

Hang Seng is committed to high standards of corporate governance.

In addition to the module on "Corporate Governance of Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority ("HKMA") in September 2001, the Bank also follows all the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year.

Board Of Directors

The Board

At 5 March 2007, the Bank's Board consisted of 15 Directors. The Board has collective responsibility for leadership and control of, and for promoting the success of, the Bank by directing and supervising the Bank's affairs.

The types of decisions which are to be taken by the Board include those relating to :

- Annual plans and performance targets;
- Specified senior appointments;
- Acquisitions and disposals above predetermined thresholds; and
- Any substantial change in balance sheet management policy.

Chairman And Chief Executive

The roles of Chairman of the Board and Chief Executive of the Bank are segregated, with a clear division of responsibilities. The Chairman of the Board is a non-executive Director who is responsible for the

leadership and effective running of the Board. The Chief Executive of the Bank is an executive Director who exercises all the powers, authorities and discretions of the Executive Committee as may be delegated to him in respect of the Bank and its subsidiaries.

Board Composition

The Board comprises three executive Directors and 12 non-executive Directors. Of the 12 non-executive Directors, eight are independent non-executive Directors. All the independent non-executive Directors meet the guidelines for assessment of independence as set out in Rule 3.13 of the Listing Rules.

Members of the Board of the Bank, who come from a variety of different backgrounds, have a diverse range of business, banking and professional expertise. Brief biographical particulars of all Hang Seng Directors, together with information relating to the relationship among them, are set out in the "Biographical Details of Directors" section under the Bank's 2006 Annual Report.

Board Process

Regular Board/Committee meeting schedules for each year are made available to all Directors/Committee members at the beginning of the year. In addition, notice of meetings will be given to all Directors prior to each Board meeting, normally at least 14 days in advance.

Other than regular Board meetings, in 2006, the Chairman also met with non-executive Directors, including independent non-executive Directors, without the presence of executive Directors to discuss matters of particular interest.

All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures, and related rules and regulations, are followed.

Under the Articles of Association of the Bank, a Director shall not vote or be counted in the quorum in respect of any contract, arrangement, transaction or other proposal in which he or his associate(s), is/are materially interested.

Minutes of Board/Committee meetings are kept by the Company Secretary and are open for inspection by Directors.

Appointments, Re-election And Removal

The Bank's Articles of Association provide that each Director is required to retire by rotation once every three years and that one-third (or the number nearest to one-third) of the Directors shall retire from office every year during the Bank's Annual General Meeting. A Director's specific term of appointment, therefore, cannot exceed three years. Retiring Directors shall be eligible for re-election at the Annual General Meeting of the Bank.

Hang Seng uses a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the independent non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Executive Committee will make its recommendation to the Board for further decision. In accordance with the requirement under the Banking Ordinance, approval from the HKMA will also be obtained. All new Directors are subject to election by shareholders of the Bank at the next scheduled Annual General Meeting after their appointments become effective.

In 2006, Mr Edgar D Ancona was appointed a non-executive Director of the Bank. The appointment was approved by the Board at a meeting held on 27 April 2006. All Directors, except Mr John C C Chan, attended the meeting.

Responsibilities Of Directors

The Bank regularly reminds all Directors of their functions and responsibilities. Through regular Board meetings, all Directors are kept abreast of the conduct, business activities and development of the Bank.

Induction programmes are arranged for newly appointed Directors. All Directors are given opportunities to update and develop their skills and knowledge.

All Directors have full and timely access to all relevant information about the Bank so that they can discharge their duties and responsibilities as Directors. There are established procedures for Directors to seek independent professional advice on Bank-related matters where appropriate. All costs associated with obtaining such advice will be borne by the Bank. In addition, each Director has separate and independent access to the Bank's senior management.

The Bank has adopted a Code for Securities Transactions by Directors on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (set out in Appendix 10 to the Listing Rules). Specific enquiries have been made with all Directors (including those who have ceased to be Directors or who have become Directors during the year ended 31 December 2006) who have confirmed that they complied with the Bank's Code for Securities Transactions by Directors at all the applicable times for the period from 1 January 2006 to 31 December 2006 (both dates inclusive).

The interests in Group securities, including HSBC Holdings plc and the Bank, held by Directors as at 31 December 2006 are disclosed in the Directors' Report attached to the Bank's 2006 Annual Report.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

Board Members' Attendance

Name	Number of Board meetings held during the Director's term of office in 2006	Number of meetings attended
Mr Michael R P Smith# (Chairman)	7	7
Mr Raymond C F Or (Vice-Chairman and Chief Executive)	7	7
Mr Edgar D Ancona# (Appointed as Director on 4 September 2006)	2	2
Mr John C C Chan*	7	5
Mr Patrick K W Chan (Executive Director and Chief Financial Officer)	7	7
Dr Y T Cheng*	7	7
Dr Marvin K T Cheung* (Note)	7	3
Mr S J Glass# (Resigned as Director on 24 March 2006)	2	2
Mr Jenkin Hui*	7	6
Mr Peter T C Lee*	7	5
Dr Eric K C Li*	7	6
Dr Vincent H S Lo#	7	4
Mr Joseph C Y Poon (Managing Director and Deputy Chief Executive)	7	7
Dr David W K Sin*	7	7
Mr Richard Y S Tang*	7	6
Mr Peter T S Wong#	7	6

* Independent non-executive Director

Non-executive Director

(Note: Dr Marvin K T Cheung has been indisposed since 20 July 2006, and will resume duty on 11 March 2007.)

Delegation By The Board

Management Functions And Board Committees

The Board has set up three committees: the Executive Committee, the Audit Committee and the Remuneration Committee.

Each of these committees has specific written terms of reference which deal clearly with their authority and duties. All committees, except the Executive Committee, are comprised solely of independent non-executive Directors.

Board		
Executive Committee	Audit Committee	Remuneration Committee
Members: Mr Raymond C F Or (Chairman) Mr Peter T S Wong Mr Joseph C Y Poon Mr Patrick K W Chan Mr William W Leung ⁰ Mrs Dorothy K Y P Sit ⁰ [⁰ General Manager]	Members: Dr Eric K C Li (Chairman) Mr Richard Y S Tang Dr Marvin K T Cheung	Members: Mr John C C Chan (Chairman) Mr Jenkin Hui Mr Peter T C Lee

The **Executive Committee** meets each month and operates as a general management committee under the direct authority of the Board. It exercises the powers, authorities and discretions of the Board in so far as they concern the management and day-to-day running of the Bank in accordance with its terms of reference and such other policies and directives as the Board may determine from time to time. The Executive Committee also sub-delegates credit, investment and capital expenditure authorities to its members.

The **Audit Committee** meets regularly, normally four times a year, with the senior financial, internal audit and compliance management and the external auditors to consider the Bank's financial reporting, the nature and

scope of audit reviews and the effectiveness of the systems of internal control and compliance. It is also responsible for the appointment, reappointment, removal and remuneration of external auditors. The Audit Committee reports to the Board following each Audit Committee meeting, drawing the Board's attention to salient points that the Board should be aware of, identifying any matters in respect of which it considers that action or improvement is needed and making relevant recommendations.

The **Remuneration Committee** considers human resource issues and makes recommendations to the Board on the Bank's policy and structure for remuneration of Directors and senior management. It meets at least twice a year.

Committee Members' Attendance

Name	Number of meetings attended during 2006		
	Executive Committee	Audit Committee	Remuneration Committee
Mr Raymond C F Or	12 out of 12	–	–
Mr John C C Chan*	–	–	2 out of 2
Mr Patrick K W Chan	12 out of 12	–	–
Dr Marvin K T Cheung* (Note 1)	–	2 out of 5	–
Mr Jenkin Hui*	–	–	2 out of 2
Mr Peter T C Lee*	–	–	2 out of 2
Dr Eric K C Li*	–	5 out of 5	–
Mr Joseph C Y Poon	9 out of 12	–	–
Mr Richard Y S Tang*	–	5 out of 5	–
Mr Peter T S Wong# (Note 2)	12 out of 12	–	–
Mr William W Leung ^Ø	11 out of 12	–	–
Mrs Dorothy K Y P Sit ^Ø	10 out of 12	–	–

* Independent non-executive Director

Non-executive Director

^Ø General Manager

(Notes: 1. Dr Marvin K T Cheung has been indisposed since 20 July 2006, and will resume duty on 11 March 2007.

2. Seven meetings were attended by Mr Peter T S Wong's alternates.)

Remuneration of Directors and Senior Management

The Level And Make-up Of Remuneration and Disclosure

The Remuneration Committee is responsible for the policy on remuneration of Directors and senior management.

The Bank's policy on remuneration is to maintain fair and competitive packages based on business needs and industry practice. For determining the level of fees paid to members of the Board of Directors, market rates and factors such as each Director's workload and required commitment will be taken into account. The following factors are considered when determining the remuneration packages of Executive Directors:



The Remuneration Committee held two meetings in 2006. The work performed by the Committee during 2006 included:

- Reviewing the fees payable to the Directors and the members of the Board's Committees;
- Reviewing the policy for the remuneration of the executive Directors of the Bank and the Directors of the Bank's subsidiaries;
- Reviewing the remuneration of the executive Directors and senior management of the Bank;
- Determining the remuneration packages of a newly appointed senior executive of the Bank and the fees payable to members of a newly established Audit Committee of a subsidiary of the Bank; and
- Reviewing general and special salary increases of the Bank's staff for 2007.

During the process of consideration, no individual Director was involved in decisions relating to his/her own remuneration.

The present scale of Director's fees, and additional fees for membership on the Audit Committee and Remuneration Committee, is outlined below:

	Amount
Board of Directors:	
Director's annual fees	
Chairman	HK\$230,000
Vice-Chairman	HK\$150,000
Other directors	HK\$150,000
Audit Committee:	
Additional annual fees	
Chairman	HK\$120,000
Other members	HK\$80,000
Remuneration Committee:	
Additional annual fees	
Chairman	HK\$60,000
Other members	HK\$40,000

Information relating to the remuneration of each Director for 2006 is set out in Note 18 to the Bank's 2006 Financial Statements.

Accountability And Audit

Financial Reporting

The Board aims at making a balanced, clear and comprehensive assessment of the Bank's performance, position and prospects. An annual operating plan is reviewed and approved by the Board on a yearly basis. Reports on monthly financial results, business performance and variances against the approved annual operating plan are submitted to the Board at each Board meeting for regular monitoring.

Strategic planning cycles are generally from three to five years. The HSBC Group Strategic Plan for 2004 to 2008, Managing for Growth, was adopted by Hang Seng's Board in January 2004.

The annual and interim results of the Bank are announced in a timely manner within the limits of three months and two months respectively after the end of the relevant periods.

The Directors acknowledge their responsibility for preparing the accounts of the Bank. As at 31 December 2006, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Bank's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Bank on a going-concern basis.

The responsibilities of the external auditors with respect to financial reporting are set out in the report of the auditors attached to the Bank's 2006 Financial Statements.

Internal Controls

System And Procedures

The Directors are responsible for internal control at the Bank and its subsidiaries and for reviewing its effectiveness.

The Bank's internal control system comprises a well-established organisational structure and comprehensive policies and standards. Areas of responsibilities for each business and operational unit are clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed to ensure compliance with applicable laws, rules and regulations.

Systems and procedures are in place in the Bank to identify, control and report on the major types of risks the Bank faces. In particular, the Bank has developed comprehensive procedures (ranging from a money laundering deterrence programme to health and safety rules) to manage reputational risks that may arise as a consequence of its daily operations. The Bank's general risk management control procedures are also illustrated below:



CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

More detailed discussions on the policies and procedures for management of each of the major types of risk the Bank faces, including credit, market, liquidity and operational risks, are included in the risk management section of the "Financial Review" section under the Bank's 2006 Annual Report, and in Note 61 to the Bank's 2006 Financial Statements.

Annual Assessment

A review of the effectiveness of the Bank's internal control system covering all controls, including financial, operational and compliance and risk management controls, is conducted annually. The review at the end of 2006 was conducted with reference to the COSO (The Committee of Sponsoring Organisations) internal control framework, which assesses the Bank's internal control system against the five elements of control environment, risk assessment, control activities, communication and monitoring. The result has been reported to the Audit Committee and the Board.

Internal Audit

Internal audit plays an important role in the Bank's internal control framework. It monitors the effectiveness of internal control procedures and compliance with policies and standards across all business and operational units. All management letters from external auditors and reports from regulatory authorities will be reviewed by the Audit Committee and all recommendations will be implemented. Management is required to annually provide the internal audit function with written confirmation that it has acted fully on all recommendations made by external auditors and regulatory authorities. The internal audit function also advises management on operational efficiency and other risk management issues. The work of the internal audit function is focused on areas of greatest risk to the Bank as determined by risk assessment. The head of internal audit of the Bank reports to the Chairman and the Audit Committee.

External Auditors

The Bank's external auditor is KPMG. The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment, removal and remuneration of the external auditor. The external auditor's independence and objectivities are also reviewed and monitored by the Audit Committee.

During 2006, fees paid to the Bank's external auditor for audit services totalled HK\$11.2 million, compared with HK\$10.8 million in 2005. For non-audit services, the fees paid amounted to HK\$2.9 million, compared with HK\$7.3 million in 2005. The significant non-audit service assignments covered by these fees include the following:

Nature of service	Fees paid (HK\$m)
Review of regulatory returns and interim review	1.9
Tax services	0.8
Other services	0.2
	2.9

Audit Committee

The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting obligations.

The Audit Committee held five meetings in 2006. The work performed by the Committee during 2006 included:

- Reviewing the Directors' Report and Full-year Accounts for the year ended 31 December 2005 and the annual results announcement;
- Reviewing the Interim Accounts for the six months ended 30 June 2006 and the interim results announcement;
- Reviewing the recently issued accounting standards, and the progress of implementation work relating to the Sarbanes-Oxley Act and Basel II;
- Developing and implementing a policy on the employment of former employees of the external auditors;

- Reviewing the preliminary internal audit and compliance framework for the establishment of a mainland China-incorporated foreign bank;
- Reviewing the internal audit plan for 2007;
- Reviewing essential matters or high-level reports relating to financial control, internal audit, credit and compliance, and the system of internal control, and discussing these with management;
- Reviewing regular risk management reports and the business continuity planning for avian influenza crisis; and
- Monitoring the staffing and resources of the Bank's Internal Audit Department.

Communication With Shareholders

Effective Communication

The Bank attaches great importance to communications with shareholders and a number of means are used to promote greater understanding and dialogue with investment audiences. The Bank holds group meetings with analysts to announce its annual and interim results. The results announcements are also broadcast live via webcast. Apart from the above, designated senior executives maintain regular dialogue with institutional investors and analysts to keep them abreast of the Bank's development. Including the two results announcements, a total of 77 meetings with 332 analysts and fund managers from 258 companies were held in 2006. The Bank's Chief Executive and Chief Financial Officer made presentation at major investor forums held in Hong Kong and overseas. The Bank's website www.hangseng.com contains an investor relations section which offers timely access to the Bank's press releases and other business information.

The Annual General Meeting provides a useful forum for shareholders to exchange views with the Board. The Bank's Chairman, executive Directors, Chairman of the Audit Committee and non-executive Directors are available at the Annual General Meeting to answer questions from shareholders. Separate resolutions are proposed at general meetings for each substantial issue, including the

election of individual Directors. Procedures for voting by poll, which comply with the Listing Rules and the Articles of Association of the Bank, are set out in the circular to shareholders dispatched together with the Annual Report.

The Bank's last Annual General Meeting of shareholders was held on Wednesday, 26 April 2006 at 3:30pm at the Penthouse of Hang Seng Bank Headquarters, 83 Des Voeux Road Central, Level 24, Hong Kong. All the resolutions proposed at that meeting were approved by shareholders of the Bank by poll voting. Details of the poll results are available under the investor relations section of the Bank's website www.hangseng.com.

The next Annual General Meeting of shareholders will be held on Wednesday, 2 May 2007. Shareholders may refer to the "Corporate Information and Calendar" section under the Bank's 2006 Annual Report for a calendar of other important dates for shareholders in the financial year 2007.

Other Information

The Annual and Interim Reports contain comprehensive information on business strategies and developments. Discussions and analyses of the Bank's performance during 2006 and the material factors underlying its results and financial position can be found in the Chairman's Statement, the Chief Executive's Report and the Financial Review in the Bank's 2006 Annual Report.

Material Related Party Transactions And Contracts Of Significance

The Bank's material related party transactions are set out in Note 60 to the 2006 Financial Statements. These transactions include those that the Bank has entered into with its immediate holding company and fellow subsidiary companies in the ordinary course of its interbank activities, including the acceptance and placement of interbank deposits, correspondent banking transactions, off-balance sheet transactions, and the provision of other banking and financial services.

The Bank uses the IT services of, and shares an automated teller machine network with, The Hongkong and Shanghai Banking Corporation Limited, its immediate holding company. The Bank also shares IT and certain processing services with fellow subsidiaries on a cost recovery basis. For 2006, the Bank's share of the costs include HK\$174 million for system development services, HK\$24 million for printing and stationery, HK\$109 million for data processing, and HK\$44 million for administrative services.

The Bank maintains a staff retirement benefit scheme for which a fellow subsidiary company acts as insurer and administrator. As part of its ordinary course of business with other financial institutions, the Bank also markets Mandatory Provident Fund products and distributes retail investment funds for fellow subsidiaries, with a fee income of HK\$61 million and HK\$77 million respectively in 2006. Hang Seng Investment Management Limited, a wholly owned subsidiary of the Bank, manages in the ordinary course of its business a fund administered by a fellow subsidiary, to whom management fee rebates were made. The rebate for 2006 amounted to HK\$59 million.

The Bank also sells life insurance products issued by Hang Seng Life Limited, which is a 50% subsidiary of the Bank (the remaining 50% is indirectly owned by the Bank's controlling shareholder, The Hongkong and Shanghai Banking Corporation Limited). Hang Seng Life Limited subscribes to management services provided by a fellow subsidiary on a cost recovery basis and, for 2006, Hang Seng Life Limited's share of the costs amounted to HK\$72 million. Hang Seng Life Limited also uses the investment management services of a fellow subsidiary, and fees paid in 2006 amounted to HK\$30 million.

These transactions were entered into by the Bank in the ordinary and usual course of business on normal commercial terms, and in relation to those which constitute connected transactions under the Listing Rules, they also comply with applicable requirements under the Listing Rules. The Bank regards its usage of the IT services of The Hongkong and Shanghai Banking Corporation Limited (amount of IT services cost incurred for 2006: HK\$399 million), and the sale of life insurance products issued by Hang Seng Life Limited (amount of commission income for 2006: HK\$697 million), as contracts of significance for 2006.

Human Resources

The human resources policies of the Bank are designed to attract people of the highest calibre and to motivate them to excel in their careers, as well as uphold the Bank's culture of service quality.

Employee Statistics

As at 31 December 2006, the Bank's total headcount was 8,498, reflecting an increase of 610, or 7.73 per cent, compared with a year earlier. The total comprised 864 executives, 3,085 staff officers and 4,549 clerical and non-clerical staff.

Employee Remuneration

Compensation packages take into account levels and composition of pay in the markets in which the Bank operates. Salaries are reviewed annually in the context of individual and business performance, market practice, internal relativities and competitive market pressures.

Under appropriate circumstances, performance-related variable pay is provided as an incentive for staff. In 2006, incentive payments were made to staff members who had chosen to join the Bank's 12-month Pay Scheme with variable bonus under performance-based remuneration strategy.

Since 1999, the Bank has participated in the HSBC Holdings Savings-related Share Option Plan (Sharesave), which enables staff members to make monthly savings for the purchase of HSBC Group shares after a specified period. For Sharesave 2006, 2,666 staff members had subscribed to the plan.

Other incentive awards were also made. More than 1,300 staff were rewarded with HSBC Group shares or cash in 2006 for outstanding performance or displaying good potential.

Employee Involvement

Communication with staff is a key aspect of the Bank's policies. Information relating to employment matters, the Bank's business direction, and strategies and factors affecting the Bank's performance are conveyed to staff via different channels, including interchange sessions, focus group meetings, an intranet site, in-house magazines, morning broadcasts and training programmes. Employees are encouraged to contribute their ideas during work improvement programmes, cross-team projects and suggestion schemes.

Staff Development

In order to fully develop staff members' potential, the Bank offers a wide range of training programmes that help them fulfil their personal career goals or professional training requirements, including those for regulated businesses and activities, while equipping them to meet future challenges. Two training programmes respectively won The Bronze Award and Certificate of Excellence in the 2006 Award for Excellence in Training competition organised by Hong Kong Management Association. These programmes were also awarded American Society for Training and Development (ASTD) Excellence in Practice citations.

New staff joining the Bank attend an induction programme that provides them with a better understanding of the history, culture and values of the Bank. In 2006, the staff integration programme was delivered to facilitate the integration of new executives to familiarise them with the culture and strategies of the Bank. Continuous educational development is provided to staff through the Bank's Learning Resource Centre, multi-media programmes, an intranet site and videos. Staff members are also encouraged to pursue professional or academic qualifications through the Bank's Education and Professional Qualification Award System.

An in-branch pre-placement training scheme, comprising self-learning material, learning guide, training videos and online exercises as well as workplace coaching, was launched for new sales staff at Mainland branches to equip them with the necessary skills upon joining the Bank.

To foster the Bank's 'can-do' spirit and 'listening and speaking up' culture, a new series of 'Driving the Change' programmes were launched. In support of the Bank's Six Sigma initiatives, a seminar was organised for certain officers and executives in 2006.

The average number of training days per staff member in 2006 was 6.5 days.

Recruitment And Retention

The employment market continued to be active in 2006. Various resourcing measures, including a number of employer branding and staff retention initiatives, were implemented to attract and retain high-quality staff.

The Bank in 2006 participated in the Financial Services Career Exhibition organised by the FinMan Committee and the Hong Kong Polytechnic University and the Career Expos organised by the Hong Kong Trade Development Council, the Hong Kong Federation of Youth Groups and the Labour Department of the Hong Kong government.

As part of the Bank's staff retention programme, packages and career paths for certain job positions have been reviewed to increase career advancement opportunities and ensure market competitiveness. Trainee programmes have also been developed for jobs in selected functional areas.

Code Of Conduct

To ensure the Bank operates according to the highest standards of ethical conduct and professional competence, all staff are required to strictly follow the Code of Conduct contained in the Staff Handbook. Following the relevant regulatory guidelines and other industry best practices, the Code sets out ethical standards and values to which staff are required to adhere and covers various legal, regulatory and ethical issues. These include topics such as prevention of bribery, dealing in securities, personal benefits, outside employment and anti-discrimination policies.

The Bank uses various communication channels to periodically remind staff of the requirement to adhere to the rules and ethical standards set out in the Code.

Health And Safety

The Bank recognises the need for effective management of health and safety in order to provide a safe working environment. The Bank focuses on identifying health, safety and fire risks in advance, taking any measures necessary to remove, reduce or control material risks of fires and of accidents or injuries to employees and visitors.

Following the SARS outbreak in 2003, the Bank prepared a Communicable Diseases Plan. This sets out the key issues to be addressed and the responses to be taken in the event of a similar occurrence involving a serious communicable disease. To get the Bank prepared for the outbreak of avian influenza, an Avian Influenza Contingency Manual was prepared jointly with various divisions with reference to the SARS experience. Staff have been made aware through various channels of the importance of personal hygiene and health, and informed of the contingency measures to adopt should there be an outbreak.