

CORPORATE GOVERNANCE GUIDELINES

A Statement of Policy for Hysan

INTRODUCTION

This Statement of Corporate Governance Policy has been adopted by the Board. It gives guidance on how the principles are applied to the Company. A Statement of Adherence to Corporate Governance Best Practices is set out on pages 47 to 52 of the Annual Report.

THE MISSION OF THE BOARD OF DIRECTORS

The Hysan Board of Directors represents the shareholders' interests in maintaining and growing a successful business including optimising consistent long-term financial returns. The Board is accountable for determining that the Company and its subsidiaries are managed in such a way as to achieve this objective. The Board's responsibility is, firstly, to formulate strategy and, secondly, to monitor and control operating and financial performance in pursuit of Group strategic objectives.

GUIDELINES ON IMPORTANT GOVERNANCE ISSUES

Board Appointment

1 Composition of the Board

The Board will on a regular basis review the composition of the Board, the diversity of skills and experience, their complementarity and the characteristics required of both executive and non-executive members of the Board in the context of the business and its strategies.

2 Appointment Procedures

The Board as a whole is responsible for the procedure of agreeing to the appointment of its own members and for nominating them for election by the shareholders on first appointment and thereafter at regular intervals by rotation.

3 Induction of new Directors

On appointment, new directors will be given a comprehensive introduction to the Group's business including visits to the Group's activities and meetings with senior management.

Board Leadership

4 Chairman and Managing Director

- a) The roles of Chairman and Managing Director are currently separate.
- b) The Board supports the principle of Board independence and continually reviews the implementation of this principle. Currently, a "senior" Independent non-executive Director has been identified and acts as the Independent Deputy Chairman of the Board. The "senior" non-executive Director may also assume such responsibilities as might be designated by the Board.

Board Composition and Size

5 Size of the Board

It is important that the Board is of a size to enable there to be a reasonable balance between executive and non-executive Directors.

6 What constitutes independence for outside directors?

The Board believes that independence is a matter of judgement and conscience but that, in order to be independent, non-executive Directors should be free from any business or other relationship that might interfere with the exercise of their independent judgement. Directors considered to be independent will be identified in the Annual Report and other communications with shareholders.

CORPORATE GOVERNANCE GUIDELINES *continued*

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7 Term limits

All Directors are appointed and are then subject to periodic re-appointment by the shareholders through rotation in general meeting.

8 Board compensation review

The pay and benefits for executive Directors, including the Chairman, are determined by the Emoluments Review Committee - a committee comprising a majority of Independent non-executive Directors. For non-executive Directors, their fees and remuneration are determined by the general meeting. The remuneration of executive Directors and non-executive Directors will be the subject of continual monitoring of comparable companies. The assistance of independent external advisers will be sought from time to time.

9 Corporate Governance Board Committees

The Board will maintain two corporate governance committees comprising non-executive Directors appointed by the Board. The Emoluments Review Committee will in accordance with its terms of reference determine the pay and other benefits of the Chairman and executive Directors. The Audit Committee will review the financial accounts and policies and oversee internal controls and compliance. The full Board is responsible for continual enhancement of corporate governance practices.

10 Board access to senior management

Senior management are from time to time brought into formal and informal contact with the Board at Board meetings and other events.

11 Board access to independent professional advice

There is an agreed procedure for Directors (including Directors serving the Board Committees) to take independent professional advice at the Company's expense.

12 Availability of information

The Chairman has a clear responsibility to provide the whole Board with all the information that is relevant to the discharge of the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the Company, its subsidiaries, its activities, performance and its projects, particularly including any significant variances from a planned course of action.

13 Meeting procedures

The Chairman, together with the Managing Director, will establish the agenda for each Board meeting. Other Directors may request the inclusion of items on the agenda.

The necessary papers for meetings will be distributed in advance of the meeting. The Chairman will provide the desired information and will endeavour to ensure that the material does not contain anything that is not relevant.

14 Board authorities, delegations and discretions

The Board has determined those matters that are to be retained for full Board sanction and those matters that are to be delegated to the executive management of the business.

All Board Committees have clear written terms of reference. Board Committees report regularly to the full Board on their work and findings.