

Management Discussion and Analysis

管理層之討論及分析

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Mr. Wilfred Sai Leung Ho, *Executive Director* (second left) (to retire on 1 Sept 2005),
Mr. William Pak Yau Ko, *Assistant Director** (left),
Ms. Estella Yi Kum Ng, *Assistant Director** (right)
*(to be appointed as Executive Director on 1 Sept 2005)

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吳士元先生，執行董事 (右二)、
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高伯邁先生，助理董事* (左)、
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*(將於二零零五年九月一日被委任為執行董事)



Hang Lung is a family owned, independently run company managed by a team of top executives. It has both the industry knowledge and streamlined structure to act quickly and decisively in building shareholder value.

由一群卓越行政人員管理的恒隆，是家族擁有、營運自主的公司。憑著專業知識和精簡架構作出敏銳果斷的行動，為股東持續創值。

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Major Properties
at a Glance
主要物業概覽

China Property Leasing 中國物業租賃

The Grand Gateway, Shanghai

上海 港匯廣場



Plaza 66, Shanghai

上海 恒隆廣場



Tianjin Project

天津 發展項目



Hong Kong Property Leasing 香港

Commercial 商舖



One & Two Grand Tower,
Mongkok
旺角 雅蘭中心一及二期



Fashion Walk,
Causeway Bay
銅鑼灣 名店坊



Queensway Plaza,
Admiralty
金鐘 金鐘廊



Baskerville House,
Central
中環 樂成行



Grand Centre
Tsim Sha Tsui
尖沙咀 格蘭中心



Gala Shopping Mall,
Mongkok
旺角 家樂商場



The Peak Galleria,
The Peak
山頂 山頂廣場



Kornhill Plaza,
Quarry Bay
鯉魚涌 康怡廣場



Park-In Commercial
Centre, Mongkok
旺角 栢裕商業中心



Stanhope House,
Quarry Bay
鯉魚涌 樂基中心

Hong Kong Property Development

Residential 住宅



The HarbourSide, West Kowloon
西九龍 君臨天下



AquaMarine, West Kowloon
西九龍 碧海藍天

香港物業租賃

Residential/Apartment 住宅 / 寓所



Printing House, Central
中環 印刷行



Grand Plaza Apartments, Quarry Bay
鯉魚涌 康蘭居



The Summit, Mid-Levels
中半山 御峰

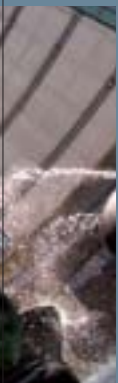


Hang Lung Centre, Causeway Bay
銅鑼灣 恒隆中心



Burnside Estate, Repulse Bay
淺水灣 濱景園

Development and Sales 香港物業發展及銷售



The Long Beach, West Kowloon
西九龍 浪澄灣



Carmel-on-the-Hill, Ho Man Tin
何文田 君逸山

Business Overview and Strategies 業務概覽及策略

Hang Lung has entered a harvest phase, reaping the benefits of disciplined and focused investment.

恒隆進入收成期，嚴謹專注的投資帶來可觀成果。



The year under review solidified the Company's entry into a harvest phase, reaping the benefits of disciplined and focused investment.

Turnover for the year under review was \$6,955.3 million, representing an increase of 53.4%. This was supported by an increased contribution from both Property Development and Sales (up 93.6% to \$4,532.9 million) and Property Leasing (up 10.5% to \$2,422.4 million). Further, in advance of regulatory requirements, the Group has adopted the new HKAS 40 and HKSIC-Int 21 Financial Reporting Standards in preparation of the accounts for the year under review. Accordingly, revaluation surplus of \$5,402.9 million was recognised in the income statement together with its related deferred tax. As a result, net profit attributable to ordinary shareholders grew by 48.3% to \$6,845.4 million. When excluding the effect of revaluation and its corresponding deferred tax, the underlying net profit has increased by 23.4% to \$2,548.6 million.

The Group's steady progress towards its goals comes as a result of its disciplined investment approach, as well as its proven three-pronged strategy for success in the property market:

回顧年度內，本公司穩步進入收成期，嚴謹專注的投資策略帶來成果。

回顧年度之營業額達六十九億五千五百三十萬元，增加百分之五十三點四。此乃受惠於物業發展及銷售業務以及物業租賃業務之貢獻，兩者之營業額分別上升百分之九十三點六及百分之十點五，至四十五億三千二百九十萬元及二十四億二千二百四十萬元。此外，由於本集團編製回顧年度之賬目時，提早採納新頒布的財務報告準則《香港會計準則》第四十號及《香港詮釋常務委員會詮釋》第二十一號，故收益表計入物業重估收益達五十四億零二百九十萬元與其有關之遞延稅項。因此，普通股股東應佔純利增加百分之四十八點三，達六十八億四千五百四十萬元。倘不計入物業重估及有關之遞延稅項，基本純利為二十五億四千八百六十萬元，增長百分之二十三點四。

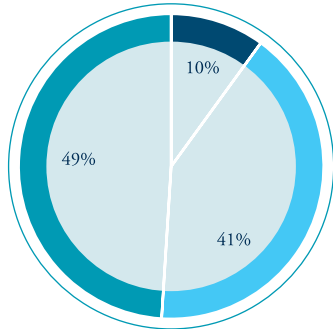
本集團可穩步邁向目標，除因投資策略嚴謹外，亦有賴集團在地產市場採取三項成功策略，包括（一）選擇黃金地點作出投資；（二）自行管理物業

Investment Property Analysis

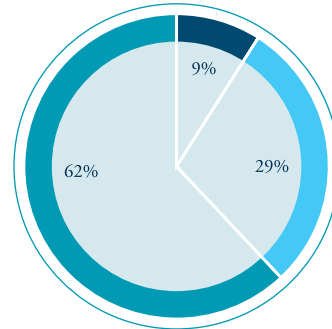
投資物業分析

At 30 June 2005 於二零零五年六月三十日

Breakdown by Gross Floor Area 總樓面面積分類



Breakdown by Rental Income 租金收入分類

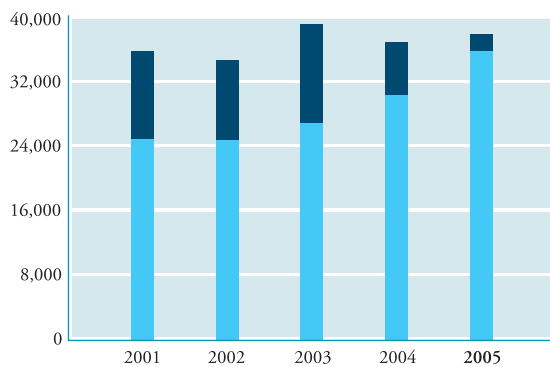


Property Value

物業總值

At 30 June 於六月三十日

\$Million
百萬元

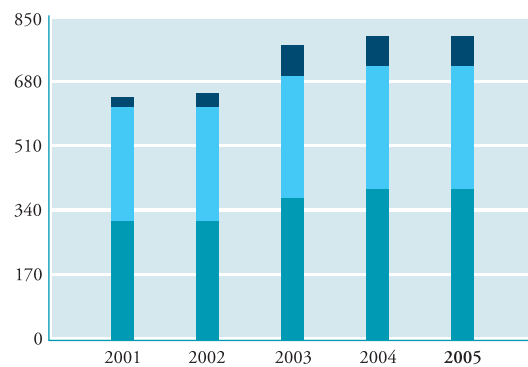


Investment Property Size

投資物業面積

At 30 June 於六月三十日

'000 sq.m.
千平方米



1) investing in prime locations; 2) self-management of properties for greater control and efficiency; and 3) constantly listening to – and addressing – customer needs.

Strong underlying performance in the Hong Kong market is allowing the Group to expand its business into Mainland China. After developing a firm foothold in Shanghai, the Group has now made an investment in Tianjin and is actively seeking investment opportunities in other fast-developing cities around China.

以取得更佳調控及效益；及(三)不斷聆聽及滿足客戶需要。

本集團在香港市場之出色表現，為集團擴展中國內地業務提供穩健基礎。經在上海打穩根基後，集團現已在天津作出投資，並正積極在中國其他發展迅速之城市尋找投資機會。

Hong Kong Property Leasing 香港物業租賃

The Grand Plaza luxury serviced apartments offer modern and convenient residential options for urban professionals.

康蘭居家式服務寓所，旺中帶靜，乃專業人士現代家居之選。



Fuelled by Hong Kong's rebounding economy, the property leasing business has been one of Hang Lung's major growth areas for the year.

在香港經濟復甦帶動下，物業租賃業務成為恒隆年內主要的增長範疇之一。

Buoyed by a rebound in the economy, rental revenues from Hong Kong properties grew 8% to \$1,854.8 million during the year under review. The improving economy has been a driving force behind increased rental rates across the Group's leasing portfolio, making this business one of the major growth areas for the year.

Rental growth in Hong Kong was fuelled by an increase in rental rates generated by an influx of tourists from Mainland China, as well as increased local spending. In addition, occupancy rates for the Group's leasing portfolio have risen across the board in FY2005.

In line with its philosophy of maximising each building's potential, the Group carefully considers management, tenant mix and best use of space in all its leasing properties to generate maximum returns for shareholders.

回顧年度內，受惠於經濟復甦，香港物業租金收入增加百分之八，達十八億五千四百八十萬元。在經濟復甦帶動下，集團旗下各類租賃物業之租金均上升，令該業務成為集團年內主要的增長範疇之一。

大量中國內地旅客來港，加上本土消費增加，除帶動租金上升外，亦為租務帶來增長。二零零五財政年度內，本集團旗下各類租賃物業之租出率均上揚。

本集團之一貫策略，乃致力發揮旗下每項物業之最大潛能。集團細心考慮旗下所有租賃物業之管理運作、租戶組合及最佳空間用途，力求為股東帶來最大回報。

Geographical Analysis of Investment Properties

按地域性分析之投資物業

At 30 June 2005 於二零零五年六月三十日

		Gross Floor Area ('000sq.m.) 總樓面面積 (千平方米)		Rental Revenue (\$Million) 租金收入 (百萬元)		Occupancy Rate (%) 租出率 (百分率)	
		2005	2004	2005	2004	2005	2004
Hong Kong	香港						
Hong Kong Island	港島						
Central and Admiralty	中環及金鐘	50.6	50.6	241.8	241.5	90	97
Causeway Bay and Wanchai	銅鑼灣及灣仔	98.5	98.5	402.7	377.4	97	95
Kornhill and Quarry Bay	康山及鯗魚涌	126.7	126.7	369.1	346.2	90	89
The Peak and Mid-Levels	山頂及半山區	28.2	28.2	115.8	94.6	86	86
Hong Kong South	港島南區	9.2	9.2	37.5	41.4	86	95
Kowloon	九龍						
Mongkok	旺角	102.0	102.0	311.5	266.4	95	90
Tsimshatsui	尖沙咀	39.7	39.7	81.9	68.6	99	90
Ngau Tau Kok and Kwun Tong	牛頭角及觀塘	67.1	67.1	252.8	239.4	99	95
Cheung Sha Wan and Kwai Chung	長沙灣及葵涌	45.2	45.2	41.7	41.7	93	92
Total	總計	567.2	567.2	1,854.8	1,717.2	94	92

Hong Kong Property Leasing
香港物業租賃

Segmental Analysis
按類分析

		Rental Revenue (\$Million) 租金收入(百萬元)		Occupancy Rate (%) 租出率(百分率)	
		2005	2004	2005	2004
Commercial/Retail	商場/商舖	1,080.3	998.6	98	97
Office	寫字樓	449.6	429.2	91	91
Residential/Apartment	住宅/寓所	215.7	173.5	87	84
Industrial/Office	工業/寫字樓	22.2	22.2	97	90
Car Parks	停車場	87.0	93.7	N/A	N/A
Total	總計	1,854.8	1,717.2	94	92

With a portfolio covering some of the hottest districts in Hong Kong – such as Mongkok, Causeway Bay, The Peak and Admiralty – the leasing business has been one of the fastest growing areas for the Group, and still holds much potential for future growth.

Commercial and Retail Sector

FY2005 provided strong verification for the Group's strategic decision to convert the Grand Tower Hotel in Mongkok into a commercial complex. Significant growth in rental income has already been realised in its first full year of contributions as a commercial building.

Causeway Bay

Rental income from Fashion Island/Fashion Walk increased by 8%, growing at a much faster rate than the previous year. Occupancy stood at 99.5%.

Quarry Bay

Kornhill Plaza, a shopping complex located above the bustling Tai Koo MTR Station, increased rental income slightly by 3% with occupancy of 99%.

本集團之租賃物業組合橫跨香港多個最興旺之地區，包括旺角、銅鑼灣、山頂及金鐘等。物業租賃向為本集團增長最快之業務範疇之一，並仍享有巨大的增長潛力。

商場及商舖

本集團改建前雅蘭酒店為商用物業之策略性決定，於二零零五財政年度彰顯效益。該項位於旺角的商用物業，於其首個全年營業年度已錄得可觀的租金收益增長。

銅鑼灣

名店廊/名店坊之租金收入上升百分之八，升幅遠勝去年，租出率達百分之九十九點五。

鯗魚涌

康怡廣場位於熙攘的太古地鐵站上蓋，其租金收入微升百分之三，租出率達百分之九十九。



Causeway Bay
 Fashion Island/Fashion Walk offer trendy shopping and dining choices in the heart of Hong Kong's shopping district.

銅鑼灣
 名店廊/名店坊位於香港購物區心臟，時尚商店食館一應俱全。

Quarry Bay
 Kornhill Plaza is conveniently located above the bustling Tai Koo MTR Station.

鯗魚涌
 康怡廣場位於太古地鐵站上蓋，交通便捷，人流熙來攘往。



Hong Kong Property Leasing
香港物業租賃

The Peak

The Peak Galleria, a shopping mall situated on Hong Kong's landmark Victoria Peak, continues to draw tourists and local visitors with its wide variety and spectacular views. Rental income from The Peak Galleria grew by 13% with occupancy at 97.5%.

Kowloon Bay

Having completed its evolutionary phase last year, Amoy Plaza began to blossom during FY2005, providing 6% growth in rental income with occupancy at 99%.

Mongkok

During the year under review, Grand Tower was renamed as One Grand Tower, while the Ritz Building was renamed as Two Grand Tower. Full year rental income contributions from One Grand Tower increased by an impressive 30% with 100% occupancy.

Office Sector

Rental revenue from the office sector increased by 5% during FY2005.

In Mongkok, One Grand Tower was a spectacular performer, increasing rental income by 104% with occupancy at 92%. The Group's decision to re-purpose the former Grand Tower Hotel is paying handsome rewards in both the retail and office sectors.

山頂

山頂廣場位於太平山頂，後者乃香港之地標。山頂廣場設施繽紛，景觀璀璨，向為遊客和本土居民之遊覽勝地。其租金收入上升百分之十三，租出率達百分之九十七點五。

九龍灣

淘大商場去年重整旗鼓後，於二零零五財政年度開始興旺，其租金收入上升百分之六，租出率達百分之九十九。

旺角

回顧年度內，雅蘭中心及麗斯大廈分別易名為雅蘭中心一期及雅蘭中心二期。雅蘭中心一期之全年度租金收入大幅上升百分之三十，租出率高達百分之一百。

寫字樓

二零零五財政年度內，來自寫字樓物業之租金收入上升百分之五。

位於旺角之雅蘭中心一期表現卓越，其租金收入上升百分之一百零四，租出率為百分之九十二。本集團改建前雅蘭酒店為商場兼寫字樓物業之決定，帶來可觀成果。

Mongkok

Income contributions from One Grand Tower in Mongkok increased by an impressive 30% with 100% occupancy.

旺角

旺角雅蘭中心一期之租金收入躍升百分之三十，租出率高達百分之一百。



39%

increase

Rental income from the luxury residential units at The Summit increased by 39% during the year.

年內，御峰豪宅之租金收入上升百分之三十九。

Residential and Apartment Sector

The Summit is a luxury residential property nestled within the Mid-Levels on Hong Kong Island, featuring a multi-purpose penthouse function room, clubhouse facilities and a sizeable indoor swimming pool. The development continues to attract quality corporate and consular tenants, resulting in a 39% increase in rental income with 84% occupancy during FY2005.

The Grand Plaza Apartments, located above the Tai Koo MTR Station, continued to reap the benefits of its conversion from a hotel into a serviced apartment development. Rental income increased by 39% with occupancy at 87%.

住宅及寓所

座落於港島半山區之御峰豪宅，設有多用途之閣樓宴會廳、豪華會所及宏大之室內泳池。該物業繼續吸引尊貴企業和領事館人員成為租戶，其二零零五財政年度之租金收入上升百分之三十九，租出率為百分之八十四。

位於太古地鐵站上蓋之康蘭居，由酒店改為服務式寓所後繼續獲益，其租金收入上升百分之三十九，租出率為百分之八十七。



Leasing Portfolio

The Group's leasing portfolio covers some of the most convenient residential, shopping and entertainment districts in Hong Kong.

租賃物業組合

集團之租賃物業組合，橫跨香港最佔地利之住宅區、購物區及娛樂消閒勝地。

