

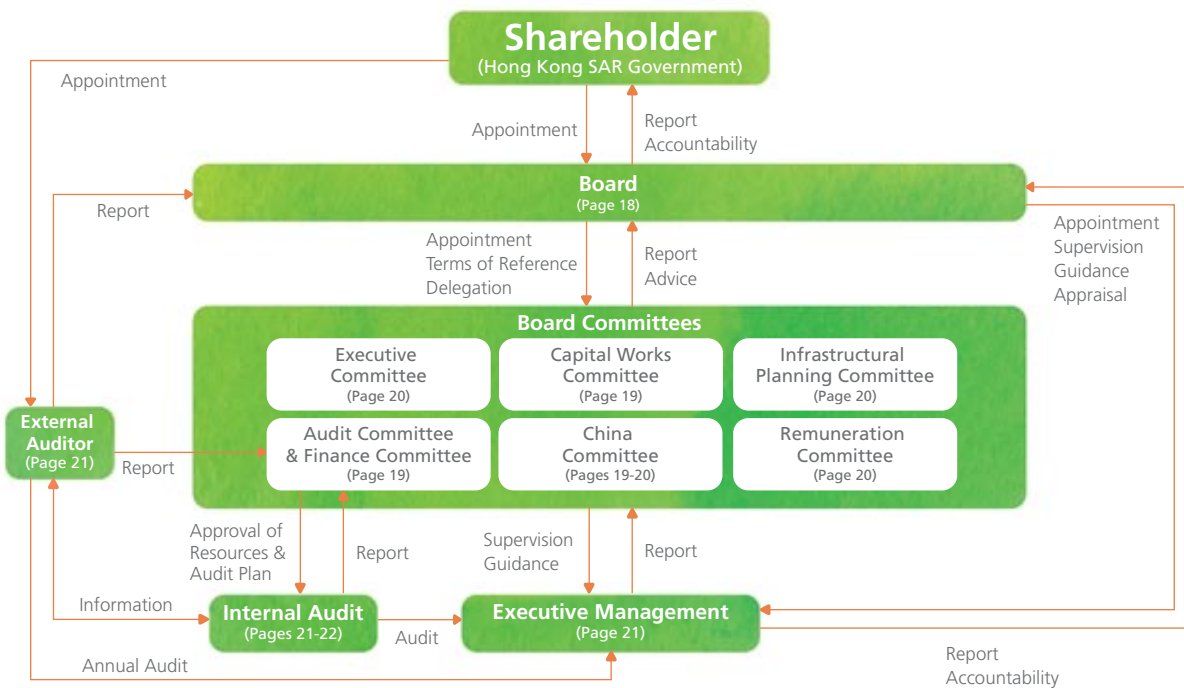
Corporate Governance

We believe good corporate governance provides the foundation for good corporate performance and is essential to attaining long-term, sustainable growth. While recognising that corporate governance may hinge on a number of factors, we have adopted accountability, transparency, fairness and ethics as the cornerstones of our corporate governance framework.

Our Commitment

We are committed to high standards of corporate governance and strive to achieve this commitment by institutionalising a clear and comprehensive governance framework and fostering an ethical and responsible culture at all levels of the organisation. Key features of our corporate governance framework are described below:

Corporate Governance Structure



The Board

The Board has overall responsibility for the leadership, control and performance of the Airport Authority (AA). In line with the principles set out in the Non-statutory Guidelines on Directors' Duties issued by the Companies Registry, each member of the Board has a duty to act in good faith and in the best interests of the AA.

Board Composition

The Airport Authority Ordinance (Cap. 483) (the Ordinance) provides that the Board shall comprise a Chairman, a Chief Executive Officer (ex-officio) and between 8 and 15 other members, provided that the number of members who are public officers shall not exceed the number of members who are not public officers. This requirement effectively ensures that the Board will comprise of a majority of independent members, thereby promoting the fair and objective review of the performance of the executive management.

The Board currently has 16 members, whose details are set out on pages 14-16. With the exception of the Chief Executive Officer, all Board members are non-executives, the majority of whom are also considered independent¹.

Appointment and Remuneration

Pursuant to the Ordinance, the appointment and remuneration of Board members, including the Chairman, are determined by the Chief Executive of the Hong Kong SAR. With the exception of Mr He Guangbei and Dr Lo Ka-shui whose current terms of appointment are for two years and the Chief Executive Officer who is an ex-officio member, the Chairman and all other members of the Board were appointed for a term of three years. The remuneration of Board members for the year under review is disclosed on page 88.

Board Proceedings

The proceedings of the Board are designed to align to the extent applicable to the AA with the Code on Corporate Governance Practices issued by the Stock Exchange of Hong Kong Limited under Appendix 14 to the Main Board Listing Rules. A set of modus operandi of the Board was formalised in June 2008, the key elements of which include:

¹ Any member who is not a public officer or an executive of the AA and is not related to any member of the Board or executive management is considered to be independent.

- The Board shall meet at least four times a year,
- The annual schedule for regular Board meetings shall be made available to members before the start of each year,
- The agendas of Board meetings shall be approved by the Chairman. Members may propose matters to be included in the agendas,
- Meeting agendas and papers shall be sent to Members at least three clear days (excluding the day on which they were despatched and the day of the meeting) before a meeting,
- The Board shall receive reports from the Chairmen of the Board committees at each meeting. Members of the Board shall also receive the minutes of all committee meetings,
- Meeting minutes shall be sent to all Members for comment and record within a reasonable time after a meeting, and
- Members shall safeguard confidential information and observe the procedures on declaration of interests.

Meetings

In the year under review, the Board met four times, with an average attendance rate of 91%. Attendance records of individual members are on page 20.

Board Committees

Pursuant to the Ordinance, the AA may establish committees to consider matters relating to specialised areas upon which they advise the Board and/or, where appropriate, decide on matters within their ambits.

The structure and terms of reference of Board committees were approved by the Board and are reviewed from time to time in light of the AA's evolving operational, business and development needs. The last review was conducted in June 2008. The current terms of reference of the Board committees are available on Hong Kong International Airport's website, www.hongkongairport.com.

Under the current modus operandi of the Board committees, agendas of committee meetings are sent to all members of the Board who may choose to attend any meeting as observers, even if they are not a member of that committee. All members of the Board may obtain papers of any Board committee meetings from the Secretary to the Board.

Details of current Board committees and their principal duties are as follows:

Audit Committee and Finance Committee (ACFC) –

Its principal duties include reviewing the AA's financial statements; making recommendations on the appointment of external auditors and approving their remuneration and terms of engagement; reviewing the AA's accounting policies, annual budget, 5-year financial plan and charging policies; and overseeing the AA's internal

controls, financial controls, risk management system and internal audit function.

The ACFC is chaired by Mr He Guangbei. It currently has six members including its chairman, most of whom are independent non-executives. The ACFC met three times during the year, with an average attendance rate of 87%. Attendance records of individual members are set out on page 20.

In the year under review, the ACFC performed the following key functions:

- reviewed the AA's interim financial reports and audited annual financial statements;
- reviewed the AA's annual budget, financing plan, 5-year financial plan and financial risk management policy;
- reviewed the AA's dividend policy and dividend payment for the year;
- reviewed the external auditor's independence;
- reviewed the external auditor's Audit Report and Management Letter and management's responses thereto, and met with the external auditors without the presence of executive management;
- reviewed the objectivity and effectiveness of the audit process and recommended to the Board the appointment of external auditors and approved their audit fee;
- reviewed the annual Corporate Governance and Internal Control Review Reports and the adequacy of the resources, qualifications and experience of staff of the accounting and financial reporting function, and their training and budget; and
- approved the annual internal audit programme and reviewed the quarterly internal audit reports and the adequacy of the resources and the effectiveness of the internal audit function.

Capital Works Committee (CWC) – It is a specialist committee responsible for reviewing the AA's policy and strategy on the procurement of capital works; making recommendations to the Board on annual capital works budget; and considering the award and monitoring the progress of major capital projects.

The CWC is chaired by Ir Edmund Leung Kwong-ho and currently has five members, including its chairman. The CWC met five times during the year under review, with an average attendance rate of 84%. Attendance records of individual members are set out on page 20.

China Committee (CC) – It is primarily responsible for advising the Board on the AA's China development strategy; monitoring the AA's investments in Mainland airports; and advising the executive management and the Board on business and co-operation opportunities on the Chinese Mainland.



The CC is chaired by Mr Wilfred Wong Ying-wai and currently has 15 members, including its chairman. The CC met three times during the year under review, with an average attendance rate of 79%. Attendance records of individual members are set out below.

Executive Committee (EC) – It was established for the purpose of exercising the functions and responsibilities of the Board between regular Board meetings. It also serves as a sounding board for the Chairman of the Board in the leadership and oversight of the business and affairs of the AA and helps coordinate the activities of Board committees.

The EC is chaired by Dr the Hon Marvin Cheung Kin-tung and currently has four members, including its chairman. The EC met eight times during the year under review, with an average attendance rate of 97%. Attendance records of individual members are set out below.

Infrastructural Planning Committee (IPC) – It was established for the purposes of reviewing and advising the Board on major infrastructural developments at HKIA and its long-term master planning and associated issues.

The IPC is chaired by Dr Lo Ka-shui and currently has 12 members, including its chairman. It met three times during the year under review, with an average attendance rate of 87%. Attendance records of individual members are set out below.

Remuneration Committee (RC) – It is responsible for reviewing the AA's staffing, remuneration and

employment policies and strategies, and considering remuneration matters including salaries, compensation generally, and terms and conditions of service of employees. It also advises the Board on other staff-related issues including annual corporate goals and performance measures, variable compensation and retirement schemes.

The RC is chaired by the Hon Vincent Fang Kang and currently has nine members, including its chairman. With the exception of the Chief Executive Officer, all of its members are non-executives, most of whom are also considered to be independent. It met twice in 2009/10, with an average attendance rate of 83%. Attendance records of individual members are set out below.

In the year under review, the RC performed the following key functions:

- conducted an annual review of staff remuneration;
- reviewed the AA's terms and conditions of employment;
- reviewed the annual award of variable compensation for staff;
- reviewed the performance of the Chief Executive Officer and executive directors and their variable compensation;
- made recommendations to the Board on the appointment of senior management positions; and
- reviewed and recommended to the Board the corporate performance targets and measurements for the following year.

Meeting Attendance (1 April 2009 to 31 March 2010)

Members	Board	EC	CWC	CC	IPC	RC	ACFC
Non-executive							
Secretary for Transport and Housing	4/4	8/8		3/3	3/3	2/2	
Secretary for Financial Services and the Treasury	4/4			1/3	2/3		3/3
Director-General of Civil Aviation	4/4			3/3	3/3	2/2	
Independent non-executive							
Dr the Hon Marvin Cheung Kin-tung (Chairman of the Board)	4/4	8/8*	3/5	1/3	3/3		
The Hon Chan Kam-lam#	1/1			0/0 [†]	0/0 [†]	0/0 [†]	
The Hon Vincent Fang Kang	4/4			3/3		2/2*	3/3
Mr He Guangbei [^]	2/4			1/3			3/3*
The Hon Albert Ho Chun-yan#	1/1			0/0 [†]		0/0 [†]	0/0 [†]
Ir Dr the Hon Raymond Ho Chung-tai	2/4		4/5	0/0 [†]	3/3	0/2	
Mr Benjamin Hung Pi-cheng	4/4					2/2	3/3
Ir Edmund Leung Kwong-ho	4/4		5/5*	3/3	3/3		
Mr Andrew Liao Cheung-sing	4/4		4/5	3/3	2/3		
Dr Lo Ka-shui	3/4	7/8		2/3	3/3*		
Dr Allan Wong Chi-yun#	1/1			0/0 [†]	0/0 [†]	0/0 [†]	
Mr Wilfred Wong Ying-wai	4/4			3/3*	1/3		1/3
Executive							
Mr Stanley Hui Hon-chung (Chief Executive Officer)	4/4	8/8	5/5	3/3	3/3	2/2	

*Chairman of the committee

[†]Appointed to the committee on 22 February 2010

[#]Appointed to the Board of the AA on 1 January 2010

[^]Retired on 31 May 2010

ACFC: Audit Committee and Finance Committee
EC: Executive Committee

CWC: Capital Works Committee
IPC: Infrastructural Planning Committee

CC: China Committee
RC: Remuneration Committee



Executive Management

The executive management team, led by the Chief Executive Officer, is responsible for managing the AA's day-to-day operation and assisting the Board in formulating and implementing corporate strategies. Since June 2008, the AA has implemented a management structure under which the former business and service units were re-organised into functional departments, some of which were further grouped under divisions. This new structure facilitates a renewed focus on corporate performance, thereby fostering closer departmental cooperation without diminishing the accountability of individual departments.

The appointment and compensation of the Chief Executive Officer and the executive directors are reviewed and recommended by the Remuneration Committee and approved by the Board. The appointment of the Chief Executive Officer is also subject to the approval of the Chief Executive of the Hong Kong SAR. Details of the executive directors and their remuneration for the year under review are on page 16 and page 88 respectively.

Balance of Responsibility

The AA's organisational structure is designed to maintain an appropriate balance of responsibility between the Board and the executive management. In essence, the Board is primarily responsible for overseeing the strategic direction and overall performance of the AA, while the executive management team is responsible for managing the AA's day-to-day operations and implementing the strategies laid down by the Board.

To enable the Board to maintain effective oversight and control, clear guidelines have been established specifying issues that are reserved for Board decisions. These include decisions relating to major corporate strategies and policies, substantial investments and capital projects, material acquisitions and disposals of assets, corporate business and financial plans and budgets, senior executives' appointment, compensation and succession planning, as well as the review of corporate and senior management performances.

At the AA, the posts of Chairman and Chief Executive Officer are separate. The Chairman is generally responsible for managing the Board, while the Chief Executive Officer is responsible for managing the business and operations of the AA.

Internal Controls

Internal controls form an integral part of the AA's management system and are embodied in the operational procedures of functional departments. The AA's internal controls are designed to give reasonable assurance that its operations are safe and secure and free from serious interruptions, that its assets have been prudently safeguarded, that maximum value for money is obtained from its expenditures, that its business activities are conducted in a fair and responsible manner, and that its

financial reporting is accurate, transparent, timely and complete. The underlying principle of the AA's internal controls is to manage and mitigate, rather than to eliminate risks.

The Board is overall responsible for ensuring that the AA has effective internal controls and is assisted by the Audit Committee and Finance Committee in discharging this responsibility. Key components of the AA's internal control framework include:

Audit Committee and Finance Committee

Pursuant to its terms of reference, the Audit Committee and Finance Committee is responsible for reviewing the AA's internal controls and risk management systems, and ensuring that management has discharged its duty to put in place an effective internal control system. It has full and independent access to the internal auditors as well as the senior management and, in the furtherance of its duty, may obtain external legal or other professional advice at the expense of the AA. It receives reports from both the external and internal auditors and considers any control issues arising from these reports. It reviews the AA's internal control system and the adequacy of the AA's accounting and financial reporting function, and meets at least once a year with the external auditors in the absence of executive management.

External Audit

The main purpose of the external audit is to provide independent assurance to the Board and shareholder that the annual financial statements of the AA are fairly stated. The appointment of the AA's external auditor is subject to the approval of the Chief Executive of the Hong Kong SAR, on the recommendation of the Board and Audit Committee and Finance Committee. The external auditor for the year under review was KPMG.

To ensure the independence and objectivity of the external auditor, the AA has implemented policies which restrict the non-audit services to be provided by the external auditor and require its lead engagement partner responsible for the AA to be rotated every seven years (the last rotation took place in 2006). The following is a breakdown of the fees paid by the AA to the external auditor in the past two years for audit and non-audit services:

<i>(in HK\$ million)</i>	2009/10	2008/09
Audit fee	4	4
Fees for non-audit services	0	2

Internal Audit

The Internal Audit is primarily responsible for reviewing the adequacy and effectiveness of internal control procedures and monitoring compliance with them. The annual internal audit programme is drawn up using a risk-based approach and is approved by the Audit



Committee and Finance Committee before implementation. According to the AA's Internal Audit Charter, internal auditors have unrestricted access to information and complete freedom to draw independent conclusions in their audits. The Chief Internal Auditor reports to the Chief Executive Officer on an administrative basis but has direct access to the Audit Committee and Finance Committee and its Chairman, thereby ensuring that independence is maintained.

Annual Review of Internal Control System

Assessing risks and reviewing the effectiveness of internal controls is a continuing process at the AA. In addition to the internal and external audits and other review and assurance processes, the executive management, assisted by a cross-departmental Internal Control Review Task Force, conducts annually a comprehensive review of the AA's internal control system in accordance with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) framework recommended by the Hong Kong Institute of Certified Public Accountants.

The annual internal control review evaluates all major operations and processes of the AA based upon the five main components of the COSO framework, namely: control environment, risk assessment, control activities, information and communication, and monitoring. As part of the annual review, all AA departments and major subsidiaries are required to assess the risks associated with their key processes and the effectiveness of the controls in place to mitigate such risks. Independent verification of the effectiveness of controls for those high risk areas is also carried out.

During the year under review, the executive management has reviewed the AA's internal control system and concluded that it is effective and adequate. A consolidated internal control review report was compiled and submitted to the Audit Committee and Finance Committee for review. The Board then reviewed the effectiveness of the AA's system of internal control based on the consolidated report assessed by the Audit Committee and Finance Committee.

Operational Risk Management

Maintaining Hong Kong as a centre of international and regional aviation is a statutory mandate of the AA. Given the myriad of potential risks that may affect the operations of the airport, the AA has recently introduced a new process for the Audit Committee and Finance Committee and the Board to review the risk and business continuity management processes pertaining to operational areas that are critical to sustaining the continuous operation of the airport.

The key elements of the AA's integrated and multi-layered risk and business continuity management process include the establishment of an Operational Risks Register to track

and document identified risks, the development and continuous updating of preventive and responsive procedures, and the testing and drilling of action plans and procedures to ensure their effectiveness.

Delegation of Authority

The AA has a comprehensive system of delegation of authorities under which the authorities of the Board, Board committees and different levels of the executive management are clearly delineated. Such delegation of authority is reviewed from time to time to ensure it meets the AA's evolving business and operational needs. The last review was conducted by the Board in June 2008.

Under current delegations, the Executive Committee has been given the power to exercise the functions of the Board between Board meetings, save for certain statutory restrictions. The Capital Works Committee is delegated the power to make financial commitments of up to HK\$500 million. The Chief Executive Officer has been delegated the full power to make commitments of an operational nature and up to HK\$50 million for capital expenditures. To complement these delegations, a reporting mechanism has been instituted to keep the Board informed when these powers have been exercised.

On the operational level, the Chief Executive Officer has established a Revenue and Expenditure Committee to assist him in exercising his delegated authority. The executive management has a structured system of sub-delegation under which staff members of different levels are given appropriate authority to enable them to effectively discharge their duties. The system of sub-delegation is subject to review and approval from time to time by the Chief Executive Officer.

Financial Planning, Control and Reporting

The AA has a three-tier corporate planning process under which a master plan with a long-term planning horizon of 20 years is compiled every five years. The preparation of *HKIA Master Plan 2030* is currently underway. For medium-term planning, each year the AA prepares a rolling five-year business plan and financial plan. For short-term planning and control purposes, annual budgets are prepared and submitted to the Audit Committee and Finance Committee and the Board for approval.

Within the AA's financial control system, there are defined procedures for the appraisal, review and approval of different levels of capital and operating expenditures. Stringent control and approval procedures are in place to govern expenditures beyond approved budgets. Results of operation against budget are reported to the Audit Committee and Finance Committee and to the Board at least on a quarterly basis. Financial control on major capital projects is reported to and monitored by the Capital Works Committee.



The Board is overall responsible for the preparation of financial statements that give a true and fair view of the AA's affairs and financial results. The Board is assisted by the Audit Committee and Finance Committee in discharging this responsibility. In preparing this year's financial statements, the Board has adopted suitable accounting policies and applied them consistently; made judgements that are prudent and reasonable; and prepared the financial statements on a going concern basis.

Accountability

The AA considers accountability one of the fundamental pillars of corporate governance and has built its corporate structure and management culture based on this notion. Under the current structure, the Board is overall accountable for the performance of the AA. The executive management is responsible for managing the AA's day-to-day business and is accountable to the Board for its performance.

In order to strengthen the accountability mindset at all levels of the organisation, the AA has adopted a cost and contribution centres' operating model. As relevant and appropriate, operating parameters are set for individual departments for which they are accountable.

Disclosure of Interest

The AA has clear and comprehensive procedures for disclosure of interests which is considered an important safeguard against potential conflicts of interests. Under the current procedures, members of the Board and senior management are each required to make a general declaration upon their appointment and thereafter on an annual basis. They are also required to report any change to their declaration as and when it occurs or as soon as they become aware that conflicting interests may arise. In addition, written procedures are in place requiring staff to disclose their interests under specific circumstances, for instance, acting as a member of a tender assessment panel. Board or staff members with potential conflicts of interests will normally be excluded from the relevant deliberation and decision-making process. A register of declarations made by members of the Board is maintained by the Corporate Secretariat and is available for public inspection.

Ethical Culture

Ethics is a core value of the AA. To foster an ethical culture, the AA uses both the "structural" and "people" approaches.

The structural approach aims to attain ethical behaviour by institutionalising policies and procedures with which staff members are required to comply. Such policies and procedures also serve as constant reminders to staff of the minimum ethical standards the AA expected of them.

The Code of Conduct is a key component of that structure. This Code provides specific guidelines to help staff make ethical decisions in the course of discharging their duties. Compliance with this Code is part of the terms of employment of all staff, who are reminded at least once a year of their responsibilities under the Code. The Code of Conduct is reviewed and updated regularly to ensure that it is consistent with current best practices (The last update was done in September 2008). As part of the ethics structure, a high-level Ethics Panel will be convened as needed to review serious ethical issues. The Ethics Panel may take independent advice and reports to the Chief Executive Officer and/or the Audit Committee and Finance Committee, as appropriate. The AA also has a formal Whistle Blowing Policy to encourage and guide its staff to raise serious concerns internally in a responsible manner, without fear of retribution.

The people approach aims to inculcate an ethical mindset among all staff and enhance their awareness of good ethics through continuing education. In this regard, workshops and sharing sessions conducted by internal and external parties are held from time to time. At these sessions, information on desirable ethical behaviours are promulgated and often supplemented by case studies to help staff gain a better understanding of the underlying principles and how they can be applied in different situations.

Recognising that ethics management is a complex subject which goes beyond simply complying with laws and regulations, to promote a better understanding of different levels of ethical responsibility, the AA has defined various ethics-related issues and presented them in an ethics pyramid. Staff members are regularly reminded of their obligations under each level of the pyramid.



Quality of Staff

The effectiveness of internal controls relies to a large extent on the integrity and performance of staff. The AA believes that a fair and competitive reward system is a key driver of staff performance and behaviour. In 2002, we implemented a variable compensation scheme under which a part of staff remuneration is directly linked to corporate and individual performance, and payable only when agreed corporate goals and targets are met. This scheme was reviewed and finetuned in 2008.

Compliance

Section 6(1) of the Ordinance provides, inter alia, that the AA shall conduct its business according to prudent commercial principles. Having regard to this statutory mandate, the AA endeavours to follow, to the extent applicable to the AA, the compliance standards of major commercial organisations in Hong Kong.

Financial Reporting

The AA fully complies with the financial reporting requirements set out in Section 32 of the Ordinance. Although not required under the Ordinance, the AA voluntarily complies with the disclosure provisions of the Hong Kong Companies Ordinance (Cap. 32). Starting in 2005/06, the AA's financial statements are prepared in compliance to the extent applicable with the relevant disclosure provisions in the Listing Rules issued by the Stock Exchange of Hong Kong Limited. Since 2006/07, the AA began voluntarily announcing its interim financial results.

Corporate Governance Practices

Although the AA is not required to comply with the Code on Corporate Governance Practices (the Code) issued by the Stock Exchange of Hong Kong Limited under Appendix 14 to the Main Board Listing Rules, the AA has applied its principles and voluntarily complied with the code provisions therein except for those as set out below, most of which are not applicable to the AA.

Code Provision		Reason for Deviation
A.1.8	If a substantial shareholder or a director has a conflict of interest, the matter should be dealt with through a formal board meeting and not by way of circulation or by a committee.	This provision is not applicable to the AA which has only one shareholder - the Hong Kong SAR Government. The procedure for dealing with any conflict of interest affecting a Board member is governed by Section 13 of the AA Ordinance.
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	This provision is not applicable to the AA because the terms of office of Board Members are governed by Section 11 of the AA Ordinance.
A.4.2	Directors appointed to fill a casual vacancy should be elected by shareholders at the next annual general meeting. Directors should be subject to retirement by rotation at least once every three years.	This provision is not applicable to the AA. Pursuant to Section 3 of the AA Ordinance, Board members are appointed by the Chief Executive of the Hong Kong SAR. Terms of office of members are governed by Section 11 of the AA Ordinance.
A.5.4	Directors must comply with obligations under the Model Code for Securities Transactions and the Board should establish guidelines for employees dealing in the securities of the company.	This provision is not applicable because all of the AA's shares are held by the Hong Kong SAR Government and are not publicly traded.
A.6.1	An agenda and Board papers should be sent to all directors at least three days before a meeting.	The AA has self-imposed a guideline to issue papers to members at least three "clear" days (excluding the day the papers were despatched and the day of the meeting) before a meeting. But due to occasional urgent business or last minute developments, this guideline is not always met. For the year under review, about 56% of a total of 96 papers met this guideline. The AA will continue to strive to comply with this guideline to the extent practicable.



Code Provision		Reason for Deviation
B.1.3	Terms of reference of the Remuneration Committee	The provision on the power to determine Board members' remuneration is not applicable because Section 11(4) of the AA Ordinance provides that the remuneration of Board members shall be determined by the Chief Executive of the Hong Kong SAR.
C.3.3	Terms of reference of the Audit Committee	To make the terms of reference of the Audit Committee and Finance Committee (ACFC) more concise and tailored to the AA's needs, some of the requirements in Code Provision C.3.3 have been condensed before being incorporated into the terms of reference of the ACFC. Regarding the requirement to ensure the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget, which came into effect on 1 January 2009, the ACFC has in fact performed such function, which will be incorporated into its terms of reference in the next round of revision.
E.1.1, E.1.2, E.1.3, E.2.1	These code provisions deal with the proceedings for annual general meetings	These provisions are not applicable because the AA has only one shareholder and is not required to hold annual general meetings.

Transparency

The AA considers transparency an important attribute of good corporate governance and has taken an open approach of disclosing information relating to its performance and operations, save for certain information relating to aviation security and matters of commercial sensitivity. To promote transparency and openness, the AA has voluntarily undertaken to disclose the individual attendance records of Board and committee meetings and the full details of the remuneration of its Board members and executive directors. This year's remuneration details are set out in note 6 to the financial statements.

Communication

The AA adopts an open and proactive communication policy. To promote effective communication with the public at large, the AA maintains a website where comprehensive information about the AA, HKIA and its services is provided. In addition, the AA keeps the public abreast of HKIA's new service offerings, growth and development through the mass media by organising press conferences and briefings, giving interviews and issuing press releases and statements. Meetings, sharing sessions and forums are held to foster two-way communication with business partners, the aviation industry and other stakeholders. A newsletter, *hkia News*, is published to share news with AA staff, the airport community at large and other pertinent stakeholders. The Legislative Council and neighbouring District Councils are also kept updated on major developments at HKIA. Moreover, the AA values customer feedback. A wide array of channels such as the website, quantitative and qualitative opinion surveys,

emails, feedback forms, hotlines and more are used to solicit views of passengers, customers and other stakeholders. The AA's annual reports and interim financial reports are published on its website.

Corporate Citizenship

The AA is committed to being a caring and responsible corporate citizen. Throughout the year under review, the AA participated in and provided support for a number of initiatives that promoted environmentally friendly practices, people development and community well-being. Major programmes and events undertaken during the year are set out on pages 2, 3, 46 to 49 of the annual report in the "HKIA Environmental Performance" and "Corporate Social Responsibility" sections. The AA has established a Corporate Environmental Policy that focuses on adopting and encouraging practices at the airport that prevent or minimise pollution and maximise energy and natural resource use efficiency. Apart from following such policy as far as practicable in our own activities and operations, we encourage our business partners to adopt the same responsible approach in conducting their business at HKIA.

Recognition

The AA's 2008/09 annual report won seven local and international prizes, including a Diamond Award in the public sector/not-for-profit category of the 2009 Best Corporate Governance Disclosure Awards organised by the Hong Kong Institute of Certified Public Accountants, and a Bronze Award in the General Category of the Hong Kong Management Association's Best Annual Reports Awards 2009.

