

CREATING SHAREHOLDER VALUE



Michael T.H. Lee
Managing Director

OUR GUIDING PRINCIPLES

Creating shareholder value is one of Hysan's guiding principles as a responsible and dynamic company. We believe that the key to this is not only putting in place a clear business strategy but also implementing it with precision, commitment and passion.

COMPETITIVE ADVANTAGES

Hysan's business strategy is built on exploiting our competitive advantages. Central to this is a balanced portfolio of high quality assets in Causeway Bay, which is a prime commercial district in Hong Kong. The Group has an established asset enhancement programme with a track record of adding value through selective renovation, refurbishment, repositioning and redevelopment. Assets are actively managed, optimising rental and occupancy at various stages of the investment property cycle. These advantages are complemented by a strong balance sheet which is the result of strict financial discipline. Strong emphasis is placed on good corporate governance, stressing accountability and transparency to our shareholders and to the investment community.

FOCUS IN 2005

During the fiscal year 2005/06 a number of key operational initiatives were undertaken. These included the disposal of Entertainment Building, a non-core asset in Central. Reflecting our commitment to asset enhancement, a decision was made to redevelop Hennessy Centre into Causeway Bay's new landmark, while the re-tenanting of Lee Theatre

Plaza continued apace. In terms of active asset management, good results were obtained across the three leasing sectors, thereby optimising rental income, while office rental reversions also turned positive. Hysan's commitment to good corporate governance continued to win widespread industry recognition. By acknowledging the significance of reinforcing a culture based on principles and systems, significant progress was made in achieving greater alignment of standards and procedures across the Group. This included strengthening our internal controls and risk management.

WHAT TO DO MORE

Looking ahead, Hysan intends to continue reshaping its portfolio through initiatives that include the commencement of the Hennessy Centre redevelopment. Synergistic investment opportunities will be proactively identified and exploited. At the same time, the Group will strengthen its commitment to maintaining the highest standards of corporate governance. To attain these goals with maximum success, Hysan is determined to further invest in and develop our human capital.

Good progress has been made, but there is more to be done. The future is full of excitement for the Group, our shareholders as well as the employees that make up our team.

Michael T.H. Lee

Managing Director

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