

Chairman's Statement 主席報告



Dr. Han Cheng Fong *Chairman*
韓禎豐博士 主席

I am exceptionally pleased to present this statement for the nine-month period ended 30 September 2005 to our shareholders for the first time under the new company name of Fraser's Property (China) Limited for two reasons: the Group realized a significant increase in its profit attributable to shareholders of more than five times to HK\$94 million; and, more importantly, the Group took a major strategic step towards realizing longer term growth when the independent shareholders at the 15 September 2005 Special General Meeting voted overwhelmingly to approve the connected transaction to acquire a controlling 54.78%-interest in Supreme Asia Investments Limited, which holds an undeveloped residential site in Shanghai's Songjiang district.

The completion of that transaction has led to several milestones, which collectively can be considered a watershed in the recent history of the Group. The resultant allotment and issue of about 1,725.5 million new shares at HK19 cents each in the Company as consideration for the acquisition has raised Singapore-based Fraser and Neave (F&N) group's shareholding in the Company to 55%, up from an effective 27.6%. The change of name of the Company with effect from 23 September 2005 and the financial year-end to 30 September to co-terminate with that of the F&N group reflected the Company's new status as a subsidiary within the larger F&N group.

本人欣然向股東提呈首次以新公司名稱星獅地產(中國)有限公司截至二零零五年九月三十日九個月期間之報告，心情愉快乃基於兩個理由：本集團股東應佔溢利獲得顯著增長，上升五倍以上至港幣94,000,000元；而尤為重要者，乃當獨立股東在二零零五年九月十五日舉行之股東特別大會上投票批准收購Supreme Asia Investments Limited 54.78%權益(該公司持有上海市松江區一個未發展住宅地盤)之關連交易時，本集團對實現長期增長邁出重要策略性一步。

完成該項交易標誌著多個里程碑，整體而言可視作本集團近期歷史之分水嶺。經按每股港幣19仙配發及發行約1,725,500,000股本公司新股作為收購代價後，總部設在新加坡之花莎尼集團所持有之本公司股權已由實益持有27.6%增至55%。本公司名稱由二零零五年九月二十三日起作出更改及財政年度結算日改為九月三十日與花莎尼集團之結算日相同，反映本公司成為花莎尼集團附屬公司之新身份。

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Charting a New Direction

The emergence of the F&N group as the controlling shareholder is a welcome event and augurs well for the future. I believe that the F&N group, now vested with majority control, can provide considerable support to help the Group realize its full potential. The just-acquired Songjiang project marked the Group's entry into the much sought-after real estate sector of Shanghai, the commercial and financial hub of China, adding to our current presence in the other gateway cities of Beijing, Dalian and Shenzhen. The addition of Shanghai goes beyond just augmenting our operating network. Having a presence in Shanghai will enable the Group to participate in future investment opportunities as this great historical city transforms itself once again into a vibrant world-class metropolis.

The enlargement of the Company's equity capital by 60.8%, raising the number of issued shares from about 2,836.2 million to 4,561.7 million to satisfy the acquisition of Supreme Asia Investments Limited, has strengthened the Group's balance sheet and rendered it better positioned financially and operationally to meet new challenges as it seeks to secure its future prosperity.

Therefore, in many ways, the nine-month period ended 30 September 2005 has been a momentous time for the Group. The period also marked the end of the massive restructuring and repositioning exercise, which started in 2003 where non-core and non-performing assets and activities were divested or ceased while higher yields were aggressively extracted from core assets.

Financial Overview

With the turnover of HK\$186 million, the Group achieved a gross profit of HK\$42 million for the nine months ended 30 September 2005 versus the restated gross profit of HK\$32 million for the twelve months ended 31 December 2004. The profit attributable to the shareholders of the Company for the period under review was HK\$94 million (including an excess of fair value of net assets acquired over the cost of acquisition of HK\$49 million arising from the new shares issued in relation to the acquisition of the Songjiang property) compared with the restated HK\$14

規劃新方向

控股股東花莎尼集團之出現乃值得歡迎之事件，並預示未來會更好。本人相信，現時擁有主要控制權之花莎尼集團可向本集團提供大量支援，協助本集團充份發揮潛力。新近收購之松江項目標誌著本集團除北京、大連及深圳等橋頭堡城市之市場外，亦進軍中國金融及商業中心上海炙手可熱之房地產行業。上海市場之意義超越單純將集團業務網絡擴大。將業務擴展至上海，會讓本集團日後參與該偉大之歷史城市再次轉換為世界級活力大都會時所提供之投資機會。

為支付收購 Supreme Asia Investments Limited 之代價，本公司之已發行股份數目由 2,836,200,000 股增至 4,561,700,000 股，使股本擴大了 60.8%，此舉鞏固了本集團之資產負債表，並使本集團在尋求其日後之繁榮時可以更佳財政及營運狀況應付新挑戰。

因此，在多方面而言，截至二零零五年九月三十日止九個月期間乃本集團之重大時段。該期間亦標誌著由二零零三年開始實施之大規模重組及重新定位活動告終，在該過程中，非核心及表現遜色之資產及業務被摒除或終止，並積極從核心業務中取得較高收益。

財務回顧

本集團截至二零零五年九月三十日止九個月營業額為港幣 186,000,000 元，毛利為港幣 42,000,000 元，而截至二零零四年十二月三十一日止十二個月之經重列毛利為港幣 32,000,000 元。於回顧期間，本公司之股東應佔溢利為港幣 94,000,000 元（包括以發行新股收購松江物業因而產生所收購淨資產之公平值超出收購成本之數額為港幣 49,000,000 元），而截至二零零四年十二月三十一日止十二個月之經重列溢利為港幣

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million for the twelve months ended 31 December 2004. The basic earnings per share for the nine-month period was HK3.23 cents (based on the weighted average number of issued shares) – representing more than a six-fold increase over the HK0.51 cent realized for the year ended 31 December 2004.

This set of results for the nine months ended 30 September 2005 has shown the positive effects of our business restructuring and reallocation of financial resources realized from divestments into value-accretive investments and the focus on proper execution and financial discipline. Despite the sharp 66% drop in the turnover from HK\$547 million realized in the twelve months ended 31 December 2004 to HK\$186 million for the nine months ended 30 September 2005, the Group was able to improve the profit attributable to shareholders, which was aided by the reduction in direct operating expenses (with gross profit margins rising from 5.8% to 22.4%) as well as in administrative expenses, from a total of about HK\$103 million to HK\$54 million.

Review of Operations

With the completion of the divestment of all major non-core and non-performing assets, the Group's core business has now become exclusively property development, investment and management during the period under review. With all development projects completed, the foremost priority was to grow recurring income from trading and investment properties while managing costs to realize higher operational efficiency. Consistent with the strategy, the construction of the first of two parts of phase 2 of Vision Shenzhen Business Park started in March 2005. When construction is completed in January 2006, Vision Shenzhen Business Park will add another 45,500 sm to yield recurring rental income, expanding the Group's existing portfolio of about 55,000 sm of business park office space. Similarly, to boost future income from trading profits, the Group acquired the controlling interest in the over 71-hectare development site located in Shanghai's Songjiang district for a total consideration of about HK\$328 million, which was satisfied by the issue of new shares in the Company.

14,000,000元。九個月期間之每股基本盈利為港幣3.23仙(按已發行股份加權平均數計算) – 較截至二零零四年十二月三十一日止年度錄得之港幣0.51仙增加逾六倍。

截至二零零五年九月三十日止九個月之各項業績，印證了本集團重組業務、將摒除資產所得財政資源重新調配至增值投資項目及集中力量於正確執行及嚴守財務紀律取得成功。儘管營業額由截至二零零四年十二月三十一日止十二個月之港幣547,000,000元急跌66%至截至二零零五年九月三十日止九個月之港幣186,000,000元，但透過降低直接經營開支(邊際毛利率由5.8%升至22.4%)及行政開支(總行政開支由港幣103,000,000元降至港幣54,000,000元)，本集團仍能提升股東之應佔溢利。

業務回顧

完成摒除所有主要非核心及表現遜色之資產後，本集團於回顧期內之核心業務現已集中於物業發展、投資及管理。隨著所有發展項目完成後，首要任務是增加來自貿易及投資物業之經常性收入，並同時控制成本，以提高營運效率。與此項策略一致，深圳威新軟件科技園二期兩部份發展工程之第一部份自二零零五年三月起動工。當工程於二零零六年一月完成時，深圳威新軟件科技園將額外增加45,500平方米之面積以賺取經常性租金收入，並擴充本集團現時約55,000平方米之科技園辦公樓面積。同樣情況，為提高貿易溢利之未來收入，本集團以約港幣328,000,000元之總代價收購上海市松江區逾71公頃發展地盤之控制權益，並以發行本公司新股份繳付。

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During the nine months ended 30 September 2005, the single-minded focus was the optimization of resources and the streamlining of operations and organizational processes so as to improve the performance of our existing assets, comprising two residential development projects held for sale and two business park office projects held for rental income. Except for five apartments used temporarily to accommodate recreational and convenience facilities, all the other 783 apartments in the Scenic Place (phase 1) development had been sold as at 30 September 2005. The remaining apartments will be offered for sale as soon as the facilities therein can be relocated.

The government measures introduced in the second quarter of 2005 to crack down on speculation and the escalation of residential property prices adversely affected the sale of apartments at our upmarket residential project, The Ninth ZhongShan in Dalian. As at 30 September 2005, 216 apartments out of the total of 439 (or about 49%) had been sold. We expect that buyers will soon regain confidence and interest in this project, given its prime location, quality construction and the added attraction of a well-equipped and professionally-managed clubhouse.

The provision of a high-quality physical environment and value-added services to all our tenants at our two business park office buildings, Vision Shenzhen Business Park (phase 1) and Vision International Centre in Beijing, has been instrumental in securing and retaining their high occupancies. In this context, about 96% of the space at Vision International Centre was already committed to tenants as at 30 September 2005, barely a year after its completion. Likewise, the business park in Shenzhen continued to enjoy an average occupancy rate of about 95% during the period under review, despite facing stiff competition from newer buildings.

於截至二零零五年九月三十日止九個月，本集團全神貫注於善用資源及精簡業務與組織架構，從而改進現有資產（包括兩個持作出售之住宅發展項目和兩個持作收租之科技園辦公室項目）之業績。於二零零五年九月三十日，除五個單位暫時用作為文娛康樂及便利設施外，蝶翠華庭（第一期）發展項目其餘所有783個單位均已出售。餘下單位將於設施重新安置後儘快發售。

本集團在大連市之高檔住宅物業項目中山九號因政府於二零零五年第二季推出措施以抑制炒賣及壓抑住宅物業價格上升，而受到不利影響。於二零零五年九月三十日，全數439個單位中已售出216個（佔約49%）。基於項目地點優越、建築材料上乘及設有設施完備及專業管理之會所，本集團預料買家將很快對項目重拾信心及恢復興趣。

本集團向深圳威新科技園（一期）兩座科技園辦公樓及北京威新國際大廈之所有租戶提供高質素及設備齊全之環境及增值服務，乃助於取得及維持高租用率。在此前提下，於二零零五年九月三十日，威新國際大廈於落成僅一年後，辦公樓面積約96%已出租，同樣深圳科技園在回顧期內雖面對新落成辦公樓之激烈競爭，亦享有約95%之平均租用率。

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Moving Forward

With the construction of the first of the two parts of phase 2 of Vision Shenzhen Business Park expected to be completed and ready for occupation by early 2006, we have already commenced the development process of the second part, which will comprise three office blocks and a multi-storey car-park building, with a combined gross floor area of about 75,500 sm. The Group hopes to procure the necessary permits and approvals for the commencement of construction by early 2006, subject to favorable market conditions.

Concurrently, we are reviewing the master plan concept and the development parameters of the last land parcel of the Shenzhen site – referred to as phase 3 – which occupies 254,000 sm, with a developable gross floor area of over 400,000 sm. This is a mega development and careful planning and execution will be necessary to ensure success while enhancing Shenzhen's position as a economic powerhouse of the 21st century within the fast-developing Pearl River Delta region. To achieve this vision, the Group has commenced discussions with the Shenzhen authorities on the master plan and we are hopeful that such dialogue will conclude with an acceptable solution for this exciting development to proceed, including a possible extension of the existing construction deadline to beyond 31 December 2005. The Group remains fully committed to develop the whole of the Shenzhen site and will accelerate the pace of development to the extent permitted by market conditions to catch up on missed deadlines.

Despite intensive efforts and protracted negotiations, we have been unable to resolve the problems afflicting the Scenic Place (phase 2) site in Beijing since the development process had to be halted in August 2004. However, steps have been taken to protect the Group's interests in the property, especially the advance payments made under the agreements entered into as far back as 1998. We will continue to seek all practical alternatives with the view to reaching an optimal outcome from this unfortunate position. Based on the recent initiatives made and consequential responses received, we are hopeful that an acceptable settlement can be reached within the next few months.

邁步向前

隨着深圳威新科技園二期兩部份發展工程之第一部份預期於二零零六年初竣工及可供租用，本集團已開始第二部份之發展工程，該部份將包括三幢辦公樓及一座多層停車場，總樓面面積約75,500平方米。本集團期望於二零零六年初取得所需之動工許可證及批文，惟須市況有利為條件。

目前，本集團正檢討深圳地盤之最後一幅土地(稱為三期)之總規劃平面圖概念及發展參數，三期地盤所覆蓋之面積約為254,000平方米，可發展之建築樓面面積逾400,000平方米。該巨型發展項目應經仔細規劃及執行以取得成功並同時特顯深圳為迅速發展之珠江三角洲內二十一世紀之現代化動感都市。為達此目的，本集團已就總規劃平面圖與深圳政府機關展開洽商，我們對彼此溝通後可達致合理解決方案，包括可能將現有建設之期限延遲至二零零五年十二月三十一日後以落實進行此項令人興奮之發展項目滿懷希望。本集團依然全情投入發展整個深圳地盤，並將在市況容許下加快發展進度，以趕上已錯過之期限。

儘管作出極大努力及進行冗長談判，本集團仍未能解決圍繞着北京蝶翠華庭(二期)自二零零四年八月發展工程不得不中斷後之難題。然而，本集團已採取法律行動保護其於該物業之權益，尤其根據遠於一九九八年訂立之協議已支付之墊款。本集團將繼續尋求一切可行方案，務求達致完善解決此不幸情況之結果。根據近期倡議之行動及所獲得之回應估計，本集團相信未來數月內有望達成可接納之解決方案。

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The Group is now involved in the development planning process of the Songjiang site in collaboration with the F&N group subsidiary which holds the remaining 45.22%-interest. Located some 39 km away from downtown Shanghai, this site will be developed in about six phases into a high quality project comprising apartments, townhouses and villas. The development of the first phase of about 288 housing units is expected to start in the second half of 2006. When fully completed in about 2010, this whole project will have a gross floor area of over 800,000 sm. This maiden joint venture may pave the way for the Group to collaborate and cooperate with the F&N group to undertake similar large-scale projects in future.

Looking Ahead

With the restructuring and repositioning process completed and the recent acquisition of the Songjiang project, I am heartened that the Group is now in a better shape to secure a viable future in the competitive real estate sector in mainland China and Hong Kong. The Group has emerged from the recent events transformed and ready to meet the challenges that lie ahead. Although much hard work is still awaiting to be done, I am confident that the Group is now on the right track to secure long term profitability by seeking out new investments to grow organically. We are also willing to consider suitable merger and acquisition opportunities if they can expedite the pace of profitable growth.

The Group will strengthen its business development activities to seek out new investments in China, especially in cities where the Group already has a presence and a platform to build upon existing relationships with strategic partners, service providers and relevant government bodies. However, where suitable opportunities can be identified, we will invest in other cities, including those in inland China and are experiencing rapid economic growth and urban redevelopment. In this connection, we are having ongoing discussions with the Tsinghua Science Park group, our valued partner in the successful development of Vision International Centre, to deepen our cooperation in new investments and businesses. We are also looking to collaborate with our controlling shareholder, the F&N group, to tap into their wide range of business activities in China. With their strengths and expertise in all the major property segments, we are confident of generating a proprietary deal-flow of opportunities for the Group.

本集團現正與花莎尼集團之附屬公司(持有其餘45.22%權益)合作參與松江地盤之發展規劃工作。該地盤所在位置距上海市中心區約39公里，將分六期發展為包括有公寓、排屋及別墅之高質素項目。第一期工程包括約288個住宅單位之發展工程預期於二零零六年下半年動工。整個項目約於二零一零年全部落成時，將提供總樓面面積超過800,000平方米。此首次合資項目可為本集團與花莎尼集團日後共同合作進行類似大型項目鋪路。

展望未來

隨着重組及重新定位過程之完畢及近期收購之松江項目，對於本集團現處於更佳狀態於中國內地及香港競爭激烈之房地產業取得一個可行之未來，本人為此深感振奮。本集團已從近期事件中脫穎而出，並作好準備應付日後種種挑戰。儘管尚有不少艱辛工作要做，本人深信本集團現正循正確道路以取得長期溢利，並物色新投資項目以持續增長。若併購可加快盈利增長步伐，本集團亦會予以考慮。

本集團將加強業務發展活動，在中國物色新投資項目，尤其於本集團已有業務及平台與策略投資者、服務供應商及相關政府部門建立現有關係之城市。然而，倘在其他城市，包括經濟正快速增長及正進行市區重建之內陸城市物色得合適機會，本集團亦會投資於該等城市。就此而言，本集團現正與携手成功開發威新國際大廈之尊重合作伙伴清華科技園集團進行持續磋商，以加強我們在新投資及業務上之合作。本集團亦尋求與控股股東花莎尼集團合作開發其在中國之廣泛業務活動。憑藉花莎尼集團在各主要物業類別上之優勢及專門知識，我們相信將可為本集團帶來物業專有交易流量之商機。

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With China as one of the world's fastest growing economies, I believe the Group's focus to invest there is the right strategy. The future is both exciting and challenging. While we pursue the opportunities, we must remain vigilant to the risk and uncertainty inherent in the fast-changing market place and be guided by prudent commercial principles that aim to deliver an appropriate risk-adjusted return.

Corporate Governance

We firmly believe that a genuine commitment to good corporate conduct and governance is essential to the sustainability of the Group's business and performance. The Group monitors developments in governance practices both in Hong Kong and abroad and reviews the Group's policies regularly with the view to enhance the governance process. Where appropriate to safeguard the interests of the shareholders, lenders and other stakeholders, we will go beyond regulatory compliance and be driven by principles rather than form.

An effective and robust board of directors whose members are engaged in open and constructive debate and always ready to challenge management on its assumptions and proposals is fundamental to good corporate governance. In this context, I am particularly proud that all our directors have discharged their duties diligently and to the highest professional standards.

In pursuit of building our business and growth in China, we face various difficulties and uncertainties. It is therefore imperative to strengthen the internal control processes as we expand our activities to maintain a high standard of business ethics and conduct. During the year, the Group refreshed operating rules and guidelines and launched the "whistle-blower protection policy" to institutionalize a well-defined process in which all employees can report in confidence possible improprieties which may cause damage, financial or otherwise, to the Group or damage to its reputation.

基於中國為其中一個全球增長最快之經濟體系，本人認為本集團集中於國內市場乃正確策略。未來充滿著刺激與挑戰。然而，在我們把握時機之同時，我們必須對市場上之風險及潛在不明朗因素保持警惕，依循著審慎之商業原則，務求取得適合之風險調整回報。

企業管治

本集團堅決相信，真誠執行良好企業操守及管治對維持本集團之業務及表現十分重要。本集團定期監察香港及海外之管治實務發展及審閱本集團之政策，冀望能加強管治程序。凡屬有利於保障股東、貸款人及其他權益持有人之利益者，本集團均會打破常規不拘一格全力執行。

一個高效率而具活力之董事會乃良好企業管治之基礎，委員會成員均參與公開及具建設性之辯論，並經常準備對管理層之假設及提議提出挑戰。就此而言，本人特別為全體董事之勤奮工作及以最高專業標準完成職務感到驕傲。

本集團在建立中國業務及尋求發展之過程中面對各種困難及不明朗因素。因此，本集團在拓展業務中維持高水平商業道德及操守時，須加強內部監控程序。年內，本集團將營運規則及指引更新，並實施「舉報政策」，將一套定義明確之程序制度化，使所有僱員均可秘密舉報各種會令本集團在財務或其他方面蒙受損失或令本集團聲譽受損之不當行為。

Chairman's Statement 主席報告

Acknowledgement

I recently completed my second year as Chairman of the Board and must thank all my fellow directors for the total support and wise counsel they had so graciously accorded me. They have shared my responsibilities and eased the burden of the office, especially during this eventful year in which strategic decisions had to be made and plans executed. Individually and collectively, the directors have brought their considerable expertise and experience to bear on our decision-making deliberations and I am confident that they will continue to make invaluable contributions in the stewardship of the Group in the years ahead.

I regret to advise that Mr. Lew Syn Pau, who retires as a director by rotation at the Company's Annual General Meeting on 16 January 2006 and is eligible for re-election, has decided not to offer himself for reappointment so that he can devote more time to his other commitments. Mr. Lew was appointed to the Board on 20 March 2002 and has served as a member of the Executive Committee and Remuneration Committee. On behalf of the Board, I thank him for his invaluable contributions during his tenure of office and wish him success in his future endeavours.

The employees have responded positively to the multitude of changes implemented during 2005. It is their combined dedication and skills that have enabled the Group to achieve the improved results and better meet the challenges faced. I look forward to their continued commitment. I must add my appreciation to the shareholders, customers, bankers and business partners for their trust and unstinting support.



Dr. Han Cheng Fong
Chairman

Hong Kong, 27 October 2005

鳴謝

本人剛完成第二年董事會主席之職務，謹此衷心答謝各董事給予本人之全力支持及精闢意見。全因彼等在工作上的協助。令本人日常工作輕鬆不少。董事各具專長，且經驗豐富，彼此同心協力審議每一項決定，故本人有信心，彼等將對領導本集團在二零零五年及以後繼續作出寶貴貢獻。

本人感到遺憾者，乃劉信保先生將於二零零六年一月十六日舉行之本公司股東週年大會上輪值退任董事職務，惟已決定不接受重選，以便騰出更多時間參與其他工作。劉先生於二零零二年三月二十日獲委任加入董事會並擔任執行委員會及薪酬委員會成員。本人謹代表董事會向劉先生在任職董事期間所作出之寶貴貢獻致謝，並祝願其在未來事業上取得成功。

我們的僱員對二零零五年實行之種種變動均表示支持。全憑彼等之忠誠及技能，幫助本集團度過充滿挑戰及困難之一年。本人期望彼等繼續給予本集團支持。本人亦須藉此鳴謝各股東、客戶、銀行家及業務夥伴之信任及無限支持。



韓禎豐博士
主席

香港，二零零五年十月二十七日