



# 獨具慧眼

## From Vision to Reality

恒隆廣場之落成標誌着一個優質年代的誕生。  
Plaza 66 represents a legacy of quality.



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# 管理層之討論及分析

## Management Discussion and Analysis

### 概覽

於剛過去之財政年度，本集團各項業務均有高水準表現。香港方面，隨著物業市場回復信心，集團之整體業績亦更上一層樓。旗下新項目例如君臨天下之銷售計劃，均獲得市場之踴躍反應。而截至本報告日，集團其他兩項住宅物業—名逸居和名賢居，其所餘之單位亦已近乎售罄。君臨天下之成功，特別反映了集團基本策略之得當—不以高昂價格購置土地、選擇優越地點發展項目、並採用優質設計。同時，集團不斷監察市道，確保於有信心取得高投資回報時，方會展開物業銷售計劃。再者，沙士平息後香港市面回復生氣，加上大量內地旅客來港，令香港之商舖物業顯著受惠。另位於九龍之新啓業項目雅蘭中心，亦有助增加集團財政年度下半年之業績。

集團之兩項上海物業均持續表現強勁，而集團在港匯廣場所增持之股東權益，更加添集團之收益。

此外，恒隆地產有限公司之可換股債券及可換股優先股股份獲轉換為股份，因被視為集團出售其附屬公司股份而獲得盈利港幣一億七千萬，亦增加了本年度之溢利增長。

基於上述各項原因，股東應佔純利由港幣三億八千七百萬元上升百分之一百五十五至港幣九億八千七百萬元。董事局建議派發末期股息每股三角六仙，較上年度增加百分之十二點五。全年度股息為四角八仙，較上年度增加百分之九。

### OVERVIEW

The past financial year has resulted in a high level of performance across all sectors of the Group's business. In Hong Kong overall results were boosted by a return of confidence in the property market. This resulted in a strong response to the marketing campaigns for new developments such as The HarbourSide. In addition, almost all of the remaining units of the Group's other two residential projects, New Haven and Napa Valley, have been sold to date. In particular, the success of The HarbourSide reflects our underlying strategy of not paying excessively high prices for land, building in prime locations and applying quality design. At the same time, we are constantly monitoring market conditions to ensure that we start our sales campaigns only when we are confident that we can obtain high rates of return on our investments. Moreover, Hong Kong's retail space clearly benefited from the post-SARS business recovery and the influx of tourists from Mainland China. The opening of Grand Tower development in Kowloon also bolstered figures in the second half of the financial year.

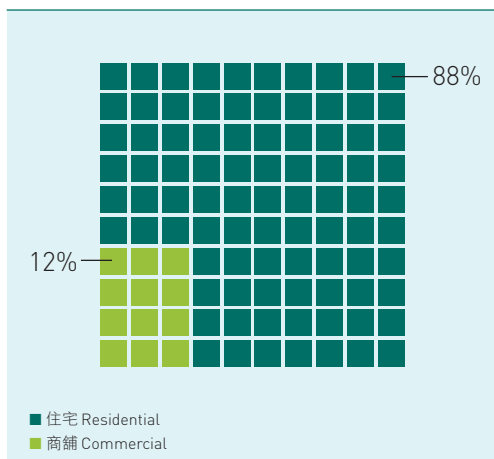
Our two Shanghai properties continued their strong performance and provided additional income from our increased stakeholder interest in The Grand Gateway.

A gain on deemed disposal of the Group's subsidiary shares of HK\$170 million, arising from the conversion of convertible bonds and convertible preference shares of Hang Lung Properties Limited, also contributed to the year's profit rise.

As a result, net profit attributable to shareholders increased 155% from HK\$387 million to HK\$987 million. The Directors propose a final dividend of 36 cents per share, which is 12.5% above last year. The total dividend for the year is 48 cents, 9% above last year.

## 可供發展之土地儲備 Development Land Bank

於二零零四年六月三十日  
at 30 June 2004



## 營業額分析 Analysis of Turnover

截至六月三十日止年度  
for the year ended 30 June



## 集團表現 GROUP PERFORMANCE

		2004 百萬元 \$Million	2003 百萬元 \$Million	變動 Change 百萬元 \$Million	百分率 %
<b>營業額</b>	<b>Turnover</b>				
物業銷售	Property Sales	3,113.6	1,064.3	+2,049.3	+193
物業租賃	Property Leasing	2,322.1	2,239.1	+83.0	+4
其他業務	Other Operations	13.6	118.0	-104.4	-88
		<b>5,449.3</b>	<b>3,421.4</b>	<b>+2,027.9</b>	<b>+59</b>
<b>除稅前溢利</b>	<b>Profit before Taxation</b>				
物業銷售	Property Sales	1,044.7	(33.1)	+1,077.8	N/A
物業租賃	Property Leasing	1,634.0	1,602.4	+31.6	+2
其他業務	Other Operations	(25.3)	55.5	-80.8	N/A
		<b>2,653.4</b>	<b>1,624.8</b>	<b>+1,028.6</b>	<b>+63</b>
其他收入	Other Income	317.9	45.0	+272.9	+606
行政費用	Administrative Expenses	(181.7)	(127.9)	-53.8	+42
財務費用	Finance Costs	(235.4)	(343.6)	+108.2	-31
應佔合營公司業績	Share of Results of Jointly Controlled Entities	(6.6)	(44.9)	+38.3	-85
		<b>2,547.6</b>	<b>1,153.4</b>	<b>+1,394.2</b>	<b>+121</b>
<b>股東應佔純利</b>	<b>Net Profit attributable to Shareholders</b>	<b>986.6</b>	<b>387.2</b>	<b>+599.4</b>	<b>+155</b>

集團繼續秉持在各個年度大致均勻地派發股息之政策。這個「攤分」方式，可避免股息與年度溢利掛鉤，後者有可能因物業銷售之時間而出現波動。有關方式令本公司近年來持續成為股息率最高之香港主要地產公司。

於一九九六年十二月，本集團與一買家訂立一項協議，出售本集團之物業汀蘭居。此協議之完成日期規定為一九九八年六月三十日。但於一九九八年六月三十日，該買家卻終止此協議，並指稱本集團違反此協議，更向本集團追討訂金港幣三億二千一百萬元及賠償。因此，本集團就該買家違反協議而提出反訴訟。於二零零四年八月二日，法院就此訴訟裁定本集團勝訴。法院將於隨後舉行之聆訊中，決定本集團應獲得之賠償及訟費金額。

## 物業發展及銷售

### 香港

本財政年度內，集團四項優質住宅新項目有三項落成。當中，君臨天下之單位推出市場時反應踴躍，買家認為物有所值，興趣極為濃厚。餘下之新項目浪澄灣施工進度理想，可望於二零零五年完工。此外，集團之名逸居及名賢居兩項住宅物業亦已近乎售罄。

We are continuing a policy to spread out more-or-less evenly the payment of dividends from year to year. This "smoothing out" process avoids the pegging of dividend to annual profit which might fluctuate due to timing of property sales. In recent years, this process has enabled the company to consistently achieve the highest dividend yield among Hong Kong's major property companies.

In December 1996, the Group entered into an agreement with a purchaser to sell its property, The Bay Bridge. The date of completion was provided to be 30 June 1998. However, the purchaser terminated the agreement on 30 June 1998 and claimed against the Group for return of the deposit of HK\$321 million and for damages. The Group, in return, counterclaimed against the purchaser for breach of the agreement. On 2 August 2004, the Court ruled in favour of the Group in this litigation. The Court, in subsequent hearings, will determine the level of damages and legal costs to be awarded to the Group.

## PROPERTY DEVELOPMENT AND SALES

### HONG KONG

The Group has completed three of its four new prime residential projects during this financial year. The HarbourSide units, when released to the market, achieved a remarkable buyer response in terms of both price and interest levels. The development of The Long Beach is progressing well and will be completed in 2005. New Haven and Napa Valley, the Group's two residential developments, are almost fully sold.

君臨天下



The HarbourSide

君逸山



Carmel-on-the-Hill

## 君臨天下

君臨天下位於機場鐵路九龍站上蓋，包括三幢樓高八十層之豪宅大廈，下設五層停車場。該項目已於二零零三年七月獲發入伙紙，提供一千一百二十二個住宅單位，其中包括二十四個相連單位及三十六個複式單位，每個單位之面積介乎九十六平方米至二百七十二平方米，部份單位設有露台。

該項目於二零零四年首季展開銷售計劃，市場反應極為踴躍。集團以獨家形式向特選買家推銷該項目，以平均價每平方呎港幣九千六百元售出一百六十九個單位，佔其全部一千一百二十二個單位百分之十五。餘下單位將按合適價格推出市場。

## 君逸山

位於何文田之優質物業君逸山，於二零零四年八月推出市場，由於買家反應踴躍，在三星期內已售出一百六十五個單位，佔總數一百八十八個單位百分之八十八。

該項目乃一幢樓高二十四層之住宅大廈，下設四層停車場及商場，提供一百八十八個單位，每個單位之面積介乎六十一平方米至一百四十三平方米，並於二零零三年十月獲發入伙紙。

## The HarbourSide

Located above the Airport Railway's Kowloon Station, The HarbourSide consists of three blocks of 80-storey luxury residential towers built over a 5-storey car park podium. The development, which received its occupation permit in July 2003, comprises 1,122 flats including 24 combined units and 36 duplex units. Each of these units ranges in size from 96 sq.m. to 272 sq.m. and some include balconies.

The sales programme began in the first quarter of 2004 with a very good response in the market. We sold 169 units or 15% of the total 1,122 units through exclusive offers made to valued buyers at an average price of HK\$9,600 p.s.f. Units that remain unsold will be released onto the market at appropriate prices in the future.

## Carmel-on-the-Hill

Introduced to the marketplace in August 2004, Carmel-on-the-Hill, a prominent development located in Ho Man Tin received a good response from buyers with 165 units or 88% out of 188 units sold within three weeks.

The 24-storey residential tower, which received its occupation permit in October 2003, is built over a 4-storey car park and a retail podium. It contains 188 residential units at 61 sq.m. to 143 sq.m. each.

碧海藍天



AquaMarine

浪澄灣



The Long Beach

## 碧海藍天

碧海藍天位於西九龍填海區深盛路，於二零零三年十二月獲發入伙紙。

該物業包括五幢住宅大廈，下設五層停車場和商場及一層地庫，並包括會所及康樂設施。其單位將於兩至三年內逐步推出市場。

此項目乃香港特區政府夥拍私人發展商共同發展之混合式房屋計劃。按原定協議，項目落成後之約三成住宅面積須交回政府。集團其後與政府就項目銷售後之收益分賬達成新協議，並由集團全權負責市場推廣活動。

## 浪澄灣

浪澄灣位於西九龍填海區海輝道，鄰近地鐵奧運站。該項目包括八幢樓高四十三層之住宅大廈，提供一千八百二十九個單位，每個單位之面積介乎六十二平方米至一百八十六平方米，均享有海景。該項目還包括三層停車場、寫字樓及商場，以及面積達四千平方米之獨立會所和康樂設施，並估計於二零零五年完工。

與集團其他項目一樣，集團將於兩至三年內逐步把單位推出市場。

## AquaMarine

Located on the West Kowloon Reclamation area at Sham Shing Road, AquaMarine received its occupation permit in December 2003.

Its five residential towers over a 5-storey car park and retail podium and one level basement contain a clubhouse and recreational facilities. Units will be released gradually onto the market over the next two to three years.

The project is a mixed-housing scheme undertaken in partnership with the Hong Kong SAR Government. Under the original agreement, about 30% of the residential area was to be returned to the Government once the development had been constructed. A new agreement was later reached with the Government on the sharing of property sales proceeds. This agreement left the Group responsible for the entire marketing of AquaMarine.

## The Long Beach

The Long Beach is located on the West Kowloon Reclamation area at Hoi Fai Road, close to the MTR's Olympic Station. Its eight blocks of 43-storey residential towers, contain 1,829 residential flats which range in size from 62 sq.m. to 186 sq.m. Each flat overlooks the harbour entrance. The development, which is expected to be completed in 2005, also includes a three-storey car park, office and retail podium and a 4,000 sq.m. detached clubhouse with recreational facilities.

Like our other developments, it will be released gradually onto the market over the next two to three years.

恒隆廣場



Plaza 66

## 名逸居及名賢居

截至本報告日，位於荃灣沙咀道之名逸居已售出六百五十二個單位，佔單位總數百分之九十九。該項目包括三幢樓高三十六層之住宅大廈，下設兩層停車場，並包括會所及康樂設施。住宅大廈合共提供六百五十八個單位，每個單位之面積介乎六十五平方米至九十一平方米。

名賢居位於屯門虎地，包括一幢樓高十四層之住宅大廈，下設三層停車場，並包括會所及康樂設施。住宅單位為九十八個，每個單位之面積介乎六十平方米至六十三平方米。截至本報告日，名賢居已售出所有單位。

## 上海

### 恒隆廣場

隨著興建其第二幢辦公室大樓，恒隆廣場不久將呈現新面貌。整個項目包括一個大型商場及兩幢辦公室大樓，其中樓高六十六層之首幢辦公室大樓已在過去兩年內租出。

現正施工之第二幢辦公室大樓，樓高五十一層，總樓面面積達八萬一千四百平方米，將以特別設計之橋樑與首幢辦公室大樓連接。該項目正如期進行施工及落實各項建築合約，可望於二零零六年落成。

## New Haven and Napa Valley

99% or 652 units of New Haven at Sha Tsui Road, Tsuen Wan, have been sold to date. The development consists of three 36-storey residential towers over a 2-storey car-parking podium with clubhouse and recreational facilities. The development has 658 residential units ranging in size from 65 sq.m. to 91 sq.m.

Napa Valley at Fu Tei in Tuen Mun comprises a 14-storey residential tower over a 3-storey car-parking podium with clubhouse and recreational facilities. All of the 98 residential units ranging in size from 60 sq.m. to 63 sq.m. have been sold to date.

## SHANGHAI

### Plaza 66

The Plaza 66 development continues to evolve with the second of its office towers under construction. The development includes a major shopping mall and two office towers, of which the 66-storey Office Tower 1 has been leased over the past two years.

Office Tower 2, now under development, will have 51 floors with a gross floor area of 81,400 sq.m. and will be linked to Office Tower 1 by a specially designed bridge. Work on this latest development is progressing on schedule and various construction contracts are being finalized. We expect to complete the development in 2006.



港匯廣場



The Grand Gateway

## 港匯廣場

位於徐家匯之港匯廣場發展項目包括一個購物商場、兩幢住宅大廈、兩幢辦公室大樓及一幢服務式寓所。該商場及首幢住宅大廈港匯花園第一期經已落成，現正興建總樓面面積達三萬二千三百平方米之第二幢住宅大廈港匯花園第二期、總樓面面積合共達十二萬四千平方米之兩幢辦公室大樓，以及總樓面面積達一萬九千二百平方米之服務式寓所。彼等之施工進度順利，可望於兩年內落成。

於興建中之其中一幢辦公室大樓已售予一前合作夥伴。到目前為止，集團已收取一億零八百六十萬美元訂金，相等於總購入價一億二千四百萬美元百分之八十八。預期該幢辦公室大樓將於二零零五年六月落成，而該項買賣交易將於二零零六年九月完成。

## 物業租賃

集團之物業租金收入，與去年之數字比較上升百分之四或港幣八千三百萬元，主要由於集團兩項上海物業恒隆廣場和港匯廣場之租金收入強勁增長所致。

集團之香港租賃物業組合續有安穩之表現。由雅蘭酒店成功改建而成的寫字樓及商場物業雅蘭中心，於財政年度下半年為集團帶來新增租金收入。相比其前身之酒店業務，雅蘭中心和康蘭居均取得較佳之租金回報。

## The Grand Gateway

The Grand Gateway development in Xujiahui comprises a shopping mall, two residential buildings, two office towers and a block of serviced apartments. The shopping mall and The Grand Gateway Garden I (a residential building) have been completed. Construction work on the second residential building - The Grand Gateway Garden II with a gross floor area of 32,300 sq.m.; two office towers with a gross floor area totaling 124,000 sq.m.; and serviced apartments with a gross floor area of 19,200 sq.m. is progressing on schedule, and is anticipated to be completed in the next two years.

One of the office towers that is currently under construction has been sold to our ex-joint venture partner. To date, US\$108.6 million or 88% of the total purchase price of US\$124 million has been received. It is expected that the construction will be completed by June 2005 and the sale will be completed by September 2006.

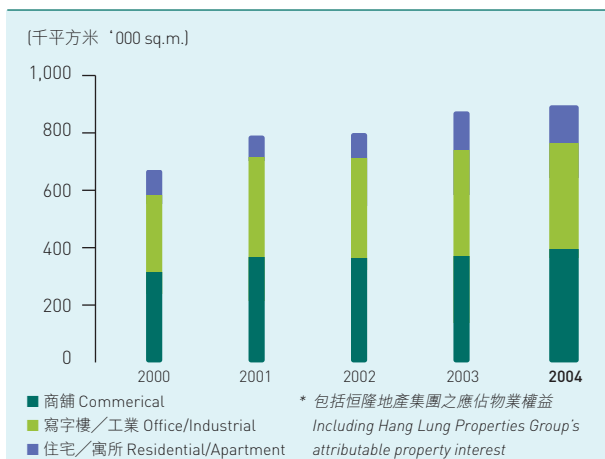
## PROPERTY LEASING

Rental revenue on our properties increased 4% or HK\$83 million compared to last year's figures. This was due primarily to the strong growth of rental income from our two Shanghai properties, Plaza 66 and The Grand Gateway.

The performance of our Hong Kong portfolio remains stable. The successful conversion of the Grand Tower Hotel into an office and commercial complex known as the Grand Tower has contributed additional rental income in the second half of the financial year. Rental yield on both Grand Tower and Grand Plaza Apartments has improved compared to the yield received when both buildings operated as hotels.

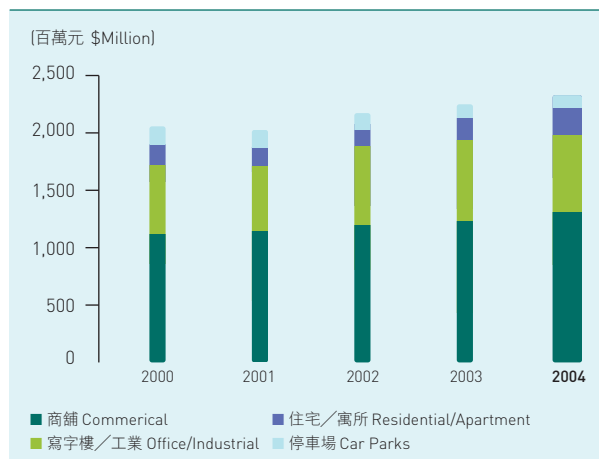
## 投資物業面積 Investment Property Size\*

於六月三十日  
at 30 June



## 租金收入 Rental Revenue

截至六月三十日止年度  
for the year ended 30 June



## 按地域性分析之投資物業

### GEOGRAPHICAL ANALYSIS OF INVESTMENT PROPERTIES

於二零零四年六月三十日 at 30 June 2004

	樓面面積 (千平方米) Gross Floor Area ('000 sq.m.)				車位數目 No. of Carparking Spaces
	C	O/I	R/A	總計 Total	
<b>香港</b>					<b>CP</b>
<b>Hong Kong</b>					
港島:	Hong Kong Island:				
中環及金鐘	10.1	40.5	-	50.6	16
銅鑼灣及灣仔	40.8	38.8	18.9	98.5	418
康山及鯉魚涌	54.1	37.3	35.3	126.7	1,159
山頂及半山區	12.5	-	15.7	28.2	573
港島南區	-	-	9.2	9.2	89
九龍:	Kowloon:				
旺角及何文田#	32.4	69.6	-	102.0	1,473
尖沙咀及西九龍	28.5	11.1	0.1	39.7	-
牛頭角及觀塘	60.6	8.6	-	69.2	785
長沙灣、葵涌及荃灣	3.1	86.3	20.1	109.5	546
<b>上海</b>	<b>Shanghai</b>				
徐匯區	101.9	-	32.3	134.2	1,100
靜安區	51.7	78.2	-	129.9	494
<b>總計</b>	<b>395.7</b>	<b>370.4</b>	<b>131.6</b>	<b>897.7</b>	<b>6,653</b>

# 代表恒隆地產集團之應佔物業權益  
Representing Hang Lung Properties Group's attributable property interest

C: 商舖  
Commercial

O/I: 寫字樓/工業  
Office/Industrial

R/A: 住宅/寓所  
Residential/Apartment

CP: 停車場  
Car Parks

名店坊



Fashion Walk

名店廊



Fashion Island

## 香港

### 商場及商舖

集團於回顧年度之整體租金收入維持穩定。從二零零四年第二季開始，繼沙士平息後香港市面已回復生氣，加上大量內地旅客來港，令集團得見其位於銅鑼灣、旺角、金鐘及山頂之主要商場租金收入有所增長。另集團位於其他地區之商場租金收入亦見回穩。

#### • 銅鑼灣

名店廊／名店坊之租金收入微升百分之二，租出率較去年增加一個百分點，達百分之九十九。恒隆中心現已全部租出，租金收入上升百分之六。隨著一間著名化妝品連鎖店遷入，該物業之租戶組合已煥然一新。

#### • 鰂魚涌

康怡廣場座落於太古地鐵站上蓋，交通方便，其租金收入上升百分之六，租出率維持在百分之百之水平。

#### • 山頂

山頂廣場之租出率達至百分之百，租金收入與去年相若。

#### • 九龍灣

淘大商場之租出率回升至百分之九十九，但租金收入下降百分之九，仍處於改善階段。由於租出率穩定，明年之租金收入可望上升。

## HONG KONG

### Commercial and Retail Sector

Overall retail rental revenue for the financial period under review remains stable. Since the second quarter of 2004, we have seen rents at our prime retail areas such as Causeway Bay, Mongkok, Admiralty and the Peak improve as a result of the post-SARS business recovery and the influx of tourists from Mainland China. Retail rents at our regional shopping malls have also stabilized.

#### • Causeway Bay

At **Fashion Island/Fashion Walk**, rental income has slightly increased by 2% with occupancy levels reaching 99%. This represents a 1% improvement over last year. **Hang Lung Centre** is now fully let with rental income up 6%. The tenant mix has been refreshed with the arrival of a famous cosmetics chain.

#### • Quarry Bay

**Kornhill Plaza** is the convenient shopping mall located above the Tai Koo MTR Station. Here rental income is up by 6% with occupancy standing at 100%.

#### • The Peak

At **The Peak Galleria**, occupancy improved to a level of 100% while rental income remains at the same level as last year.

#### • Kowloon Bay

Occupancy at **Amoy Plaza** has gradually increased to 99% but rental income is still in an evolutionary phase and has decreased by 9%. This figure is expected to improve next year with steady occupancy.

## 物業租賃 PROPERTY LEASING

		2004 百萬元 \$Million	2003 百萬元 \$Million	變動 Change 百萬元 \$Million	百分率 %
營業額	Turnover	2,322.1	2,239.1	+83.0	+4
營業溢利	Operating Profit	1,634.0	1,602.4	+31.6	+2



The Summit

### • 旺角

於上財政年度由酒店物業改建為寫字樓後，新面貌之**雅蘭中心**包括十四層寫字樓、七層商場及一層停車場，其商場租出率達百分之百。儘管該項目之租金收入在改建期內減少，但全年度之租金收入仍與去年相若。與其前身之酒店物業相比，雅蘭中心之租金回報有所改善，並正持續增加，突顯了改建計劃之成果。

### 寫字樓

由於寫字樓物業市場依然面對困境，集團旗下寫字樓物業之整體租金收入下降百分之七。租金收入已回穩，但對新寫字樓的需求仍然疲弱。

集團位於中環之四幢寫字樓大廈，其租金收入下跌百分之十二，但租出率則升至百分之九十七。由於供應充裕及缺乏新需求，集團位於中環之寫字樓租金收入因此下降。雖然對於寫字樓之需求情況有所改善，但短期內寫字樓租金仍然受壓。位於中環以外之寫字樓租金收入下跌百分之六，租出率亦降至百分之八十七。

### 住宅及寓所

集團位於港島半山區之**御峰**豪宅，租出率達百分之八十，租金收入顯著上升。該項優質物業設有多用途之閣樓宴會廳、豪華會所及宏大之室內泳池，繼續吸引尊貴企業和領事館人員成為租戶。

### • Mongkok

The **Grand Tower** shopping mall has reached 100% occupancy after the conversion project last financial year which resulted in hotel floors being converted into office space to produce a new profile of 14 floors of offices, seven floors for retail and one floor as a car park. Despite the short-term loss of revenue from this renovation, rental income remained at a similar level to last year. The rental yield from the new Grand Tower has improved and is increasing in comparison to the previous hotel operations, emphasizing the success of the conversion project.

### Office Sector

Overall rental revenue dropped 7% as the office market continued to face difficult market conditions. Rents have stabilized but the pick up for new office space still remains weak.

Rental income from our four office properties in Central decreased 12% while occupancy increased to 97%. The decrease in rental income from our Central office properties was due to the combination of abundant supply and lack of new demand. Although sentiment towards the office sector has improved, it is expected that office rents may still be under pressure in the near term. Rental income from office properties in areas other than Central has fallen 6% with occupancy decreased to 87%.

### Residential and Apartment Sector

At **The Summit**, our luxury residential property situated in Mid-Levels on Hong Kong Island, occupancy reached 80% with rental income significantly increased. This prestigious development with its luxurious multi-purpose penthouse function room, clubhouse and sizeable indoor swimming pool continues to attract quality corporate and consular tenants.

康蘭居



Grand Plaza Apartments

恒隆廣場



Plaza 66

位於太古地鐵站上蓋之**康蘭居**，由酒店改為服務式寓所後大幅減省營業費用，營業溢利因而上升百分之二十一。

集團繼續銷售位於半山區之**花園臺**住宅單位。截至本報告日，集團已售出花園臺七十四個四睡房單位其中七十二個，包括年內售出之三個單位在內。

位於港島南區之**濱景園**，其租出率升至百分之九十五之水平，租金收入與去年相若。

## 上海

集團之上海物業繼續有出類拔萃之表現，租金收入上升百分之十九或港幣八千四百萬元至港幣五億一千九百五十萬元。

### 恒隆廣場

恒隆廣場位於上海歷史悠久之浦西區之南京西路。該優質項目現包括樓高六十六層之第一幢甲級辦公室大樓，下設五層高級購物商場。恒隆廣場現為浦西之最高大廈，其建築極具特色。

該項目之辦公室大樓及購物商場均保持全數租出，租金收入較去年分別上升百分之五及百分之三十五。辦公室大樓由跨國公司租用作為其上海總部，而購物商場之租戶則包括貝瑪蓮、寶格麗、卡地亞、Cavali、賽琳、香奈兒、克麗絲汀迪奧、登喜路、阿瑪尼、杰尼亞、愛斯卡達、芬迪、Gieves & Hawkes、愛馬仕、萊麗、蘭姿、Laurel、羅威、路易威登、莫斯奇諾、普拉達、TOD'S及范思哲。

**Grand Plaza Apartments**, located above the Tai Koo MTR Station, has accrued significant savings in operating expenses following its conversion from a hotel to a serviced apartment development. This has resulted in a 21% increase in operating profit.

We have continued our programme of selling residential flats at **Garden Terrace** in Mid-Levels. We sold three of the 74 four-bedroom units in the development during the year. A total of 72 units have been sold to date.

**Burnside Estate** in Hong Kong South had its occupancy increase to 95% with rental revenue at a similar level to last year.

## SHANGHAI

Our Shanghai interests continue to perform with strength and depth. Rental revenue rose 19% or HK\$84 million to HK\$519.5 million.

### Plaza 66

Located at Nan Jing Xi Lu in the historic Puxi district of Shanghai, this prestigious shopping area includes Office Tower 1 which provides 66 storeys of Grade A office space located over a 5-storey superior retail podium. Plaza 66 is currently the tallest building in Puxi and boasts remarkable architectural features.

Both the office space and the retail podium remain fully let with respective rental revenue rising 5% and 35% compared to last year. Offices are used by multinational companies as their headquarters in Shanghai while the retail podium contains world famous brands such as Blumarine, Bvlgari, Cartier, Cavali, Celine, Chanel, Christian Dior, Dunhill, Emporio Armani, Ermenegildo Zegna, Escada, Fendi, Gieves & Hawkes, Hermes, Lalique, Lancel, Laurel, Loewe, Louis Vuitton, Moschino, Prada, TOD'S, and Versace.



Syndicated loan signing ceremony

## 港匯廣場

港匯廣場位於上海最大之地鐵站徐家匯地鐵站之上蓋，包括一個購物商場、兩幢名為港匯花園第一期及第二期之住宅大廈、兩幢辦公室大樓及一幢服務式寓所。購物商場及其中一幢住宅大廈經已落成，其餘之發展項目正如期興建。購物商場之總樓面面積達十萬一千九百二十四平方米，設施包括百貨公司、多類型影劇院、食肆、完善之家庭消閒配套及各專門店，現已全部租出，租金收入較去年上升百分之三十。港匯花園第一期之樓面面積為三萬二千三百平方米，為一幢樓高三十四層之住宅大廈，提供二百六十八個設施齊全之兩睡房及三睡房豪華寓所，截至年結日之租出率為百分之九十六。

## 財務及資金管理

### 流動資金及資本資源

來自君臨天下之銷售收益達港幣二十三億元，對集團之現金流量帶來顯著裨益；當中港幣五億元乃於財政年度下半年收取。年內營業運作所動用之現金為港幣二億元，主要用作集團四項物業發展項目之建築費。

年內，恒隆集團有限公司為其港幣三十億元銀團貸款進行再融資計劃，以更優惠之新貸款額代替，目的為減省借貸成本，及透過長期融資加長債項還款期。集團之上市附屬公司恒隆地產有限公司亦與十九間國際及本地銀行簽訂一項港幣六十億元銀團貸款，其中港幣二十億元為五年期之循環貸款，港幣四十億元為七年期之定期借款。此項目受到各銀行熱烈支持，並於承包及籌措時獲超額認購。

## The Grand Gateway

Located above Shanghai's largest subway station, Xujiahui Station, The Grand Gateway comprises a shopping mall, two residential buildings, The Grand Gateway Garden I and II, two office towers and a block of serviced apartments. The construction of the shopping mall and one residential building have been completed and the remainder of the development is progressing on schedule. The shopping mall comprises a total gross floor area of 101,924 sq.m. with department store, multiplex theatres, restaurants, fully integrated family leisure facilities and specialty shops. It is now fully occupied with rental revenue up 30%. The Grand Gateway Garden I, a 32,300 sq.m. 34-storey residential tower with 268 two and three-bedroom luxuriously furnished apartments, was 96% leased by the end of the financial year.

## FINANCE AND TREASURY OPERATIONS

### Liquidity and Capital Resources

Sales proceeds from The HarbourSide worth HK\$2.3 billion aided our cash inflow significantly. HK\$0.5 billion of this figure was received during the second half of the financial year. Meanwhile, cash used in operating activities amounted to HK\$0.2 billion for the year. This was mainly used to meet the construction costs of four property development projects.

During the year, Hang Lung Group Limited refinanced HK\$3 billion of its existing facilities with new facilities at favorable terms to reduce the Group's costs of funds and to extend debt maturity profiles by securing longer term financing. The Group's listed subsidiary, Hang Lung Properties Limited also signed a HK\$6 billion syndicated loan facility with 19 international and local banks. This comprised a HK\$2 billion 5-year revolving loan and a HK\$4 billion 7-year term loan. The facility was very well received by the banks and was oversubscribed at both the underwriting and general syndicated stages.

於二零零四年六月三十日，本集團尚未動用之銀行信貸額連同銀行存款合共為港幣一百一十五億五千三百萬元，其中港幣十九億五千九百萬元為銀行存款、港幣八十二億四千四百萬元為承諾信貸額，而港幣十三億五千萬元為活期信貸。

As at 30 June 2004, undrawn banking facilities together with bank deposits amounted to HK\$11,553 million, comprising HK\$1,959 million bank deposits, HK\$8,244 million committed facilities and HK\$1,350 million demand facilities.

### 股東權益回報率

來自租賃業務及物業發展項目銷售之盈餘現金，乃投資在本金有保障及具有流動性之投資工具，藉此為盈餘現金帶來最大收益及為股東增加投資回報。

### Return on Shareholders' Fund

Surplus cash generated from leasing operations and the sale of property developments is invested in principal protected and liquid investment devices. This maximizes the yield on surplus funds with a view to improving the investment return to our shareholders.

### 風險管理

#### 土地儲備

年內集團之地產分部恒隆地產有限公司於香港積極參與投地，並繼續採取審慎之態度購置土地，於價錢及地點均合適時才買地。恒隆地產在香港現擁有四百四十萬平方呎之土地；若以目前市價計算，估計約佔恒隆地產現時三分之二之市值。

### RISK MANAGEMENT

#### Land Bank

During the year, our property arm, Hang Lung Properties Limited, actively participated in land auctions in Hong Kong and continued with its proven and prudent approach towards land acquisition, buying land only when the price and the location was right. Hang Lung Properties' existing land bank in Hong Kong is 4.4 million sq.ft. and, based on today's selling prices, is estimated to be approximately two-thirds of Hang Lung Properties' current market capitalization.

集團已就發展中國內地業務制定投資計劃，其中包括對目標城市設定明確之甄選準則，重點為各主要城市之發展狀況、是否擁有繁庶之地點、政府是否為商業增長提供強大支持，以及土地價格是否合理等。集團在香港和中國內地之土地購置計劃均由高級管理層統籌，彼等積極參與有關項目及緊密監察項目進展。

The group developed an investment plan in Mainland China which included unambiguous criteria for the selection of target cities. This was based on the development status of major cities and whether they had a prosperous location, strong support from government for business growth and reasonable land prices. Our senior management teams, who actively participate in and supervise project progress, lead our land acquisition projects in Hong Kong and Mainland China.

## 利率及匯率風險

集團之一貫政策，乃以長期銀行信貸為集團在香港和中國內地之長期投資計劃提供融資，此舉可令集團避免為長期投資計劃承擔短期信貸之較高借貸成本。此外，集團之利率風險管理政策，亦涉及對利率變動作出緊密監察，並於良好之議價機會出現時，為原有貸款再融資或訂立新的銀行信貸。當情況恰當時，集團採用利率掉期為其浮息風險作出對沖。此外，集團亦以本地貨幣作為貸款之貨幣單位，藉此配合有關項目須以同樣貨幣所作之開支，從而降低匯率波動帶來的風險。

## 零售市道及收租管理

集團於節日和假期均舉辦多項推廣活動，為旗下商場增加顧客人流，並致力避免捲入割喉式之減租競爭旋風。集團經常審閱旗下商場之租戶組合、收租政策及租金拖欠情況。管理層每星期均會就有關個案作出跟進，並於適當情況下向遲繳租金之租戶徵收罰款。年內，潛在租金呆壞賬僅佔集團整體應收賬款之極小部份。

## 保險及保養

集團所有投資物業，均已就各項可帶來損失之意外事故購買保險。集團定期審閱旗下物業，當發現有耗損跡象時，會立即採取預防措施。集團每年均為旗下所有物業實施保養計劃，亦定期為住宅物業和商場進行大型清潔行動。

## Interest Rate and Exchange Rate Risks

We have followed a policy of developing long term banking facilities to match our long-term investment plans in Hong Kong and Mainland China. This enables us to avoid high borrowing costs from short term financing for long-term investment. Our policy on interest rate risk management also involves close monitoring of interest rate movements and to replace and enter into new banking facilities when good pricing opportunities arise. Interest rate swaps to hedge exposure to floating rates are used where appropriate. Borrowings are also designated in local currencies to match the corresponding payment currencies for mitigating exposure on exchange rate fluctuations.

## Retail Climate and Rental Collection

We have continued to organize various promotional events during holiday seasons to improve customer traffic at our retail centers. We have also actively avoided entering the spiral of cutthroat competition of rent reduction. The tenant mix at our retail outlets remains under constant review, along with policies on the collection of rental and outstanding debts. Cases are reviewed weekly by management and penalties are imposed for late payment where appropriate. Potential bad debts are maintained at a minimal percentage of total debtors throughout the year.

## Insurance and Maintenance

All investment properties are well insured for any loss from casualties. Regular reviews of individual properties are undertaken and precautionary works are carried out immediately when problems arising from physical obsolescence are identified. We have an ongoing maintenance project throughout the year for enhancement of all buildings. A large scale cleaning exercise is also carried out at regular intervals for residential properties as well as shopping malls.