

HUMAN RESOURCES

TALENT MANAGEMENT

As at 31 December 2003, we have a total of 552 staff members; 126 are head office asset management teams and supporting units; 426 are building management, technical and security services staff. Our human resources strategy is to ensure that the right number of employees with the right skills and attitude are in the right positions to serve our customers and to achieve our corporate objectives.

In support of this strategy, we focus on talent management – attracting, retaining, developing and motivating the very best individuals. In 2003, special emphasis was given to three major areas: performance management and reward, learning and development, and internal communication.

PERFORMANCE MANAGEMENT AND REWARD

We further enhanced our performance management system during 2003. Clear corporate and individual objectives were set and aligned at the beginning of the year. We believe that management by developing well-defined objectives will foster innovation and encourage innovative and alternative approaches to meeting the objectives.

In line with this belief, we successfully launched across our portfolio Comprehensive Tenants Service Levels, a set of key performance indicators that measure various key aspects of the property management cycle. By linking strategic corporate objectives to measurement standards, this system has proven to be invaluable in communicating our corporate vision, translating it into specific and easily-understood objectives for front-line teams.

In the context of a rapidly changing environment, it is also crucial that all our staff members have a clear understanding of their changing responsibilities. We are in the process of completing a full-scale job descriptions updating exercise to ensure that everyone has a clear understanding of his role, accountabilities and competencies.

Hysan has always rewarded its staff based on performance and contribution to the Company. During the year this link between individual performance and reward was further strengthened, as was reflected by the increasing performance-based portion of our top management's remuneration packages.

Following the introduction of the Excellent Customer Award for all front-line staff, we shall continue to introduce awards and give recognition to individuals who have achieved exceptional performance in other core competencies.

LEARNING AND DEVELOPMENT

We continue to foster the learning culture in Hysan through a variety of developmental programmes. As part of the annual appraisal process, the training and development needs of all our staff members were clearly identified and systematically acted upon.

We continue to review and enhance the quality of our training curriculum. For head office management staff, we aim to provide a general management curriculum that is tailored to the Group's business and strategic requirements. The programme covers a range of business leadership skills including finance for non-finance managers, business legal knowledge, customer focus and other key aspects of operations management.

These courses are either run in-house by subject experts or by external professionals. Operational training curricula focusing on specific technical competencies for developing building management front-line staff will continue to be enhanced. We also emphasise effective post-training measurements to follow up the results of training and provide appropriate feedback and evaluation. It is the Company's belief that individual staff should take the initiative to enhance their skills and competencies. Management, in turn, should provide ample opportunities for them to broaden their capabilities and prepare them for more responsibilities. This continues to be achieved through cross-department projects, stretched assignments, and in carefully planned opportunities to broaden staff exposure.

COMMUNICATION

We understand that effective communication is crucial to fostering staff commitment to the Group. This is particularly critical in the context of a challenging economic environment.

We continue to refine our employee communication programme, which includes briefings and updates on results announcements and other key corporate developments, regular newsletters, and gatherings with senior management. Cross-team co-operation, including collaborative efforts between corporate office and front-line staff, will continue to be the focus for 2004.

