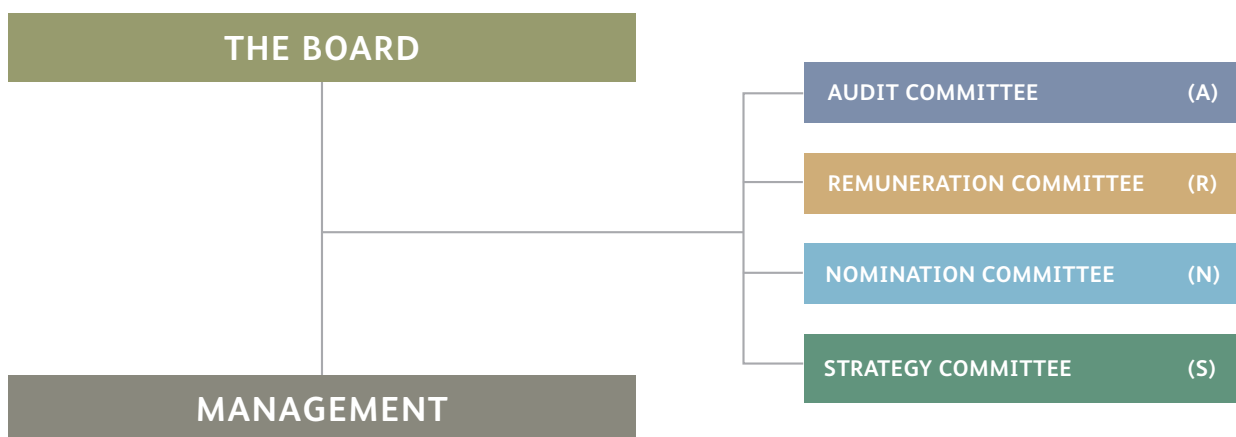


4 Corporate Governance

- 76 Board of Directors
- 81 Corporate Governance Report
- 102 Directors' Report
- 111 Directors' Remuneration and Interests Report
- 121 Audit Committee Report

Board of Directors

Hysan believes that embracing strong governance is the foundation to delivering on its strategic objective of consistent and sustainable performance over the long term. At the heart of Hysan’s governance structure is an effective Board that is committed to upholding strong governance principles and to reinforcing Hysan’s long-established and deeply engrained corporate governance tradition and culture of accountability, transparency and integrity.



Chairman (chairing N, S)
Irene Yun Lien LEE

Ms. Lee leads the Group in her executive Chairman role. Ms. Lee is an independent non-executive director of Cathay Pacific Airways Limited, CLP Holdings Limited, HSBC Holdings plc, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited and Noble Group Limited (listed on Singapore Exchange Limited). She has held senior positions in investment banking and fund management in a number of renowned international financial institutions. Previously, Ms. Lee was an executive director of Citicorp Investment Bank Limited in New York, London and Sydney; head of corporate finance at Commonwealth Bank of Australia and chief executive officer of Sealcorp Holdings Limited, both based in Sydney. She was also the non-executive chairman of Keybridge Capital Limited (listed on Australian Stock Exchange), a non-executive director of ING Bank (Australia) Limited, QBE Insurance Group Limited, and The Myer Family Company Pty Limited; and a member of the Advisory Council of JP Morgan Australia. Ms. Lee was formerly a member of the Australian Government Takeovers Panel. She is a member of the founding Lee family, sister of Mr. Anthony Hsien Pin LEE (Non-Executive Director) and his alternate on the Board. Ms. Lee holds a Bachelor of Arts Degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray’s Inn, United Kingdom. She was appointed a Non-Executive Director in March 2011, Non-Executive Chairman in May 2011, and executive Chairman in March 2012. She also serves as a director of certain subsidiaries of the Group. She is aged 63.



Independent Non-Executive Director (A)

**Frederick Peter
CHURCHOUSE**

Mr. Churchouse has been involved in Asian securities and property investment markets for more than 30 years. Currently, he is a private investor including having his own private family office company, Portwood Company Ltd. He is an independent non-executive director of Longfor Properties Co. Ltd. He is also the publisher and author of "The Churchouse Letter". In 2004, Mr. Churchouse set up an Asian investment fund under LIM Advisors. He acted as a director of LIM Advisors and as Responsible Officer until the end of 2009. Prior to this, Mr. Churchouse worked at Morgan Stanley as a managing director and advisory director from early 1988. He acted in a variety of roles including head of regional research, regional strategist and head of regional property research. He was also a board member of Macquarie Retail Management (Asia) Limited. Mr. Churchouse gained a Bachelor of Arts degree and a Master of Social Sciences degree from the University of Waikato in New Zealand. He was appointed an Independent Non-Executive Director in December 2012 and is aged 67.



Independent Non-Executive Director (A, N, S, chairing R)

Philip Yan Hok FAN

Mr. Fan is an independent non-executive director of China Everbright International Limited, First Pacific Company Limited, China Aircraft Leasing Group Holdings Limited and PFC Device Inc., and an independent director of Goodman Group. He is a member of the Asia Advisory Committee of AustralianSuper Pty Ltd (a pension fund in Australia). He was previously an independent non-executive director of HKC (Holdings) Limited and Guolian Securities Co., Ltd, and an independent director of Suntech Power Holdings Co., Ltd. (under official liquidation) and Zhuhai Zhongfu Enterprise Co. Ltd. Mr. Fan holds a Bachelor's Degree in Industrial Engineering and a Master's Degree in Operations Research from Stanford University, as well as a Master's Degree in Management Science from Massachusetts Institute of Technology. He was appointed an Independent Non-Executive Director in January 2010. He is aged 67.



Independent Non-Executive Director (N)

Lawrence Juen-Yee LAU

Professor Lau is currently Ralph and Claire Landau Professor of Economics at The Chinese University of Hong Kong. He serves as Chairman of the Board of Directors for The Chinese University of Hong Kong (Shenzhen) Finance Institute, aka Shenzhen Finance Institute. He is also an independent non-executive director of AIA Group Limited, CNOOC Limited and Far EasTone Telecommunications Co., Ltd. (listed on the Taiwan Stock Exchange).

Professor Lau received his B.S. degree (with Great Distinction) in Physics from Stanford University and his M.A. and Ph.D. degrees in Economics from the University of California at Berkeley. He joined the faculty of the Department of Economics at Stanford University in 1966, and had a long and distinguished career there. Upon his retirement in 2006, he became Kwoh-Ting Li Professor in Economic Development, Emeritus, at Stanford University. From 2004 to 2010, Professor Lau served as Vice-Chancellor (President) of The Chinese University of Hong Kong. From September 2010 to September 2014, he served as Chairman of CIC International (Hong Kong) Co., Limited, a subsidiary of China Investment Corporation. Professor Lau was also a non-executive director of Semiconductor Manufacturing International Corporation.

Professor Lau is a member of the 12th National Committee of the Chinese People's Political Consultative Conference and a Vice-Chairman of its Economics Sub-committee. He also serves as a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, Chairman of its Governance Sub-committee and member of its Currency Board Sub-committee and Investment Sub-committee, Vice-Chairman of Our Hong Kong Foundation and a member and Chairman of the Prize Recommendation Committee, LUI Che Woo Prize Company. He was appointed a Justice of the Peace in July 2007 and awarded the Gold Bauhinia Star in 2011 by the Government of the Hong Kong Special Administrative Region. He was appointed an Independent Non-Executive Director in December 2014. He is aged 72.

Board of Directors



Independent Non-Executive Director (R, N, S, chairing A)
Joseph Chung Yin POON

Mr. Poon is group managing director and deputy chief executive officer of a private company and an independent non-executive director of AAC Technologies Holdings Inc. He was formerly managing director and deputy chief executive of Hang Seng Bank Limited and had held senior management posts in HSBC Group and a number of international renowned financial institutions. Mr. Poon was the former chairman of Hang Seng Index Advisory Committee, Hang Seng Indexes Company Limited, a former member of the Board of Inland Revenue of Hong Kong Special Administrative Region and the Environment and Conservation Fund Investment Committee, and a former committee member of the Chinese General Chamber of Commerce. Mr. Poon holds a Bachelor of Commerce degree from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand, and the Hong Kong Institute of Certified Public Accountants. Mr. Poon is also a Fellow of the Hong Kong Institute of Directors. He was appointed an Independent Non-Executive Director in January 2010. He is aged 62.



Non-Executive Director
Siu Chuen LAU

After serving as the Company's Deputy Chairman and Chief Executive Officer for 4 years (May 2012 – August 2016), Mr. Lau has been re-designated as Non-Executive Director with effect from the conclusion of the Board meeting of the Company held on 2 August 2016. Earlier, he has worked as the acting Head of Finance of the Company in 1999, was appointed a Non-Executive Director in May 2011 and Non-Executive Deputy Chairman in March 2012. He has also worked as a brand manager of French luxury products, management consultant at McKinsey & Company and consumer analyst at Morgan Stanley Asia. He subsequently co-founded and became a Responsible Officer of a SFC licensed investment advisory firm. Mr. Lau is a member of the founding Lee family and an alternate director of Lee Hysan Company Limited, a substantial shareholder of the Company. Mr. Lau holds a Bachelor of Social Sciences Degree in Management and Economics from The University of Hong Kong, and a Master of Business Administration Degree from INSEAD, France. He is aged 58.



Non-Executive Director (S)
Hans Michael JEBSEN
B.B.S.

Mr. Jebesen is chairman of Jebesen and Company Limited as well as a director of other Jebesen Group companies worldwide. He is also an independent non-executive director of The Wharf (Holdings) Limited. He was appointed a Non-Executive Director in 1994 and is aged 60.



Non-Executive Director (A)
Anthony Hsien Pin LEE

Mr. Lee is a director and substantial shareholder of the Australian-listed Beyond International Limited, principally engaged in television programme production and international sales of television programmes and feature films. He is also a non-executive director of Television Broadcasts Limited. Mr. Lee is a member of the founding Lee family, a director of Lee Hysan Estate Company, Limited and a director of Lee Hysan Company Limited (Lee Hysan Estate Company, Limited, a wholly-owned subsidiary of Lee Hysan Company Limited, is a substantial shareholder of the Company). He is the brother of Ms. Irene Yun Lien LEE, Chairman. Mr. Lee received a Bachelor of Arts Degree from Princeton University and a Master of Business Administration Degree from The Chinese University of Hong Kong. He was appointed a Non-Executive Director in 1994 and is aged 59.



Non-Executive Director (N, S)
Chien LEE

Mr. Lee is a private investor and a non-executive director of Swire Pacific Limited and a number of private companies. He was previously an independent non-executive director of Television Broadcasts Limited. He is a member of the founding Lee family, a director of Lee Hysan Estate Company, Limited and a director of Lee Hysan Company Limited (Lee Hysan Estate Company, Limited, a wholly-owned subsidiary of Lee Hysan Company Limited, is a substantial shareholder of the Company). Mr. Lee received a Bachelor of Science Degree in Mathematical Science, a Master of Science Degree in Operations Research and a Master of Business Administration Degree from Stanford University. Mr. Lee was appointed a Non-Executive Director in 1988 and is aged 63.



Non-Executive Director (R)
Michael Tze Hau LEE

Mr. Lee is currently a director of Oxer Limited, a private investment company. He is also an independent non-executive director of Chen Hsong Holdings Limited, Trinity Limited; and a Steward of The Hong Kong Jockey Club. He was previously an independent non-executive director of Hong Kong Exchanges and Clearing Limited and an independent non-executive director and chairman of OTC Clearing Hong Kong Limited. Mr. Lee was also a member of the Main Board and Growth Enterprise Market Listing Committees of The Stock Exchange of Hong Kong Limited. Mr. Lee is a member of the founding Lee family, a director of Lee Hysan Estate Company, Limited and a director of Lee Hysan Company Limited (Lee Hysan Estate Company, Limited, a wholly-owned subsidiary of Lee Hysan Company Limited, is a substantial shareholder of the Company). He joined the Board in January 2010, having previously served as a Director from 1990 to 2007. Mr. Lee received his Bachelor of Arts Degree from Bowdoin College and his Master of Business Administration Degree from Boston University. He is aged 55.

Board of Directors

Senior Management

Chief Operating Officer

Ricky Kon Wai LUI

MBA, MCIOB

Mr. Lui joined Hysan as the Group's Chief Operating Officer in December 2016. He assists the Chairman in translating and executing the Group's strategy and vision into operational and financial attainment. Mr. Lui also drives the Group's business growth, development and investment and serves as a director of certain Hysan's subsidiaries. Mr. Lui has over 25 years of experience as a senior executive in the property industry globally, covering acquisitions, development and asset management for residential, office, retail and large scale mixed use developments in Hong Kong, mainland China and overseas. He is aged 51.

Chief Financial Officer

Roger Shu Yan HAO

BBA (Hons), CPA, ACA, ACCA

Mr. Hao is responsible for the Group's financial control, treasury, information technology, legal and secretarial functions, and serves as a director of certain Hysan's subsidiaries. He joined the Group in 2008. Mr. Hao accumulated extensive experience in auditing, financial management and control while holding senior positions in multinational corporations. He is aged 51.

Director, Projects

Sunny Wing Chung CHAN

BEng (Hons), CEng, MCIBSE, MHKIE, LEED™ AP, BEAM Pro

Mr. Chan is responsible for the Group's development and project management function in regard to major property investments as well as significant refurbishment projects, and serves as a director of certain Hysan's subsidiaries. He joined the Group in 2008. Mr. Chan accumulated extensive experience in developing, designing and managing high-quality and sustainable building projects while holding senior positions in property development corporations. He is aged 51.

Director, Retail and Marketing

Kitty Man Wai CHOY

BEcon, MSc, MBA

Ms. Choy is responsible for the Group's retail portfolio and marketing strategies, and serves as a director of certain Hysan's subsidiaries. She joined the Group in 2000 and prior to joining Hysan, Ms. Choy held a supervisory position at a major property development company. She is aged 44.

Director, Office and Residential

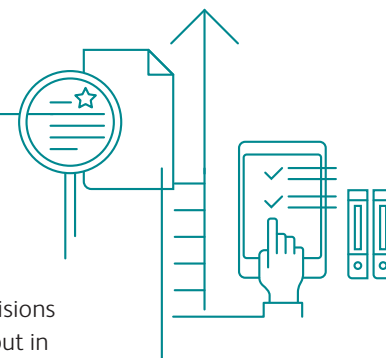
Jessica Mo Ching YIP

BSc (Surveying), MBA, MRICS, MHKIS, RPS

Ms. Yip is responsible for managing the office and residential portfolio of the Group, and serves as a director of certain Hysan's subsidiaries. Prior to joining the Group in 2012, Ms. Yip fulfilled various roles in international consultancies, occupiers and developers. She had extensive experience in the real estate industry. She is aged 40.

Senior management are Executive Directors and the personnels as set out in "Senior Management" section.

Corporate Governance Report



Meeting and Exceeding Compliance Requirements

Hysan is committed to maintaining high standards of corporate governance and transparency. Hysan has continued to fully comply with requirements of the Code Provisions contained in the Corporate Governance Code (the “Corporate Governance Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the year.

The following are the major areas in which Hysan’s system of corporate governance practices exceeds the Corporate Governance Code.

Exceed Corporate Governance Code Provisions	Best Practices in Corporate Governance at Hysan
✓	The Board has established formal Corporate Governance Guidelines* since 2004.
✓	The Board has established formal mandates and responsibilities*, with a clear division of roles with management. This sets out the Board’s responsibility for formulation of strategy and its monitoring role.
✓	The Board has established formal criteria and requirements* for Non-Executive Director appointments. All Non-Executive Directors are engaged by formal letters of appointment with a specific term of 3 years and which address the expected time commitment of the Non-Executive Directors and other matters.
✓	In order to retain control of key decisions and ensure there is a clear division of responsibilities for the Board and the running of the Company’s business, the Board has identified a list of “Matters Reserved for Board Decisions” *. The list covers all major policies and directions of the Group.
✓	Board evaluation: Since 2014, the Board evaluation process has been strengthened and enriched through completion of evaluation questionnaires. In 2016, the evaluation process was enhanced through an electronic platform. Directors’ feedback was analysed and discussed at the May Board Meeting. Our Corporate Governance Guidelines have been refined in the light of this to show the Board’s commitment.
✓	In 2016, a separate “Whistleblowing Policy” * has been adopted to allow employees and related parties who deal with the Group (e.g. consultants, contractors and suppliers) to raise concerns about misconduct, malpractice or irregularities in any matters related to the Group. The independence is further strengthened by inviting whistleblowers to raise concerns to a designated independent third party, who then reports to the Audit Committee. Records of whistle blowing are kept by Internal Audit Department.
✓	The Group has adopted a Code of Ethics* since 2005 which is applicable to all Directors, officers and employees of the Group. The Code of Ethics follows the guiding principles of “Respect for People”, “Ethics and Business Integrity” and “Meeting the Group’s Responsibility”. Under the Code of Ethics, the Directors, officers and employees are encouraged to report any existing or potential breaches of the Code of Ethics through the procedures set out in the Whistleblowing Policy.
✓	The Group has established a Corporate Disclosure Policy* to guide its stakeholder communications and the determination of inside information. This ensures consistent and timely disclosure and fulfilment of the Group’s continuous disclosure obligations.
✓	The Group has established an Auditor Services Policy* to set parameters for the engagement of the auditors. It also identifies areas of conflict, and prohibits the engagement of auditors in case of conflict to ensure independence.

Corporate Governance Report

Exceed Corporate Governance Code Provisions	Best Practices in Corporate Governance at Hysan
✓	The Group has established a fraud handling policy and procedure to control and aid in the detection and prevention of fraud against the Group. This promotes consistent organisational behaviour by providing guidelines and assigning responsibility for the controls and investigations.
✓	The Group has demonstrated its commitment to transparency in shareholder reporting by publishing a separate Corporate Governance Report since 2001. It also publishes the following reports: (i) Audit Committee Report; (ii) Directors' Remuneration and Interests Report; and (iii) Risk Management and Internal Control Report.
✓	The Group has a formal Corporate Responsibility Policy and publishes a Corporate Responsibility Report. It has early-adopted the environmental, social and governance reporting guidelines under the Listing Rules. An "integrated" approach has been adopted since the 2014 Annual Report, to provide a more holistic view of the Group's financial as well as non-financial performance.
✓	The Group serves more than 20 clear business days' notice for the Annual General Meeting ("AGM").
✓	Since 2004, the Group has operated a new form of AGM that goes beyond discharging statutory business by including a detailed business review. All voting at AGMs has been conducted by poll since 2004.
✓	The Group publishes the terms of reference and membership of all its corporate governance related Board Committees on the websites of the Group and the Stock Exchange.
✓	In 2016, the Group announced the audited financial results within 2.5 months after the end of financial year and published the Annual Report on the Group's website within 3 months after the end of financial year. The Group sent the Annual Report to shareholders within 10 days after publication. The AGM notice, Annual Report, and the financial statements were dispatched to the shareholders more than 30 days prior to the AGM (statutory requirement: 21 days). To further expedite dissemination of financial information to shareholders and investors, in 2017, the Group has further shortened the audited financial results announcement timeline to within 2 months after the financial year-end.
✓	The Group continually enhances its communications with shareholders. In December 2016, the Company held its first shareholders' visit which provided an opportunity for the shareholders to gain an insight into the Company's long established history, sustainability activities (e.g. Rooftop Urban Farm and Sky Wetland at Hysan Place) and other business areas.
✓	To further increase efficiency of communication, protection of the environment and to save costs for the Company, arrangements have been made since December 2015 to ascertain the shareholders' preference as to the means of receiving corporate communications. The aim is to continually enhance the use of the Group's corporate website as a means of shareholder communications.
✓	The Company has also initiated and invited major nominee companies to proactively forward communication materials to the ultimate beneficial shareholders at the Group's expense.

* Detailed policies/terms of reference are available on the Company's website: www.hysan.com.hk.

Our Governance Framework

Hysan operates with a clear and effective governance structure.

The Board is collectively responsible for the long-term success of the Group, and for its leadership, strategy planning, control and risk management, culture, values, corporate governance and financial performance.

The Board has established an Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee to enable the Board to operate effectively and ensure a strong governance framework for decision-making. Each Committee has written terms of reference.

- Audit Committee Report – pages 121 to 124
- Risk Management and Internal Control Report – pages 44 to 49
- Directors’ Remuneration and Interests Report – pages 111 to 120
- Nomination Committee – pages 98 to 99
- Strategy Committee – page 99



For effective leadership and management, the Board sets clear governance guidelines, policies, and procedures and review them periodically, normally on an annual basis. The Board also regularly assesses and enhances its governance framework, practices and principles in light of regulatory regimes, international best practices as well as Company’s needs. The following are the key guidelines and components of Hysan’s governance framework.

- Corporate Governance Guidelines
- Board of Directors Mandate
- Roles Requirements of Non-Executive Directors
- Matters Reserved for Board Decisions
- Terms of Reference of the various corporate governance related Board Committees
- Code of Ethics for Directors and Employees
- Auditor Services Policy
- Corporate Disclosure Policy
- Whistleblowing Policy
- Board Diversity Policy

They can be reviewed on the Company’s website: www.hysan.com.hk.

Governance at a Glance

1 LEADERSHIP

THE ROLE OF THE BOARD

- Board of Directors Mandate
- Matters reserved for Board Decisions

COMPOSITION OF BOARD

- Balance of 4 INEDs and 5 NEDs
- All Directors are appointed with specific terms and subject to rotation

DIVISION OF RESPONSIBILITY

- Board of Directors Mandate
- Roles requirements of Non-Executive Directors

2 EFFECTIVENESS

BALANCE DIVERSITY OF SKILLS AND EXPERIENCE

- Diversity of Skills and experience (see “Balance, Diversity and Skills” section)

COMMITMENT

- All Directors are devoted with time commitment

INDEPENDENCE

- Meeting of Non-Executive Directors without the Executive Directors or Board members relating to the founding Lee family

EVALUATION

- Formal board evaluation process via an electronic platform. The Board discusses the findings in detail at meeting (see section on “Board Evaluation 2016”)

INFORMATION & SUPPORT

- Good information flow between the Board and the management
- Accesses to independent professional advice and company secretary

CONTINUOUS PROFESSIONAL DEVELOPMENT

- Directors attended trainings to refresh skills and knowledge

THE ROLE OF COMPANY SECRETARY

- Reviews and implements corporate governance practices
- Directors have direct access to the advice and support of Company Secretary
- Keep Directors updated on legislative, regulatory and governance matters

The Board in 2016

The Board met formally throughout the year with meetings timed around the financial calendar, as well as frequent and open conversations and discussions within the Board. During the year, 4 Board meetings were held, including an off-site meeting held in an innovation lab followed by a training provided by the venue host. Full Board members attended a Strategy Committee meeting with in-depth presentation and discussion of the Group’s long-term directional strategy. Attendance at Board and Committee meetings held during 2016 is shown on page 88.

Board and Committee meetings in 2016



3 ACCOUNTABILITY

BOARD COMMITTEES

- 3 governance-related Board Committees have been established
- Board Committees report to the Board (see “Audit Committee Report” pages 121 to 124 and “Directors’ Remuneration and Interests Report” pages 111 to 120)

RISK MANAGEMENT AND INTERNAL CONTROL

- reviewed and monitored management’s risk management process and assessed effectiveness of financial controls, and other internal controls. (see “Risk Management and Internal Control Report” pages 44 to 49 and “Audit Committee Report”)

FINANCIAL REPORTING

- Independent Auditor’s Report (see pages 127 to 130)

AUDIT COMMITTEE AND AUDITORS

- Audit Committee Report (see pages 121 to 124)
- Internal Audit function
- External Auditor appointment

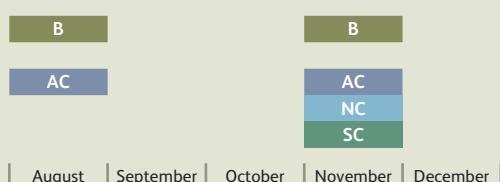
4 RELATIONS WITH SHAREHOLDERS

CONSTRUCTIVE USE OF GENERAL MEETINGS

- Accessible AGM
- Committee Chairmen available at AGM to answer questions (in person or via dial-in)
- Notice sent out more than 20 workdays before meeting (exceeds requirement under Corporate Governance Code)

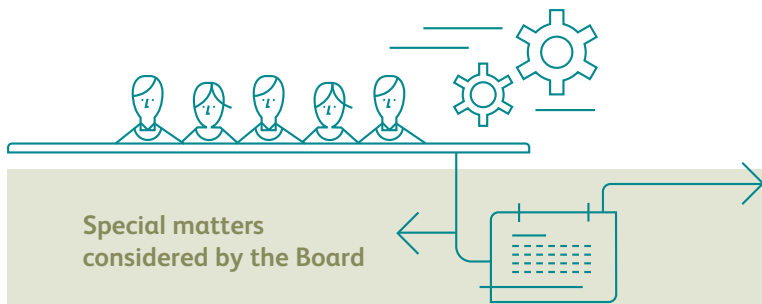
DIALOGUE WITH SHAREHOLDERS

- enhance shareholder communications by electronic channels
- shareholders’ visit for more understanding of the Group, its portfolio, history and sustainability activities and other business areas



B	Board Meeting	see page 84
AC	Audit Committee Meeting	see page 121
AGM	Annual General Meeting	
RC	Remuneration Committee Meeting	see page 111
NC	Nomination Committee Meeting	see page 98
SC	Strategy Committee Meeting	see page 99

Corporate Governance Report



Special matters considered by the Board

March

Review of reports from:

- Remuneration Committee
- Audit Committee; and review of risk management and internal control effectiveness

Review and approval of 2015 annual results, including:

- Preliminary announcement
- Declaration of 2015 2nd interim dividend
- Other key reports
 - Corporate Governance Report
 - Risk Management and Internal Control Report
 - Audit Committee Report
 - Directors' Remuneration and Interests Report
 - Directors' Report

Approval of proposals to be submitted to the AGM

Annual review of corporate governance matters

Review of I.T. objectives and focus

Review and assess risk appetites and principal risks (including safeguards against terrorist attack etc.)

May

Analysis of feedback and discussions of:

- Board and Board Committees' evaluation questionnaires

Approval of the Whistleblowing Policy

August

Review of reports from:

- Audit Committee; and review of risk management and internal control effectiveness

Review and approval of 2016 interim results, including

- Interim results announcement
- Interim report
- Declaration of 2016 1st interim dividend

Approval of re-designation of a Director

2016 was an active and effective year. The key features at the Hysan Board during 2016 are:

- The Board held 4 meetings. Hysan's Directors have a strong commitment to the Company, which was reflected in the high attendance record at the Board and its Committee meetings.
- All Directors are entitled to seek independent professional advice regarding their duties at the Company's expense.
- Directors' and Officers' liability insurance has been arranged. The terms and extent covering 2016 was reviewed and renewed.
- Declarations of interest are recorded and records are accessible by each director.
- Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. Monthly reports to the full Board are issued, covering financial and operational highlights.
- Non-Executive Directors are invited to attend Company events. Such events include the annual "Company Day" when the management team shares management objectives for the coming year with all Head Office staff and supervisors of the building offices.

November

Review of reports from:

- Nomination Committee; and review of Board size and composition, as well as “independence” of Directors and the Board Diversity Policy
- Audit Committee; discussions of risk management and internal control matters

Approval of the Board Diversity Policy

Review and discussions of 2017 budget

Review of corporate governance matters – annual review of Matters Reserved for Board Decisions (relating to the 2017 budget and business plan)

Approval of sale project for two Tai Po residential sites partnering HKR International Limited

Regular matters considered by the Board

March, May, August and November

Review and discussions of reports on:

- Operating results and regular updates for the Group’s core leasing business (Office, Retail and Residential segments)
- Current development and asset enhancement projects’ update (including the redevelopment of Lee Garden Three)

Review and discussions of:
Financial forecasts

Update on:

- Analysts’ feedback
- Legal and regulatory updates

Review and approval of:
Minutes of previous meeting

- Since 2012, the Board has moved to electronic Board papers via iPad – an initiative to reduce the use of printed paper across our business and to enhance effective and timely communication. This electronic platform allows the Directors to access information and meeting records relevant to the execution of their duties.
- To supplement the formal Board meetings and to further strengthen the independence of the Non-Executive Directors, the Independent Non-Executive Directors and Non-Executive Directors also held 2 separate discussion sessions during 2016 without the presence of Executive Directors or Board members relating to the founding Lee family. This enables them to discuss more freely the evaluation of performance of the Board as well as the Group’s management
- In 2016, the Board evaluation process and efficiency was enhanced via an electronic platform. Directors’ evaluation is collected on anonymous basis and the evaluation results are electronically auto-generated and discussed at the Board meeting.

Corporate Governance Report

Attendance at Meetings

The following table shows Directors attendance at Board, Committee and general meetings held in 2016 :

- Attended
- Attended by alternate
- ☎ Attended by tele-conference
- ◆ Attended the meetings (or part of meetings) as invitee
- Already resigned from the Board

Directors	Meetings Held/Attended					ANNUAL GENERAL MEETING
	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	STRATEGY COMMITTEE	
	(Total: 4) ^(Note 1)	(Total: 3)	(Total: 1)	(Total: 1)	(Total: 1)	(Annually)
Executive Director						
Irene Yun Lien LEE	● ● ☎ ●	◆ ◆ ◆	◆ ^(Note 7)	●	●	●
Independent Non-Executive Directors						
Nicholas Charles ALLEN ^(Note 2)	● ● □ □	● □ □	N/A	N/A	□	●
Frederick Peter CHURCHOUSE	● ● ☎ ●	● ● ●	N/A	N/A	◆	●
Philip Yan Hok FAN	☎ ☎ ● ●	● ● ●	●	●	●	☎
Lawrence Juen-Yee LAU ^(Note 3)	☎ ☎ ● ●	N/A	N/A	●	◆	●
Joseph Chung Yin POON ^(Note 4)	● ● ☎ ●	● ●	●	●	◆	●
Non-Executive Directors						
Hans Michael JEBSEN ^(Note 5)	● ● ○ ●	N/A	N/A	N/A	●	●
Siu Chuen LAU ^(Note 6)	● ● ☎ ●	◆ ◆	◆ ^(Note 7)	N/A	◆	●
Anthony Hsien Pin LEE	● ● ☎ ●	● ● ●	N/A	N/A	◆	●
Chien LEE	● ● ☎ ●	N/A	N/A	●	●	●
Michael Tze Hau LEE	● ● ☎ ●	N/A	●	N/A	◆	●

Notes:

- The August 2016 Board meeting was held through tele-conference due to Typhoon Signal No.8 to discuss and approve the 2016 unaudited interim results.
- Nicholas Charles ALLEN retired as Independent Non-Executive Director and ceased as the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Strategy Committee with effect from the conclusion of the AGM held on 13 May 2016 (the "2016 AGM").
- Lawrence Juen-Yee LAU was appointed a member of the Nomination Committee with effect from the conclusion of the 2016 AGM.
- Joseph Chung Yin POON was appointed the chairman of the Audit Committee with effect from the conclusion of the 2016 AGM, and a member of Strategy Committee with effect from 22 February 2017.
- Hans Michael JEBSEN was appointed a member of the Strategy Committee with effect from the conclusion of the 2016 AGM.
- Siu Chuen LAU stepped down from the position as Deputy Chairman and Chief Executive Officer and ceased as a member of the Strategy Committee. He was also re-designated as Non-Executive Director. All with effect from the conclusion of the August 2016 Board Meeting.
- Excused from the session to discuss the executive directors' own compensation package.



Leadership

FORMAL BOARD MANDATE

The role of the Board is governed by a formal **Board of Directors Mandate** (details on the Company's website: www.hysan.com.hk). It sets out the Board's stewardship role and shows how the Board is collectively responsible for strategic planning, risk management and internal control, setting the Group's culture and values, capital management, corporate governance, and Board succession.

Day-to-day management of the Group is delegated to the Executive Directors and the Executive Committee, subject to formal delegated authority limits and certain matters that have been reserved for Board approval. These matters are "**Matters Reserved for Board Decisions**" (where applicable, with a "materiality" threshold) and are reviewed annually (details on the Company's website: www.hysan.com.hk). Executive Committee members include all Executive Directors, Chief Operating Officer, Chief Financial Officer, and other members as may be appointed by the Board.

BOARD SIZE, COMPOSITION, AND APPOINTMENTS

As at 31 December 2016, there were 10 Directors on the Board: the Chairman and 9 Non-Executive Directors (including 4 Independent Non-Executive Directors). Irene Yun Lien LEE is currently the executive Chairman. In addition to her role in leading the Board, she advises, supports and coaches the management team, particularly regarding the long-term strategic development of the Group and management matters that drive shareholder value.

The Board reviews its size and composition from time to time, and the last review was in November 2016.

Non-Executive Directors are appointed for a specific term of 3 years, and are subject to re-election at the first AGM following their appointment. Every Director will be subject to retirement by rotation at least once every 3 years under the Company's Articles of Association. Retiring Directors are eligible for re-election at the AGM at which they retire. There is no cumulative voting in Director elections. The election of each candidate is executed through a separate resolution.

Irene Yun Lien LEE, Philip Yan Hok FAN, Hans Michael JEBSEN and Siu Chuen LAU will retire at the forthcoming AGM to be held on 15 May 2017.

Siu Chuen LAU stepped down from his position as Deputy Chairman and Chief Executive Officer of the Company and was re-designated as Non-Executive Director with effect from conclusion of the Board Meeting of the Company held on 2 August 2016 (the "August 2016 Board Meeting"). He has informed the Board that he will not offer himself for re-election and accordingly will retire as Director after the conclusion of the forthcoming AGM. Save for Siu Chuen LAU, the other retiring Directors, being eligible, offer themselves for re-election. Details with respect to the candidates standing for election as Directors are set out in the AGM circular to shareholders.

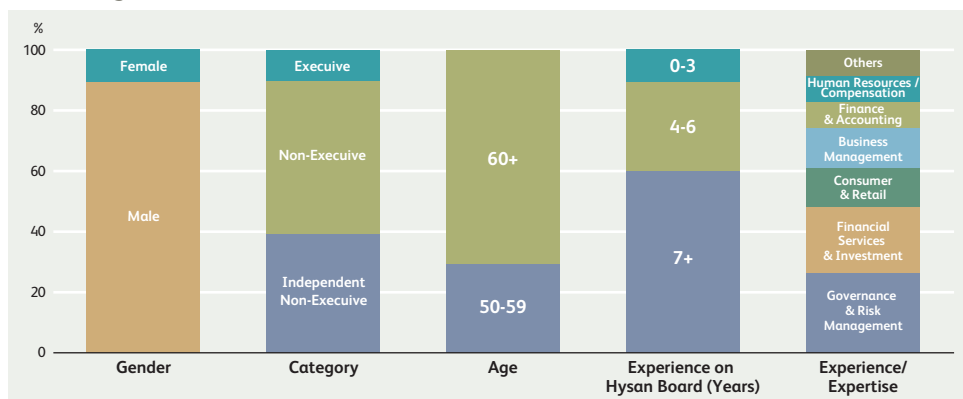
Effectiveness

BALANCE, DIVERSITY AND SKILLS

Hysan continues to promote and support diversity within the Board and the business. We strongly believe that diversity in all aspects, not just gender, provides the business with a better collective decision-making capacity, and for better anticipating the risks and opportunities in building a sustainable business.

Our Non-Executive Directors (including 4 Independent Non-Executive Directors) are of diverse backgrounds in the areas of economics, finance, business management, professional practices, and property investment. Biographies of each Director can be found in pages 76 to 79 and are also available on the Company’s website: www.hysan.com.hk.

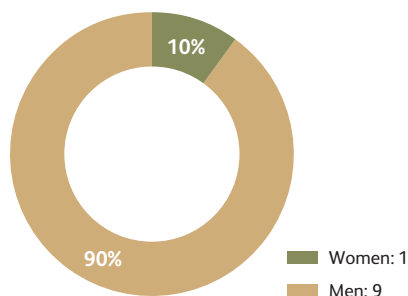
Percentage of Directors on the Board



The Board believes that diversity is vital for Board effectiveness and adopted a separate Board Diversity Policy in 2016. Under this policy, selection of candidates for Board appointment will be based on a range of diversity perspectives including gender, age, cultural / educational and professional background, skills and experience, and the ultimate decision will be based on merit against objective criteria and contribution that the candidate will bring to the Board. This philosophy of diversity extends from the Board level to the key operational management throughout the Group. The Company has taken, and continues to take steps to promote diversity, including gender diversity, at operational management levels. The Company respects a working environment that is free from discrimination and has policies against discrimination with regard to gender, age, cultural/educational and professional backgrounds, skills and experience while promoting diversity in recruitment and promotion.

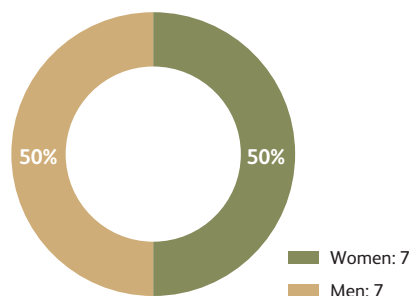
Board Diversity by Gender

31 December 2016



Gender Diversity of Key Operational Management*

31 December 2016



* Key operational management is defined as the 14 heads of departments/units of the Group, but does not include the Executive Director, who also maintains a management/supervisory role for operations.

During 2016, there were 9 Non-Executive Directors drawn from diverse and complementary backgrounds. They bring valuable experience and insight including but not limited to, the following areas of experience and expertise, driving the corporate strategy and growth of the Group:

Experience / Expertise	Director(s)
1. Business Management Considerable business experience and knowledge through senior management roles in other major companies.	Philip Yan Hok FAN Hans Michael JEBSEN Joseph Chung Yin POON
2. Property Investment Experience as a senior executive in another major company in property investment, development or facilities management; or related industry.	Frederick Peter CHURCHOUSE
3. Financial Services and Investment Experience in the financial services industry or experience in overseeing financial transactions and investment management.	Anthony Hsien Pin LEE Chien LEE Michael Tze Hau LEE Joseph Chung Yin POON Siu Chuen LAU ^(Note 1)
4. Customer and Retail Experience as a senior executive in a major retail, customer products, services or distribution company.	Frederick Peter CHURCHOUSE Hans Michael JEBSEN Siu Chuen LAU ^(Note 1)
5. Macro-environment affecting the Group Expertise in the economic, political or social environment affecting the Group and its operations, with a focus on Hong Kong and China.	Lawrence Juen-Yee LAU
6. Finance and Accounting Expertise based on the definition of "Audit Committee accounting expertise" under the Listing Rules.	Nicholas Charles ALLEN ^(Note 2) Joseph Chung Yin POON
7. Governance and Risk Management Experience in control, governance and risk management that has been gained through extensive experience on other public and private companies' board committees.	Nicholas Charles ALLEN ^(Note 2) Philip Yan Hok FAN Lawrence Juen-Yee LAU Chien LEE Michael Tze Hau LEE Joseph Chung Yin POON
8. Human Resources / Compensation Broad knowledge of the principles and practices relating to Human Resources and extensive experience in overseeing Human Resources in other major companies.	Philip Yan Hok FAN Joseph Chung Yin POON

Notes:

1. Siu Chuen LAU was re-designated as Non-Executive Director with effect from the conclusion of the August 2016 Board Meeting
2. Nicholas Charles ALLEN retired as Independent Non-Executive Director with effect from the conclusion of the 2016 AGM.

(Directors' full biographies, including relationships among members of the Board, are set out in pages 76 to 79 and are also available on the Company's website: www.hysan.com.hk)

INDEPENDENCE

As a listed company with the presence of a major shareholder family, the Board has put in place appropriate policies and processes to avoid conflicts of interest or perception of the same. This is also been safeguarded under Hong Kong Companies Ordinance which requires a director to disclose the nature and extent to the board of any material interest of entities connected with him when such entities are involved in any transaction or arrangement with the company. The Board is reminded half yearly of this requirement through receiving an explanatory note from the Company.

Non-Executive Directors held discussion sessions without presence of Executive Directors or Board members relating to founding Lee family.

“Connected transactions” with persons and entities regarded as connected with the Group under the Listing Rules are subject to the approval of the full Board, as provided under the **List of Matters Reserved for Board Decisions**. In addition, “exempted transactions” that are exempt from the Listing Rules’ disclosure requirements are also subject to reporting to the full Board after management approval, with full particulars of key terms and conditions as well as justification.

The Board has established “independence” standards for individual Directors in our **Corporate Governance Guidelines**. It considers “independence” is not only a regulatory requirement, but also to be a matter of judgment and conscience. A Director is considered to be independent only where he or she is free from any business or other relationship that might interfere with the exercise of his or her independent judgment.

The Nomination Committee carried out a detailed review of director independence. It concluded that each of the 4 Independent Non-Executive Directors was independent at the time of review. Independent Non-Executive Directors are identified in our Annual and Interim Reports and other communications with shareholders.

To strengthen the independence of the Non-Executive Directors and to enable them to discuss more freely the performance of the Board as well as the Group’s management, the Non-Executive Directors held 2 discussion sessions during 2016, without the presence of Executive Directors or Board members relating to the founding Lee family.

Checks and Balances

“Connected Transactions” with related persons subject to full Board decision

This is expressly provided in our **List of Matters Reserved for Board Decisions**. The relevant requirements are more stringent than those under the Listing Rules.

Appointment of 4 Independent Non-Executive Directors with a diverse background

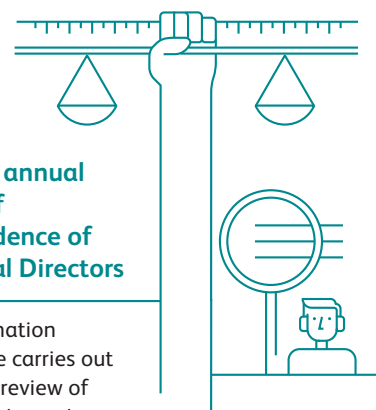
We have 4 Independent Non-Executive Directors drawn from a diverse background, spanning economics, financial services and investment, business management, professional (accounting), and property investment.

Clear “independence” standards for individual Directors

This is laid down in our **Corporate Governance Guidelines**.

Detailed annual review of independence of individual Directors

The Nomination Committee carries out a detailed review of Director independence annually.



Independence Status

Name	Management	Independent	Not Independent	November 2016 Review – Reason for Independence Status
Frederick Peter CHURCHOUSE		✓		No business or other relationships with the Group or management that will affect independence
Philip Yan Hok FAN		✓		No business or other relationships with the Group or management that will affect independence
Hans Michael JEBSEN			✓	
Siu Chuen LAU			✓	
Lawrence Juen-Yee LAU		✓		No business or other relationships with the Group or management that will affect independence (Note 1)
Anthony Hsien Pin LEE			✓	
Chien LEE			✓	
Irene Yun Lien LEE	✓			
Michael Tze Hau LEE			✓	
Joseph Chung Yin POON		✓		No business or other relationships with the Group or management that will affect independence

Note:

1. Professor Lau's spouse is Partner in-charge, Tax, Hong Kong, at KPMG China, and a board member of KPMG China. KPMG is a tenant of the Group and provides taxation services principally as tax representative of the Company and certain subsidiaries, which are routine services in nature. Mrs. Lau has not been involved in any business negotiations with the Group, or in the provision of any services, and will refrain from doing so. The Board and its Nomination Committee had assessed the independence of Professor Lau in light of the circumstances, including (i) Professor Lau's background, experience, achievements, as well as character; (ii) the nature of the Company's relationship with KPMG and Mrs. Lau's roles as described above; and concluded that his independence would not be affected.

BOARD EVALUATION 2016

Traditionally, Hysan evaluates the performance of the Board and members of management at meetings between the Chairman and Non-Executive Directors without the presence of management.

Since 2014, the board evaluation process was strengthened and enriched through completion of evaluation questionnaires for the full Board as well as Board Committees. In 2016, the efficiency of evaluation process was further enhanced through an electronic platform.

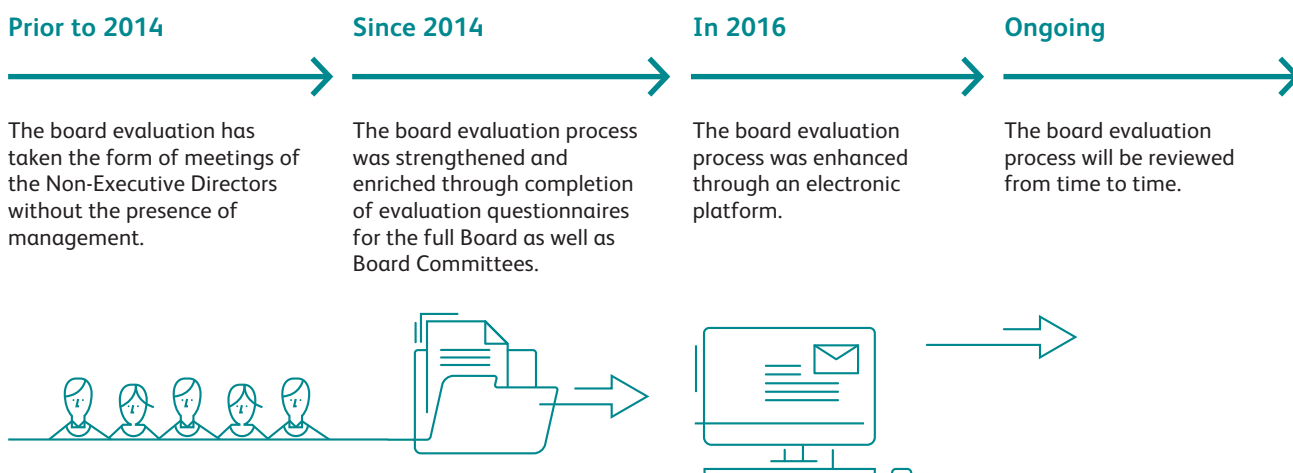
The evaluation in 2016 included the (i) Board’s roles (including Director responsibilities, relationship with the Board Committees); (ii) Board composition (size; balance of knowledge, experience and skills; independence); (iii) Board meetings and processes (including satisfaction with integrity of financial statements and accounting policies; risk management process); Board in actions (including strengths and weaknesses); and (iv) training.

The report on the evaluation was presented and discussed at the Board meeting held in May 2016. The overall conclusion from this year’s evaluation was that the Directors are highly satisfied with the Board and its Committees operate to a high standard, work well and effectively.

All responses received had a high average score at or above 4 (“Agree”), according to a scale of 1 (“Strongly Disagree”) to 5 (“Strongly Agree”). The Directors were highly satisfied with commitment of the Board and its Committees. The Directors were satisfied with integrity of financial statements and accounting policies/practices and management reports. The Board was pleased with the open and constructive environment which enabled everyone to participate fully in discussions and exchange of opinions.

As with every high performing Board, the Directors continue to look for areas of improvement. The Board will continue to review its composition, balance of knowledge and experience. On risk management and internal control aspects, Directors will use a combination of experience to approach the global and local risks and uncertainties facing the business. The Chairman will lead the Group going forward with support from the Board and the management.

Evolution of Hysan’s Board Evaluation



BOARD AND MANAGEMENT

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

The Board works closely with management in thinking through the Group's direction and long-term plans, as well as the various opportunities and associated risks that are facing the Group generally. The Non-Executive Directors provide independent challenge and review, bringing a wide range of experiences, specific expertise, and fresh objective perspectives to the Board and the management.

HOW MANAGEMENT SUPPORTS THE EFFECTIVE WORKINGS OF THE BOARD

Supply of Information

There is good information flow between the Board and the management. The Board receives detailed quarterly reports and presentations from management in regard to business performance. Appropriate key performance indicators are used to facilitate benchmarking and peer group comparison. Monthly reports to the full Board are issued, covering financial and operational highlights. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings.

Non-Executive Directors are also invited to attend Company events. Such events include the annual "Company Day" when the management shares management objectives for the coming year with the staff. All these measures facilitate the build-up of constructive relations and dialogue between the Board and the management team, and also understanding of our people and culture.

Since 2012, the Board has moved to electronic Board papers via iPad – a contribution, albeit small, towards supporting our objective of reducing the use of printed paper across our business in light of sustainability awareness.

Induction, Business Awareness and Development

Newly appointed Directors receive a comprehensive induction briefing designed to provide a general understanding of the Group, its businesses and operations (including the major risks it faces), and an overview of the additional responsibilities of Non-Executive Directors.

Continuous professional development and training of Directors help them to keep abreast of issues facing the Group, and equip them to refresh their skills and knowledge.

Corporate Governance Report

Directors' continuous professional development in 2016

Directors	Attending trainings organised by Hysan	Attending expert briefings / seminars / conferences organised by third parties relating to the business or directors' duties	Perusing legal and regulatory updates prepared by Hysan quarterly
Executive Director			
Irene Yun Lien LEE	✓	✓	✓
Independent Non-Executive Directors			
Nicholas Charles ALLEN (retired at the conclusion of 2016 AGM)	✓	✓	✓
Frederick Peter CHURCHOUSE	✓	✓	✓
Philip Yan Hok FAN	✓	✓	✓
Lawrence Juen-Yee LAU		✓	✓
Joseph Chung Yin POON	✓	✓	✓
Non-Executive Directors			
Hans Michael JEBSEN	✓	✓	✓
Siu Chuen LAU (re-designated as Non-Executive Director at conclusion of the August 2016 Board Meeting)	✓	✓	✓
Anthony Hsien Pin LEE	✓	✓	✓
Chien LEE	✓	✓	✓
Michael Tze Hau LEE	✓	✓	✓

Independent Advice

It is recognised that there may be occasions when Directors feel that it is necessary to obtain independent professional advice for fulfilling their obligations. Such advice may be obtained at the Company's expense as stated in our Corporate Governance Guidelines.

Accountability

BOARD COMMITTEES IN 2016

In order to provide effective oversight and leadership and pursuant to its Corporate Governance Guidelines, the Board has established 3 governance-related Board Committees. Like the Board, each Committee has access to independent professional advice and counsel as required, and each is supported by the Company Secretary. These committees report to the Board. Their terms of reference are available on the Company's website.

AUDIT COMMITTEE

Composition	There is a majority of Independent Non-Executive Directors.
Chairman	Joseph Chung Yin POON (Independent Non-Executive Director)
Other members	Frederick Peter CHURCHOUSE (Independent Non-Executive Director) Philip Yan Hok FAN (Independent Non-Executive Director) Anthony Hsien Pin LEE (Non-Executive Director)

Meetings Schedule

The Audit Committee held 3 meetings during the year. At the invitation of the Audit Committee, such meetings were also attended by the Board Chairman and members of management (including the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer).

Roles and Authority

Hysan believes a clear appreciation of the separate roles of management, the external auditors and Audit Committee members is crucial to the effective functioning of an audit committee. Management of Hysan is responsible for selecting appropriate accounting policies and the preparation of the financial statements. Formal statements of Directors' Responsibility for the Financial Statements are contained in "Financial Statements, Valuation and Other Information" of this Annual Report. The external auditors are responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls, to the extent that they consider necessary to support their audit report. The Audit Committee is responsible for overseeing the entire process.

The Audit Committee also has the responsibility of reviewing the Group's Whistleblowing Policy. Pursuant to the Whistleblowing Policy, employees and related third parties who deal with the Group (eg. consultants, contractors and suppliers) can raise concerns, in confidence or anonymously, about misconduct, malpractice or irregularities in any matters related to the Group. The Audit Committee ensures that these arrangements allow proportionate and independent investigation of possible breaches and related matters and there is appropriate follow up action.

Pre-meeting sessions with external and internal auditors held without management's presence

Corporate Governance Report

Activities and Report in 2016 and to date

Full details of the activities of the Audit Committee are also set out in the “Audit Committee Report” on pages 121 to 124. 3 meetings were held during the year. Attendance at Audit Committee meetings is set out in the table on page 88. In addition to reviewing and approving annual and interim financial statements, the Committee held a separate meeting that substantially focused on risk management and internal control.

REMUNERATION COMMITTEE

Composition There is a majority of Independent Non-Executive Directors.

Chairman Philip Yan Hok FAN
(Independent Non-Executive Director)

Other members Michael Tze Hau LEE
(Non-Executive Director)
Joseph Chung Yin POON
(Independent Non-Executive Director)

Meetings Schedule

The Remuneration Committee generally meets at least once every year.

Roles and Authority

Management makes recommendations to the Remuneration Committee on Hysan’s framework or broad policy for the remuneration of the Executive Directors and senior management. The Committee then reviews these, and makes recommendations to the Board. The Remuneration Committee also reviews the fees payable to Non-Executive Directors and Board Committee members prior to approval at the AGM. In addition, it also reviews new share option plans, changes to key terms of pension plans, and key terms of new compensation and benefits plans with material financial, reputational, and strategic impact. No Director is involved in deciding his or her own remuneration.

Activities and Report in 2016 and to date

Full details of the activities of the Remuneration Committee are set out in the “Directors’ Remuneration and Interests Report” on pages 111 to 120. A meeting was held during the year. Attendance at the Remuneration Committee meeting is set out in the table on page 88.

NOMINATION COMMITTEE

Composition

Chairman Irene Yun Lien LEE
(Chairman)

Other members Philip Yan Hok FAN
(Independent Non-Executive Director)
Lawrence Juen-Yee LAU
(Independent Non-Executive Director)
Chien LEE
(Non-Executive Director)
Joseph Chung Yin POON
(Independent Non-Executive Director)

Meetings Schedule

The Nomination Committee generally meets at least once every year.

Roles and Authority

The Nomination Committee is responsible for nominating candidates, for Board approval, to fill Board vacancies as and when they arise, evaluating the balance of skills, knowledge and experience of the Board and reviewing the Board Diversity Policy. The Committee also reviews the independence of Directors pursuant to the Listing Rules requirements. The terms of reference of the Nomination Committee clearly set out that the Chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession of the chairmanship.

Activities and Report in 2016 and to date

A meeting was held during the year to (i) review the structure, size, and composition of the Board; (ii) assess the independence of Independent Non-Executive Directors; and (iii) adopt a Board Diversity Policy. Attendance at the Nomination Committee meeting is set out in the table on page 88.

STRATEGY COMMITTEE

Composition

Chairman	Irene Yun Lien LEE (Chairman)
Other members	Philip Yan Hok FAN (Independent Non-Executive Director) Hans Michael JEBSEN (Non-Executive Director) Chien LEE (Non-Executive Director) Joseph Chung Yin POON (Independent Non-Executive Director)

Meeting Schedule

The Strategy Committee generally meets at least once every year and full Board members are also invited.

Roles and Authority

Strategy planning is vital for the sustainability of the Company. The Strategy Committee is responsible for reviewing and making recommendations to the Board on the Group's strategy matters.

Activities and Report in 2016 and to date

A meeting was held during the year to discuss business plan, as well as longer-term directional strategy for the growth of the Group. Such meeting was also attended by full Board members.

Relations with Shareholders

Hysan are committed to maintaining an open dialogue with shareholders. We recognise a good governance framework that protects shareholder rights.

COMMUNICATION WITH SHAREHOLDERS

Accountability to Shareholders and Corporate Reporting

- Annual Report, Interim Report, press releases and announcements are disclosed in a timely manner.
- Shareholders enquiries: Investor Relations function by email to investor@hysan.com.hk.

Information via Internet

- Key corporate governance policies, terms of reference of Board Committees, Group's financial reports, press releases and announcements are available on the website.
- Shareholders have the option to receive corporate communications by electronic means. Hard copies of the Hysan website information are also available free of charge upon request to the Company Secretary.

Institutional Shareholders

- Ongoing dialogue and meetings between Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and institutional investors, fund managers and analysts.
- Regular presentations to or conference calls with analysts and investors.
- Results announcement presentations to analysts are disseminated by webcasts.

Constructive Use of AGM

- AGMs as a means of having a dialogue with private shareholders.
- Individual shareholders can put questions to the Chairman at the AGM.
- Board Committees Chairmen attend AGMs to respond to shareholders' questions.
- Since 2004, a "business review" session has been included in our AGMs. Topics in last AGM included: business environment in 2015, a review of business activities, and the Company's outlook for 2016.

Shareholders' Visit

- In December 2016, the Company held its first shareholders' visit.
- A good opportunity for the management to communicate with the shareholders. Also, for the shareholders to gain an insight into the Company's long established history, sustainable activities and other business areas.

Corporate Disclosure Policy

- The Group's Corporate Disclosure Policy guides the disclosure of material information to investors, analysts and media.
- This policy also identifies who may speak on Hysan's behalf and outlines the responsibilities for communications with various stakeholders groups.
- Details are available at the Company's website: www.hysan.com.hk.



SHAREHOLDER RIGHTS

Proactively Forward Shareholder Communication Materials via Nominee Companies

- Since 2005, we have initiated and invited major nominee companies to proactively forward communication materials to shareholders at our expense.

Electronic Communication

- Since December 2015 shareholders can receive corporate communications via electronic means.
- Greater publicity of the Group's website is being made.

Provision of Sufficient and Timely Information

- AGM notice, Annual Report, and financial statements are dispatched to shareholders more than 30 days prior to the AGM (statutory requirement: 21 days).
- Comprehensive information on each resolution to be proposed.



Voting

- Since 2004, we have conducted all voting at its AGMs by poll.
- The poll is conducted by the Company's Registrar and scrutinised by the Group's auditors.
- Procedures for conducting a poll are explained at the general meeting prior to the taking of the poll.
- Poll results are announced and posted on the websites of both the Stock Exchange and the Company.

Relevant Provisions in Articles of Association and Hong Kong Law

- Pursuant to our Articles of Association and Hong Kong Companies Ordinance, a general meeting of shareholders can be convened by the Board or a written request signed by shareholders holding at least 5% of the total voting rights of all the shareholders ("5% Shareholder").
- 5% Shareholder may request for passing resolutions by way of written resolution.
- Shareholders may put forward proposals for consideration at a general meeting according to the Hong Kong Companies Ordinance and the Articles of Association.
- All of the above requests shall state the general nature of the business to be dealt with at the meeting, and deposited at the Company's registered office (49/F, Lee Garden One, 33 Hysan Avenue, Hong Kong. Attention: The Company Secretary).
- There are no limitations imposed by Hong Kong law or our Articles of Association on the right of non-residents or foreign persons to hold or vote on the Company's shares other than those that would generally apply to all shareholders.
- No changes have been made to our Articles of Association during the year.
- Changes to allow Directors to signify agreement to a director's written resolution by electronic means will be proposed at the AGM to be held in May 2017.