 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 of the Company's compliance with certain regulatory requirements. Such non-audit services fees amounted to HK\$408,000 in 2003 (2002: HK\$280,000).

CODES AND POLICIES

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.

Related Party Transactions Policy

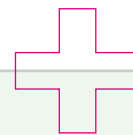
The Company has formulated a policy on the review and approval of the related party transactions since March 2003. Related party transactions are periodically reviewed and approved by the Audit Committee. Significant related party transactions undertaken by the Group during the year are set out in note 27 to the accounts. All such related party transactions were undertaken in the ordinary course of business of the Group, on normal commercial terms, and complied with the policy.

Code of Ethics

In September 2003, the Company adopted a Code of Ethics that applies to the Company's principal executive officer and senior financial officers. The code emphasises the role of the principal executive officer and senior financial officers in the conduct and practice of financial management and lays down the key principles that they shall follow and advocate, which include honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with governmental laws and regulations; prompt internal reporting; and accountability for adherence to the code.

Whistleblower Policy

In September 2003, a Whistleblower Policy was established to facilitate the reporting of improper activities relating to fraud against shareholders, or questionable accounting, internal accounting controls or auditing matters. Any whistleblower complaints can be reported to the Internal Audit or the Audit Committee Chairman; or directly to the Audit Committee Chairman on a confidential and anonymous basis via the means set out in the policy. The Audit Committee will investigate each matter so reported and take corrective and disciplinary actions, if appropriate.



Securities Dealing Code

In March 2004, the Company revised its Securities Dealing Code to align with the amendments of the Model Code for Securities Transactions by Directors of Listed Issuers of The Stock Exchange of Hong Kong Limited. The revised 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 would 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.

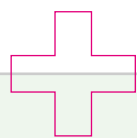
SUNDAY is committed to ensuring the health, safety and welfare of employees at work so far as is reasonably practicable. SUNDAY adheres to high standards throughout the organisation in the management and control of operations in order to ensure proper safeguards to protect both those who work for the 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 begins this commitment at home through the "Green Office Policy", which cultivates environmental protection among staff. SUNDAY is also a member of the "Wastewise Scheme", a program jointly organised by the Environmental Protection Department and Hong Kong Productivity Council which offers free professional advice on reducing and managing waste. SUNDAY extends its commitment to environmental protection to the general public by encouraging 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 also 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 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 Hands Cookies Campaign and Hong Kong Cancer Fund.



Corporate⁺ Governance

SUNDAY has also received the “Caring Company Award” from the Hong Kong Council of Social Service in recognition of its corporate citizenship. The Group was recognised creating a family friendly workplace, employing the vulnerable, and community giving.

SHAREHOLDERS' INFORMATION

Major Shareholders and Spread of Shareholders

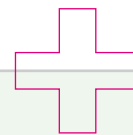
The shares of the Company are listed on the Stock Exchange of Hong Kong and NASDAQ National Market in the United States. Each American Depositary Share represents ownership interest in 100 ordinary shares (or the right to receive 100 ordinary shares). As at 31st December 2003, the Company had 2,990,000,000 shares in issue, each with a par value of HK\$0.10. At that date, the Company had 30,565 registered shareholders in Hong Kong.

As at the date of this report, 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	410,134,000	13.7%
Huawei Tech. Investment Co., Limited	187,496,000	6.3%
Public	1,012,370,000	33.8%
Geographic Spread		Percentage
Hong Kong		98%
United States of America		2%

Note: Shareholdings are based on publicly available information in Hong Kong and the United States.

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



The shares of USI Holdings Limited 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.

Huawei Tech. Investment Co., Limited is a subsidiary of Huawei Technologies Co., Ltd. which is a leading telecommunications equipment supplier headquartered in Shenzhen, China. It specialises in development, production and marketing of communications equipment, providing customised network solutions for telecom carriers.

Based on publicly available information in Hong Kong and the United States, the Company maintains a public float of 34% as at the date of this report.

Share Performance

In 2003, SUNDAY's share price rose by 135% in absolute terms and 74% relative to the Hang Seng Index. 4.6 billion SUNDAY's shares were traded on the Stock Exchange of Hong Kong at a value of HK\$1.4 billion in 2003, compared with 1.9 billion trading volume at a value of HK\$0.5 billion in 2002. SUNDAY's share price was HK\$0.31 as at 31st December 2003 and its market capitalisation was HK\$0.9 billion. In 2003, the highest trading price for SUNDAY's shares was HK\$0.415 on 15th July and the lowest was HK\$0.115 on 28th April. As at 1st April 2004, SUNDAY's share price further rose to HK\$0.56 and its market capitalisation was HK\$1.7 billion.

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 regular communications 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.