

# CORPORATE GOVERNANCE REPORT

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## OUR COMMITMENT AND APPROACH

The Board and management of the Company are committed to maintaining high standards of corporate governance. Underlying this commitment is the Company's belief that good corporate governance is a reflection of the integrity, transparency and high ethical standards of a responsible business. The Board has adopted a Statement of Corporate Governance Policy (available on website: [www.hysan.com.hk](http://www.hysan.com.hk)), which gives guidance on how corporate governance principles are applied to the Company. In addition to complying with applicable statutory requirements, we aim to continually review and enhance our corporate governance practices in the light of local and international best practices.

We are honoured to have received various recognitions from professional and industry bodies during 2005, such as the Best Corporate Governance Disclosure Awards – Platinum Award, organised by the Hong Kong Institute of Certified Public Accountants; Best Annual Reports Awards – Joint Winner for Achievement in Corporate Governance Disclosure, organised by the Hong Kong Management Association. The Company was also the third highest rated Hong Kong company in the international FTSE ISS Corporate Governance Index.

The Company has complied throughout the review year with the Code on Corporate Governance Practices (the "New Corporate Governance Code") set out in the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), except that its Emoluments Review Committee (established since 1987) has the responsibility of determining executive Director compensation.

The Company has introduced corporate governance best practices in certain key areas above and beyond the Stock Exchange's requirements. These are more particularly set out in this report and they include:

1. introducing a formal process for board evaluation;
2. establishing the office of an Independent non-executive Deputy Chairman acting as a "senior" Independent non-executive Director;
3. enhancing shareholder communications generally, by constructive use of Annual General Meetings ("AGMs") and sponsoring a programme to ensure effective direction of the Company's corporate communications to ultimate shareholders;
4. emphasising business ethics and integrity; and
5. providing enhanced disclosure of shareholdings information.

## FOCUS IN 2005 AND WAY FORWARD

As key corporate governance systems and processes are in place, our focus in 2005 was to effectively deploy these tools to facilitate non-executive Directors to make a contribution in the Group's strategy formulation process. There has been greater emphasis on discussions of strategic business issues rather than updates on operational matters. Board processes, including the Board evaluation process, arrangements for Board meetings, and the quality and supply of information to Directors were reviewed and enhanced in this light.

We also enhanced our internal controls and risk management systems, crucial to support the further growth of the Group.

We believe that central to good corporate governance is our commitment to operating as a responsible business. Engendering an appropriate culture across the Group is therefore of vital importance. For 2006, one of our key focuses is to communicate this guiding principle to all our staff, beyond those in management positions. A company-wide communication programme is being implemented. The choice of theme of the 2005 Annual Report reflects this commitment. Further programmes will be rolled out, including the use of speeches, presentations, and a range of internal channels.

## **DISCLOSURE OF OUR PRACTICES**

We aim to provide greater transparency of our corporate governance practices beyond the requirements of the Stock Exchange's corporate governance report. To us, maintaining high standards of corporate governance practices is more than a mechanical compliance exercise. We have therefore set out in this report our guiding principles and rationale as well as detailed procedures for implementation. Our corporate governance practices are set out in the following separate reports:

- Corporate Governance Report;
- Audit Committee Report (page 80);
- Directors' Remuneration and Interests Report (page 73); and
- Report on Internal Control and Risk Management (page 38).

## NEW CORPORATE GOVERNANCE CODE: STATEMENT OF COMPLIANCE

### A. Directors

#### A1. The Board

##### Code Principle

The board should assume responsibility for leadership and control of the issuer; and be responsible for directing and supervising the issuer's affairs.

##### How Hysan Applied the Code Principle

To Hysan, our Board mission is central to any discussions of directors and board practices. Hysan recognises that non-executive directors have two important roles. Firstly, strategic planning and, secondly, monitoring. This is set out in Hysan's Corporate Governance Guidelines: Mission of the Board of Directors:


*"The Board of Directors represents the shareholders' interest 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."*

##### Procedures – Code Provisions and Recommended Best Practice

##### Where Hysan Exceeded Code Provisions and Recommended Best Practice

Hysan's practices are more stringent than Code provisions in various areas, including notice of Board meetings and keeping of meeting records.

During 2005, certain new arrangements were made to facilitate non-executive Directors to make a contribution regarding their strategic planning role, including holding a separate Board meeting to discuss Group business direction, and enhancement of Board process generally.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>At least four board meetings a year.</li> </ul>		<ul style="list-style-type: none"> <li>The Board met five times during 2005 and conducted the following principal activities:               <ul style="list-style-type: none"> <li>Approval of annual operating plan and budget; management results and performance updates against annual operating plan and budget, together with business reports and presentations from senior management.</li> <li>Approval of interim/final results, announcement, and interim/annual report; determining dividends; matters to be considered at annual general meeting.</li> <li>Group strategic business direction in light of macro environment; Group core business performance and benchmarking; management recommendations and steps to be taken.</li> </ul> </li> <li>An additional Board meeting was held in September 2005 to discuss Group strategic business direction and management recommendations.</li> <li>Board process: the forms, contents and delivery of management reports at Board meetings were fine-tuned to facilitate Board focus and discussions on strategic matters rather than factual reporting.</li> </ul>

Code Provisions	Alignment?	What exactly did Hysan do?																								
		<ul style="list-style-type: none"> <li>Details of Directors' attendance records in 2005: <p style="text-align: right;"><b>Attendance (%)</b></p> <p><b>Executive Directors</b></p> <table> <tr> <td>Peter T.C. Lee</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Michael T.H. Lee</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Pauline W.L. Yu Wong</td> <td style="text-align: right;">100</td> </tr> </table> <p><b>Independent non-executive Directors</b></p> <table> <tr> <td>Sir David Akers-Jones</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Per Jorgensen</td> <td style="text-align: right;">80</td> </tr> <tr> <td>Dr. Geoffrey M.T. Yeh</td> <td style="text-align: right;">80</td> </tr> <tr> <td>David Muir Turnbull (appointed on 11.05.2005 and resigned on 12.12.2005)</td> <td style="text-align: right;">67</td> </tr> </table> <p><b>Non-executive Directors</b></p> <table> <tr> <td>Fa-kuang Hu</td> <td style="text-align: right;">40</td> </tr> <tr> <td>Hans Michael Jebesen</td> <td style="text-align: right;">80</td> </tr> <tr> <td>Anthony H.P. Lee</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Chien Lee</td> <td style="text-align: right;">100</td> </tr> <tr> <td>Dr. Deanna R.T.Y. Rudgard</td> <td style="text-align: right;">60 (40 by alternate)</td> </tr> </table> </li> </ul>	Peter T.C. Lee	100	Michael T.H. Lee	100	Pauline W.L. Yu Wong	100	Sir David Akers-Jones	100	Per Jorgensen	80	Dr. Geoffrey M.T. Yeh	80	David Muir Turnbull (appointed on 11.05.2005 and resigned on 12.12.2005)	67	Fa-kuang Hu	40	Hans Michael Jebesen	80	Anthony H.P. Lee	100	Chien Lee	100	Dr. Deanna R.T.Y. Rudgard	60 (40 by alternate)
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<ul style="list-style-type: none"> <li>All directors be given an opportunity to include matters in the agenda for regular board meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company generally gives notice of, and draft agenda for, regular Board meetings at least 21 days in advance. Non-executive Directors are invited to include additional matters in the agenda for the same to be finalised at least 14 days before the meeting date.</li> </ul>																								
<ul style="list-style-type: none"> <li>Notice of at least 14 days be given of a regular board meeting.</li> </ul>																										
<ul style="list-style-type: none"> <li>Access to advice and services of the company secretary.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company Secretary is responsible for ensuring that Board procedures are complied with and advises the Board on corporate governance and compliance matters.</li> </ul>																								
<ul style="list-style-type: none"> <li>Minutes of meetings kept by company secretary and open for inspection.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company Secretary is responsible for taking minutes of Board and Board Committee meetings, which would be sent to Directors within a reasonable time (generally within 14 days) after each meeting and generally be made available for inspection by Directors/ committee members.</li> </ul>																								
<ul style="list-style-type: none"> <li>Draft and final minutes sent to all Directors for comments within a reasonable time.</li> </ul>																										
<ul style="list-style-type: none"> <li>Agreed procedure for Directors to seek independent professional advice at the company's expense.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Hysan's corporate governance guidelines provide for Directors taking independent professional advice at the Company's expense.</li> </ul>																								
<ul style="list-style-type: none"> <li>If a substantial shareholder/director has a conflict of interest in a material matter, a board meeting should be held. Such director must abstain from voting and not be counted</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is a prescribed list of matters reserved for full Board decision which includes transactions with connected persons. For this category, full Board meetings will be held instead of by way of circulation.</li> <li>The Company's articles provide for voting and quorum requirements conforming with Code Provisions.</li> </ul>																								
<b>Recommended Best Practice</b>																										
<ul style="list-style-type: none"> <li>Insurance cover in respect of legal action against directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is in place a Directors' &amp; Officers' Liabilities Insurance cover.</li> </ul>																								
<ul style="list-style-type: none"> <li>Board committees should adopt broadly the same principles and procedures.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board committees adopt broadly the same principles and procedures as stated above. (See Section B1 - "The Level and Make-up of Remuneration and Disclosure"; and C3 - "Audit Committee").</li> </ul>																								

## A2. Chairman and Chief Executive Officer

### Code Principle

Clear division of responsibilities – separate offices of chairman and chief executive officer to ensure a balance of power and authority.

### How Hysan Applied the Code Principle

Hysan generally supports the principles of (i) splitting the roles of Chairman and Managing Director; and (ii) board independence. This is provided in Hysan Corporate Governance Guidelines: Principle 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."

### Procedures – Code Provisions and Recommended Best Practice

#### Where Hysan Exceeded Code Provisions and Recommended Best Practice

- Establishment of the office of a "senior" Independent non-executive Director – Sir David Akers-Jones acts as the Independent non-executive Deputy Chairman of the Board, who also chairs two of Hysan's corporate governance-related committees, namely the Audit Committee and the Emoluments Review Committee. The presence of an Independent non-executive Deputy Chairman is designed to ensure the Board functions effectively and independent of management where appropriate.
- Introduction of a formal Board evaluation process in 2005.
- Active role played by the Chairman in driving corporate governance developments in the Company.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Roles of chairman and chief executive officer should be separate; clearly established and set out in writing.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Peter T.C. Lee serves as the Chairman and Michael T.H. Lee serves as the Managing Director. The Chairman focuses on Group strategic and Board issues. The Managing Director has overall chief executive responsibility for Group operations and development generally.</li> </ul>
<ul style="list-style-type: none"> <li>The Chairman should ensure all directors be briefed on issues arising at the board meeting.</li> <li>The Chairman should ensure directors to receive adequate information.</li> </ul>	✓	<ul style="list-style-type: none"> <li>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.</li> <li>The Company aims to continually improve on the quality and timeliness of the dissemination of information to Directors. (See Section A6 – "Supply of and Access to Information" for further details)</li> </ul>
<b>Recommended Best Practice</b>		
Various recommended roles for Chairman including: <ul style="list-style-type: none"> <li>Drawing up and approving board agenda.</li> <li>Ensuring establishment of good corporate governance practices and procedures.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Chairman plays a key role in driving corporate governance development in the Company. The focus in 2005 was to enhance Board process to facilitate non-executive Directors to make a contribution regarding their strategic planning role.</li> </ul>

Recommended Best Practice	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Encourage directors to make a full and active contribution to board affairs.</li> </ul>		<ul style="list-style-type: none"> <li>Hysan has in place a formal process of Board evaluation since 2005. The process takes the form of meetings between the Chairman and non-executive Directors without management presence, to be held at least once a year. The most recent meeting was held in March 2006.</li> </ul> <p>The Board regards such meetings as a forum whereby a broad range of strategic and performance matters may be openly discussed. The Board evaluation process will be further reviewed and refined over the current year.</p>
<ul style="list-style-type: none"> <li>At least annually hold meetings with non-executive directors without executive directors being present.</li> </ul>		
<ul style="list-style-type: none"> <li>Facilitate the effective contribution of non-executive relations between executive and non-executive directors.</li> </ul>		

### A3. Board Composition

#### *Code Principle*

The board should have a balance of skills and experience appropriate to the requirements of the business of the issuer, which also consists of a balanced composition of executive and non-executive directors (including independent non-executive directors) so that independent judgment can effectively be exercised.

#### How Hysan Applied the Code Principle

##### Diversity

Hysan's Board members bring an appropriate diverse set of experience, competencies, skills and judgment to the Board. From our experience, diversity of background and experience leads to more effective Board deliberations.

##### Skill/experience

###### **Executive Directors**

- Top management (overall strategic direction and daily operations of Hysan) – Peter T.C. Lee (Chairman) and Michael T. H. Lee (Managing Director)
- Business line – Pauline W. L. Yu Wong (Executive Director)

###### **Independent non-executive Directors**

- Civil service – Sir David Akers-Jones (Independent non-executive Deputy Chairman)
- Multi-national corporations/global exposure – Per Jorgensen
- Related business (construction) – Dr. Geoffrey M.T. Yeh
- Conglomerate/global exposure – David M. Turnbull (resigned on 12 December 2005)

###### **Non-executive Directors**

- Related business (real estate and investment) – F.K. Hu
- Trading companies/global exposure – Hans Michael Jebson
- Finance and investment – Chien Lee and Anthony H.P. Lee
- Professional – Dr. Deanna R.T.Y. Rudgard

##### Independence

Hysan supports the principle of Board independence. This is stated in our Corporate Governance Guidelines: Principle 6 – What constitutes independence for outside directors:

*"The Board believes that independence is a matter of judgment 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 judgment. Directors considered to be independent will be identified in the Annual Report and other communications with shareholders."*

### Procedures – Code Provisions and Recommended Best Practice

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Identify the independent non-executive directors in all corporate communications.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Composition of the Board, by category of Directors, including names of Chairman, executive Directors, Independent non-executive Directors and non-executive Directors is disclosed in all corporate communications.</li> </ul>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>Independent non-executive directors should represent at least one-third of the board.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Hysan Board comprised four Independent non-executive Directors representing one-third of the full Board for most of 2005. The Board is actively considering its composition following the resignation of Mr. David M. Turnbull as Independent non-executive Director on 12 December 2005.</li> </ul>
<ul style="list-style-type: none"> <li>Maintain on the website an updated list of its directors identifying their role, function and (where applicable) independence.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Biographies of Directors, including clear designation of their roles and responsibilities, are maintained on the Company's website: <a href="http://www.hysan.com.hk">www.hysan.com.hk</a></li> </ul>

## A4. Appointments, Re-election and Removal

### Code Principle

Formal, considered and transparent procedures should be established for the appointment of new directors. Significant emphasis should also be placed on issue of succession planning.

### How Hysan Applied the Code Principle

It is set out in Hysan Corporate Governance Guidelines: Principle 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."*

In March 2005, the Board established a Nomination Committee which is chaired by Peter T.C. Lee, Chairman of the Board, and its other members are Sir David Akers-Jones, Independent non-executive Deputy Chairman, and Dr. Geoffrey M.T. Yeh, Independent non-executive Director. The Committee has the responsibility to nominate for Board approval candidates to fill Board vacancies as and when they arise and to evaluate the balance of skills, knowledge and experience of the Board. The full terms of reference are available on the Company's website: [www.hysan.com.hk](http://www.hysan.com.hk).

### Procedures – Code Provisions and Recommended Best Practice

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Non-executive directors should be appointed for a specific term, subject to re-election.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Non-executive Directors are appointed for a term of three years. Approved by shareholders at 2005 AGM, the Company's Articles of Association was amended so that every Director shall be subject to retirement by rotation at least once every three years.</li> </ul>
<ul style="list-style-type: none"> <li>All directors appointed to fill a casual vacancy should be subject to election at the first and subsequent general meeting.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Under the Company's Articles of Association, new Directors are required to submit themselves for re-election at the first Annual General Meeting ("AGM") following their appointment.</li> </ul>
<ul style="list-style-type: none"> <li>Every director should be subject to rotation at least once every three years.</li> </ul>		

Recommended Best Practice	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Election of an independent non-executive director serving more than nine years – explanatory statement to provide information on his independence.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Hysan supports the principle of Board independence. As set down in its Corporate Governance Guidelines, an independent Director should be “free from any business or other relationship that might interfere with the exercise of their independent judgment”. Sir David Akers-Jones, Independent non-executive Deputy Chairman, has served the Board for more than 9 years, having been appointed in 1989. Sir David will stand for re-election at 2006 AGM. The Board considers that Sir David remains independent, notwithstanding the length of his tenure. Sir David demonstrates his willingness to exercise independent judgment and provides objective challenges to management. There is no evidence that length of tenure is having an adverse impact on his independence.</li> </ul>
<ul style="list-style-type: none"> <li>The issuer should establish a nomination committee, comprising a majority of independent non-executive directors.</li> </ul>	✓	<ul style="list-style-type: none"> <li>In March 2005, the Board established a Nomination Committee comprising a majority of Independent non-executive Directors. It met once in March 2005, with 100% attendance.</li> </ul>

**A5. Responsibilities of Directors**

*Code Principle*

All directors (including non-executive directors) are required to keep abreast of their responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer.

**How Hysan Applied the Code Principle**

The roles of Hysan’s Directors are stated in Hysan’s Corporate Governance Guidelines – The Mission of the Board of Directors.

*Procedures – Code Provisions and Recommended Best Practice*

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Every newly appointed director should receive a comprehensive, formal induction to ensure that he has a proper understanding of the business; his responsibilities under the Listing Rules, applicable regulatory requirements, business and governance policies of the issuer.</li> </ul>	✓	<ul style="list-style-type: none"> <li>On appointment, new Directors will be given a comprehensive orientation package, including introduction to Group activities (covering organisation structure; key business activities and performance update; key financial issues), induction into their responsibilities and duties as directors of a listed company, and other regulatory requirements.</li> <li>Non-executive Directors are regularly provided with comprehensive reports on the management’s strategic plans, updates on lines of business, financial objectives, plans and actions.</li> <li>The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other statutory requirements.</li> </ul>
<ul style="list-style-type: none"> <li>Functions of non-executive directors include:                             <ul style="list-style-type: none"> <li>bring an independent judgment to the board meeting</li> <li>take the lead where potential conflicts of interests arise</li> <li>serve on committees if invited</li> <li>scrutinise the issuer’s performance.</li> </ul> </li> </ul>	✓	<ul style="list-style-type: none"> <li>During 2005, new arrangements were made to facilitate non-executive Directors making a contribution regarding their strategic planning role. (see Section A1 – “The Board”)</li> </ul>
<ul style="list-style-type: none"> <li>Directors should ensure that they can give sufficient time and attention to the affairs of the issuer.</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is satisfactory attendance for Board and Board Committee meetings in 2005. (For attendance details, see Sections A1 – “The Board”; B2 – “The Level and Make-up of Remuneration and Disclosure”; and C3 – “Audit Committee”)</li> </ul>



Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Directors must comply with their obligations under the Model Code set out in Appendix 10.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules regarding Directors' dealings in securities. Throughout the year, Directors complied with the required standards of the Model Code. The Company has extended the application of the Model Code to "Restricted Employees" of the Company in its "Code for Securities Dealings by Restricted Employees".</li> </ul>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>Directors should participate in a programme of continuous professional development.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Hysan supports the principle of continuing professional development for Directors. Presentations and seminars on relevant areas are organised from time to time. Past seminars include a seminar on new Listing Rules with emphasis on Directors' responsibilities and interests.</li> </ul>
<ul style="list-style-type: none"> <li>Directors should disclose at the time of his appointment (and at subsequent times) all offices held in other organisations and other significant commitments.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Directors disclose their other directorships to the Company twice a year.</li> </ul>
<ul style="list-style-type: none"> <li>Directors should ensure regular attendance and active participation at board, board committee and general meetings.</li> </ul>	✓	<ul style="list-style-type: none"> <li>In 2005, 100% of executive Directors, 100% of Independent non-executive Directors and a majority of non-executive Directors attended the AGM.</li> </ul>
<ul style="list-style-type: none"> <li>Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Details on roles and functioning of non-executive Directors as set out above.</li> </ul>

## A6. Supply of and Access to Information

### Code Principle

Directors should be provided in a timely manner with appropriate information so as to enable them to make an informed decision and to discharge their duties and responsibilities.

### How Hysan Applied the Code Principle

An important element of the Hysan corporate programme is the continuous improvement in the quality and timeliness of the dissemination of information to our Directors.

This principle is clearly stated in Hysan's Corporate Governance Guidelines:

- Principle 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."*
- Principle 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."*

### Procedures – Code Provisions and Recommended Best Practice

#### Where Hysan Exceeded Code Provisions and Recommended Best Practice

Hysan aims to continually improve on the quality and timeliness of the dissemination of information to Directors, in addition to complying with Code minimum requirements.

At least quarterly, Hysan Directors are provided with comprehensive reports on the management's strategic plans and budgets, updates on business plans and actions, financial objectives.

Business unit heads are invited to attend meetings to update Directors on their lines of business.

During 2005, as a result of feedback obtained from non-executive Directors, the forms of management reports were streamlined, with more emphasis on benchmarking and peer group comparison. The delivery of such reports were also finetuned, facilitating more discussion and questioning rather than factual reporting.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Board papers should be sent to all directors at least three days before the date of board/committee meeting.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board papers are sent to all Directors at least five days before the date of Board/Committee meeting.</li> </ul>
<ul style="list-style-type: none"> <li>Each director should have separate and independent access to senior management.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Senior management are from time to time brought into formal and informal contact with the Board at Board meetings and other events.</li> </ul>
<ul style="list-style-type: none"> <li>Directors are entitled to have access to board papers; steps must be taken to respond director queries properly and fully.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board papers and minutes are made available for inspection by Directors and Committee Members.</li> </ul>

## B. Remuneration of Directors and Senior Management

### B1. The Level and Make-up of Remuneration and Disclosure

#### Code Principle

A formal and transparent procedure should be established for setting policy on executive director remuneration and for fixing the remuneration packages for all directors. No director should be involved in deciding his own remuneration.

#### How Hysan Applied the Code Principle

This is clearly stated in Hysan's Corporate Governance Guidelines: Principle 8 – Board Compensation Review:

*"The pay and benefits for executive Directors, including the Chairman, are determined by the Emoluments Review Committee. 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."*

The Company set up an Emoluments Review Committee in 1987 to review executive Director compensation. The Committee is chaired by Sir David Akers-Jones, Independent non-executive Deputy Chairman, with a majority of Independent non-executive Directors. Its current members are F.K. Hu, non-executive Director and Dr. Geoffrey M.T. Yeh, Independent non-executive Director. Full terms of reference are available on the Company website: [www.hysan.com.hk](http://www.hysan.com.hk).

Management makes recommendations to the Committee on Hysan's framework for, and cost of, executive Director remuneration and the Committee then reviews these recommendations. No Director or any of his associates is involved in deciding his own remuneration. The Committee generally meets at least once every year. There was 100% attendance for the last meeting.

## Procedures – Code Provisions and Recommended Best Practice

### Where Hysan Exceeded Code Provisions and Recommended Best Practice

Hysan has published a separate “Directors’ Remuneration and Interests Report” since 2003 (See page 73).

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>• Issuers should establish a remuneration committee with specific written terms of reference (containing the minimum prescribed duties, including responsibility to review remuneration of directors and senior management) which information should be made available on request or on the website.</li> </ul>	Deviation explained	<ul style="list-style-type: none"> <li>• Hysan set up an Emoluments Review Committee in 1987 to review executive Director compensation. Full terms of reference are available on the Company’s website: www.hysan.com.hk.</li> <li>• In the light of the current organisation structure and the relatively simple nature of Hysan’s business activities, the Board regards the current arrangements for Emoluments Review Committee to determine executive Director compensation as appropriate.</li> </ul>
<ul style="list-style-type: none"> <li>• The committee should consult the chairman and/or chief executive officer regarding proposed remuneration of other executive directors and have access to professional advice where necessary.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• The Committee carries out an annual review of executive Director compensation packages. See “Directors’ Remuneration and Interests Report” for further details on process and findings.</li> </ul>
<ul style="list-style-type: none"> <li>• The remuneration committee should be provided with sufficient resources to discharge its duties.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Independent professional advice will be sought to supplement internal resources where appropriate.</li> </ul>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>• A significant proportion of executive directors’ remuneration should be linked to corporate and individual performance.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Details of remuneration of executive Directors are disclosed on an individual basis. A performance-based element is built into top management compensation.</li> </ul>

## C. Accountability and Audit

### C1. Financial Reporting

#### Code Principle

The board should present a balanced, clear and comprehensible assessment of the company’s performance, position and prospects.

#### How Hysan Applied the Code Principle

The Board aims to present a comprehensive, balanced and understandable assessment of the Group position and prospects in all shareholder communications, including annual and interim reports, announcements and circulars.

*Procedures – Code Provisions and Recommended Best Practice*

**Where Hysan Exceeded Code Provisions and Recommended Best Practice**

The 2005 Annual Report provides enhanced disclosure by way of:

- general discussion on Hysan’s guiding principle to act as a responsible business, and how this guides its interaction with various stakeholder groups, namely shareholders, customer, employees and the community (page 8);
- a full Management’s Discussion and Analysis Section (page 20) covering:
  - Market Report extracted from publication issued by an independent valuer;
  - Operations Review with enhanced analysis and disclosure; including impact of adoption of new accounting standards; key performance drivers on operational and financial matter, comparatives and movements of key cost and revenue drivers for income statement, balance sheet and cash flow;
  - Report on Internal Controls and Risk Management;
  - Report on Financing Policy;
- enhanced corporate governance reports.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>• Management to provide explanation and information to enable board to make informed assessment of relevant matters.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• Directors are regularly provided with comprehensive reports on the management’s strategic plans, updates on lines of business, financial objectives, plans and actions.</li> </ul>
<ul style="list-style-type: none"> <li>• Acknowledgement of director responsibility for preparing the accounts; a statement by the auditors regarding reporting responsibilities in auditors’ report.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• A Statement of Directors’ Responsibilities for the Financial Statements is set out in this Annual Report (page 82).</li> <li>• The Auditors’ Report states auditors’ reporting responsibilities.</li> </ul>
<ul style="list-style-type: none"> <li>• Board responsibility to present a balanced, clear and understandable assessment in annual/ interim reports, price-sensitive announcements; other financial disclosures/ reports under the Listing Rules and statutory requirements.</li> </ul>	✓	<ul style="list-style-type: none"> <li>• The Board aims to present a comprehensive, balanced and understandable assessment of the Group position and prospects in all shareholder communications.</li> </ul>

**C2. Internal Controls**

*Code Principle*

The board should maintain a sound and effective internal controls system to safeguard the shareholders’ investment and the issuer’s assets.




**How Hysan Applied the Code Principle**

The Group is committed to implementing effective risk management policies and internal control procedures to identify and manage the risks that the Group may be exposed to, thereby providing reasonable assurance regarding the achievement of corporate objectives.

*Procedures – Code Provisions and Recommended Best Practice*

**Where Hysan Exceeded Code Provisions and Recommended Best Practice**

- Hysan publishes a separate “Internal Controls and Risk Management” report describing our internal controls system and Board review process (page 38).

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>The directors should at least annually conduct a review of the effectiveness of the system of internal controls; covering all material controls including financial, operational and compliance controls and risk management functions.</li> </ul>		<ul style="list-style-type: none"> <li>The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness.</li> <li>Management is charged with the responsibility to design and implement an appropriate internal control system. A Risk Management Committee, chaired by the Managing Director and comprising of Chief Financial Officer and other division heads of the Company, has been set up. Managing Director and Chief Financial Officer report to the Audit Committee and full Board on key findings regarding internal controls at least on an annual basis.</li> <li>The Board is generally satisfied as to the adequacy of the Company's internal controls regarding its core property leasing and management activities. Steps are in place to enhance Group internal controls to support further growth of the Company.</li> </ul>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>The board's annual review should consider various prescribed areas.</li> <li>Disclosure in annual report to provide meaningful information.</li> </ul>		<ul style="list-style-type: none"> <li>Details of internal controls structure, review and way forward are set out in "Internal Controls and Risk Management" section in the Annual Report.</li> </ul>
<ul style="list-style-type: none"> <li>Review the need for an internal audit function on an annual basis.</li> </ul>		<ul style="list-style-type: none"> <li>Management currently takes the view that there is no immediate need to set up an Internal Audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time.</li> </ul>

### C3. Audit Committee

#### Code Principle

The audit committee should have clear terms of reference, including arrangements for considering how it applies the financial reporting and internal controls principles. The committee should maintain an appropriate relationship with the company's auditors.

#### How Hysan Applied the Code Principle

Hysan's Audit Committee is chaired by Sir David Akers-Jones, Independent non-executive Deputy Chairman and has a majority of Independent non-executive Directors. Its other members are Per Jorgensen, Independent non-executive Director and Chien Lee, non-executive Director. All members have experience in reviewing or analysing audited financial statements of public companies or major organisations. Full terms of reference are available on the Company's website: [www.hysan.com.hk](http://www.hysan.com.hk). The Audit Committee meets not less than twice a year. Meetings are also attended by invitation by the Managing Director and Chief Financial Officer. The Committee held two meetings in 2005 with 100% attendance.

Hysan believes that crucial to the effective functioning of an audit committee is a clear appreciation of the separate roles of management, the external auditors and Audit Committee members.

Hysan management is responsible for selecting company accounting policies and the preparation of the financial statements. The external auditors are responsible for auditing and attesting to the Company's financial statements and evaluating the Group's system of internal controls. The Audit Committee, as the delegate of the full Board, is responsible for overseeing the entire process.

### Procedures – Code Provisions and Recommended Best Practice

#### Where Hysan Exceeded Code Provisions and Recommended Best Practices

Hysan has published a separate Audit Committee Report since 2002.

Disclosure in 2005 Audit Committee Report (page 80) was enhanced, setting out in detail the roles of the Committee including its relationship with management and the external auditors, work performed during the review year, report procedures, and steps agreed to enhance interaction with external auditors.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Minutes be kept by a duly appointed secretary; and should be sent to all committee members within a reasonable time.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Draft minutes prepared by the Company Secretary are sent to members within 14 days of each meeting.</li> </ul>
<ul style="list-style-type: none"> <li>A former partner of the existing auditors should not sit on the audit committee.</li> </ul>	✓	<ul style="list-style-type: none"> <li>None of the three Audit Committee members are former partners of the external auditors.</li> </ul>
<ul style="list-style-type: none"> <li>The terms of reference of audit committee (containing the minimum prescribed duties) be made available on request and on the website.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Full terms of reference are available on website: <a href="http://www.hysan.com.hk">www.hysan.com.hk</a>.</li> </ul>
<ul style="list-style-type: none"> <li>Disclosure – statement from the audit committee explaining its recommendation on the appointment, resignation or dismissal of external auditors; express disclosure where the board disagrees with the committee's view.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Audit Committee recommended to the Board (which in turn endorsed the view) that, subject to shareholders' approval at the forthcoming AGM, Deloitte Touche Tohmatsu be re-appointed as the external auditors for 2006. Factors considered include the presence of a lead audit partner rotation system, and the level of fees paid to external auditors for non-audit or review activities (2005: HK\$227,390 for tax services provided; 2004: HK\$228,300).</li> </ul>
<ul style="list-style-type: none"> <li>The audit committee should be provided with sufficient resources to discharge its duties.</li> </ul>	✓	<ul style="list-style-type: none"> <li>There is an agreed procedure for Audit Committee members to take independent professional advice at the Company's expense.</li> </ul>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>Terms of reference include: <ul style="list-style-type: none"> <li>– “whistle-blowing” procedures by which employees of the issuer may, in confidence, raise concerns about possible improprieties.</li> <li>– oversee the issuer's relation with the external auditor.</li> </ul> </li> </ul>	✓	<ul style="list-style-type: none"> <li>“Whistling-blowing” procedures are included in Hysan's “Code of Ethics”. (See section headed “Business Integrity” below)</li> <li>The Audit Committee oversees the relationship of management with the external auditors including the provision of non-audit services.</li> </ul>

## D. Delegation by the Board

### D1. Management Functions

#### Code Principle

An issuer should have a formal schedule of matters reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.



#### How Hysan Applied the Code Principle

This is clearly stated in the Hysan's Corporate Governance Guidelines: Principle 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.”*

The Board and management fully appreciate their respective roles and are supportive of the development of a healthy corporate governance culture.

The Board's role is not to manage the business, which responsibility remains vested with management. Board responsibility is to test and question management, and to monitor progress.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Board must give clear directions as to the powers of management, including circumstances where management should obtain prior approval from the board.</li> <li>Formalise the functions reserved to the board and those delegated to management; and review arrangements on periodic basis.</li> </ul>		<ul style="list-style-type: none"> <li>There is a defined schedule of matters reserved for full Board decision, including:               <ul style="list-style-type: none"> <li>Long-term objectives and strategies;</li> <li>Extension of group activities into new business areas;</li> <li>Annual budgets;</li> <li>Preliminary announcements of interim and final results;</li> <li>Dividend;</li> <li>Material banking facilities;</li> <li>Material acquisitions and disposals;</li> <li>Connected transactions;</li> <li>Annual internal controls assessment; and</li> <li>Appointments to the Board following recommendations by the Nomination Committee.</li> </ul> </li> </ul> <p>Where applicable, the "materiality" thresholds were based on Listing Rules requirements but set at lower levels.</p>
<b>Recommended Best Practice</b>		
<ul style="list-style-type: none"> <li>Issuers should have formal letters of appointment for directors setting out the key terms and conditions relative to their appointment.</li> </ul>		<ul style="list-style-type: none"> <li>A formal appointment letter, setting out the key terms and conditions relative to their appointment, will be prepared for each newly appointed Director.</li> </ul>

## D2. Board Committees

### Code Principle

Board committees should be formed with specific written terms of reference that deal clearly with the committees' authority and duties.

### How Hysan Applied the Code Principle

Hysan currently has four Board Committees, including three corporate governance-related committees (being the Audit, Emoluments Review, Nomination Committees) and the Investment Committee. All Board Committees have clear written terms of reference. Board Committees report regularly to the Board on their work and findings.

### Procedures – Code Provisions and Recommended Best Practice

### Where Hysan Exceeded Code Provisions and Recommended Best Practice

Hysan publishes separate reports on work performed during the review year by the corporate governance-related committees, as follows:

- Audit Committee Report (page 80); and
- Directors' Remuneration and Interests Report (page 73).

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Clear terms of reference to enable proper discharge of committees functions.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Board has established four Board Committees with specific terms of reference, namely, Audit Committee, Emoluments Review Committee, Nomination Committee and Investment Committee.</li> </ul>
<ul style="list-style-type: none"> <li>The terms of reference should require committees to report their decisions to the board.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Board Committees present their respective reports to the Board after each meeting, which reports address their work and findings.</li> </ul>

## E. Communication with Shareholders

### E1. Effective Communication

#### *Code Principle*

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

#### **How Hysan Applied the Code Principle**

Hysan is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders, subject to applicable legal requirements.

- The Board welcomes moves towards a more constructive use of AGMs and treats them as one of the principal avenues to enter into a dialogue with shareholders based on mutual understanding of objectives. Since 2004, we have introduced a "business review" session in addition to the statutory part of the meeting. A shareholders' visit session was built into the 2005 AGM programme.
- There is currently no requirement in Hong Kong providing for mandatory forwarding of shareholder communication materials by nominee companies to ultimate shareholders. Since 2005, we initiated and funded a programme inviting major nominee companies to pro-actively forward communication materials to shareholders at our expense. We are in discussions with other nominee companies with a view to expanding the programme.

#### *Procedures – Code Provisions and Recommended Best Practice*

#### **Where Hysan Exceeded Code Provisions and Recommended Best Practice**

Hysan exceeded Code procedures in conducting the statutory business of the 2005 AGM in the following ways:

- Despatch of Annual Report and financial statements and related papers to shareholders at least 35 days prior to AGM, as compared with statutory requirement of 21 days;
- Preparation of a comprehensive yet user-friendly AGM circular containing:
  - detailed report on voting procedures (including procedures for demanding a poll) presented in a user-friendly "frequently-asked-questions-and-answers" format;
  - comprehensive information on each resolution to be proposed;
  - biographies and interests of Directors standing for re-election inserted for ease of reference;
- Chairman demanded poll on all resolutions proposed;
- In addition to enhancing processes for the statutory part of the meeting, we introduced a "general business overview" session led by the Chairman and Managing Director in our 2005 AGM. Topics covered include Year 2004 business environment; governance and social responsibilities; 2004 achievements; business activities review and 2005 outlook. The arrangements were positively received by shareholders. An hour-long shareholders' visit was organised immediately preceding the 2005 AGM, aiming to enhance shareholder understanding of Hysan's core investment properties business.



Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>A separate resolution be proposed by the chairman for each substantially separate issue.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Separate resolutions are proposed at the meeting on each substantially separate issue, including the election of individual Directors.</li> </ul>
<ul style="list-style-type: none"> <li>The chairman of the board should attend the general meeting and arrange for the chairmen of the audit, remuneration and nomination committees to be present.</li> </ul>	✓	<ul style="list-style-type: none"> <li>In 2005, there was 100% attendance of all executive Directors, Independent non-executive Directors, and Chairman of Audit and Emoluments Review Committees.</li> </ul>

## E2. Voting by Poll

### Code Principle

The issuer should regularly inform shareholders of the procedures for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

### How Hysan Applied the Code Principle

Hysan supports the principle of voting by poll and has adopted poll voting procedures for all resolutions in 2005 AGM.

### Procedures – Code Provisions and Recommended Best Practice

### Where Hysan Exceeded Code Provisions and Recommended Best Practice

- Hysan has adopted poll voting procedures for all resolutions in the 2005 AGM.

Code Provisions	Alignment?	What exactly did Hysan do?
<ul style="list-style-type: none"> <li>Disclosure in general meeting circulars of procedures and rights of shareholders to demand a poll.</li> <li>Ensure that votes cast are properly counted and recorded.</li> <li>Chairman of meeting should adequately explain the poll procedures at commencement of meeting.</li> </ul>	✓	<ul style="list-style-type: none"> <li>Procedures for demanding a poll were set out in a user-friendly “frequently asked-questions-and-answers” format in the circular accompanying the AGM Notice. These procedures were also explained during the AGM proceedings.</li> <li>A representative of external auditors was appointed as scrutineer.</li> <li>Poll results were published in major Hong Kong newspapers on the business day following the meeting and posted on the websites of the Stock Exchange and the Company.</li> </ul>

## ADDITIONAL CORPORATE GOVERNANCE AREAS

### Business Integrity

Maintaining the highest professional and ethical standards is central to Hysan’s core operating philosophy. In 2005, the Group formally adopted a Code of Ethics addressing guiding principles governing conduct of Directors and employees, which includes promotion of fair and open competition, and appropriate “whistle-blowing” procedures. Details of the Code are available on our website: [www.hysan.com.hk](http://www.hysan.com.hk).

The Group recognises that the engendering of an appropriate corporate culture complemented by an internal communication strategy is crucial to the effectiveness of enforcing such Code. An internal communication programme is being rolled out. This includes the set-up of an employee concern programme (“Ideas Express”) offering our staff the opportunity to write to the Managing Director via letter or email to express any views or thoughts including reporting possible breaches of Company policy without fear or intimidation. A range of internal communications channels including speeches, briefings, presentations and publications will also be used.

### Communications with the Investment Community

Hysan is committed to maintaining a continuing open dialogue with institutional investors and analysts in order to raise understanding and awareness of the Group’s strategy, operations, management and plans and to realise a fair valuation for the Company’s shares. Under the programme in 2005, Managing Director and Chief Financial Officer participated in regular one-on-one meetings in Hong Kong and a roadshow in Singapore.

Group strategy and performance are communicated to financial markets principally through annual and interim reports, news releases, presentations. The Company's website has undergone continual development in 2005, allowing access to more extensive information on Group corporate objectives and structure; operations; assets; all media/ regulatory communications, and public presentations. Frequently-asked-questions are posted on the website and the Company responds to direct requests for information as well as providing answers to specific queries.

## Shareholdings Information

As at 31 December 2005:

Authorised share capital: HK\$7,250,000,000, comprising 1,450,000,000 ordinary shares of HK\$5.00 each.

Issued and fully paid-up capital: HK\$5,266,304,205 comprising 1,053,260,841 ordinary shares of HK\$5.00 each.

Class of shares: one class of ordinary shares of HK\$5.00 each with equal voting rights.

## TOP 10 LARGEST SHAREHOLDERS

(as at 31 December 2005, as per register of members of the Company)

No.	Name of Shareholder	Number of shares held	% of the issued share capital <sup>#</sup>
1.	HKSCC Nominees Limited	428,206,972	40.65
2.	Lee Hysan Estate Company Limited*	270,118,724	25.65
3.	HSBC Nominees (Hong Kong) Limited	87,029,160	8.26
4.	Kenwin Assets Limited*	43,902,720	4.17
5.	Overton Holdings Limited*	43,902,720	4.17
6.	Atlas Corporate Management Limited*	39,809,001	3.78
7.	Hang Seng (Nominee) Limited	23,187,014	2.20
8.	Clipperton Company Limited*	17,019,739	1.62
9.	Shanghai Commercial Bank (Nominees) Limited	12,543,244	1.19
10.	Besticom Investment Limited*	8,834,176	0.84
Total		<b>974,553,470</b>	<b>92.53</b>

## LOCATION OF SHAREHOLDERS

(as at 31 December 2005, as per register of members of the Company)

Location of Shareholders	Number of shares held	% of the issued share capital <sup>#</sup>
Hong Kong	1,043,704,554	99.08
United States and Canada	5,122,312	0.49
United Kingdom	4,284,815	0.41
Singapore	63,238	0.01
Others	85,922	0.01
Total	<b>1,053,260,841</b>	<b>100.00</b>

## TYPES OF SHAREHOLDERS

Type of Shareholders	Number of shares held	% of the issued share capital <sup>#</sup>
Lee Hysan Company Limited, Lee Hysan Estate Company, Limited and their subsidiaries	429,046,912	40.74
Other corporate shareholders	568,877,219	54.01
Individual shareholders	55,336,710	5.25
Total	<b>1,053,260,841</b>	<b>100</b>

Note: <sup>#</sup> The percentages have been compiled based on the total number of shares of the Company in issue as at 31 December 2005 (i.e. 1,053,260,841 ordinary shares).

\* denotes entities whose interests are attributable to the substantial shareholder: Lee Hysan Estate Company, Limited (see "Substantial Shareholders' and Other Persons' Interests in Shares" section in Directors' Report).