

Human Resources

Building Our Team

Objectives and Guiding Principles

The objective of the Human Resources Department is to act as a strategic business partner of the management team, responsible for aligning the people strategy with the Company's short and long-term goals. As at 31 December 2004, we have a total of 543 staff members.

Over the past few years, we introduced various human resources systems and tools to enable Hysan managers to effectively lead the organisation. These included revised performance appraisal and objective setting systems. In this light, our current emphasis is to work with Hysan managers to maximise the value of these tools.

Developing a Management Culture Based on Accountabilities

In light of a rapidly changing market environment, the Group emphasises value creation and innovation. Staff are expected to work together with leaders in driving the business ahead. We worked together with management towards developing a management culture based on "accountabilities". Each manager has clear responsibilities and will be given the necessary resources to fulfil the tasks. Within these parameters, a manager will be expected to deliver the agreed objectives.

We supported Finance Department in rolling out a new annual business planning and budgetary process. All department heads, including supporting lines, are required to prepare clear and specific department annual business plans. A "top-down" approach is then

adopted in consolidating and finalising the Company annual budget. Briefing sessions are held to ensure that departmental heads appreciate the significance of aligning departmental objectives to corporate objectives.

We completed a full-scale job description updating exercise for our building office staff to ensure that everyone has a clear understanding of his role, accountabilities and competencies. This process will be rolled out to the Head Office during 2005.

Performance Management and Reward

Hysan has always rewarded its staff based on performance and contribution to the Group. More refined merit guidelines by performance levels were built into the 2004 bonus programme and 2005 salary review. We have also balanced market competitiveness and internal equity in determining individual salary adjustment levels.

Learning and Development

We continue to foster the learning culture in Hysan during the year. As a starting point, development needs of all staff are identified as part of the annual appraisal process.

For head office management staff, we aim to provide a management curriculum that is tailored to the Group's strategic and business requirements. In the coming year, one of the focus areas is further developing the people management skills of our

managers. We shall also conduct more in-depth needs surveys and analyses to better ascertain the training requirements of our people.

As we may not have the necessary critical mass to provide business function-specific training curricula for all, we instead develop and refine guidelines on tuition reimbursement, and examination leave to support the strive for functional excellence. These guidelines are being finalised for implementation in the near future.

Communications

We conducted our first employee survey for Head Office staff in November 2004. It was positively received as reflected in the high 98% response rate. Results indicated that communication, including cross-department team work, is the priority area for improvement.

We are in the process of implementing the follow-up steps. Presentation of results to all staff have been completed. Individual department heads will organise action development meetings with their staff. Action items generated will then be consolidated by Human Resources and implemented in light of the agreed priorities. A periodic tracking and updating system will be put in place. Human Resources Department will facilitate the process by providing meeting facilitation workshops for line managers, and generally provide an actionable framework.

