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袁偉良先生，董事總經理 (左二)
Mr Nelson Wai Leung Yuen, *Managing Director (second left)*

何世良先生，執行董事 (左)
Mr Wilfred Sai Leung Ho, *Executive Director (left)*

吳士元先生，執行董事 (右)
Mr Terry Sze Yuen Ng, *Executive Director (right)*

主席報告

Chairman's Statement

致各股東

業績及股息

截至二零零四年六月三十日止財政年度之營業額為港幣四十五億三千三百四十萬元，增加百分之一百一十一點六；普通股股東應佔純利為港幣二十億六千五百萬元，較上年度上升百分之一百三十六。每股普通股盈利為六角八點五仙，較上年度增加百分之一百二十六點一。

董事局建議派發末期股息每股普通股三角三仙，較上年度增加百分之十三點八。如獲股東通過，全年度每股普通股股息總額將為四角四仙，較上年度增加百分之十。

業務回顧

過去數年，受市況之規限，營業額和溢利均主要來自物業租賃業務。此情況在未來數年應不再如是一物業發展項目之銷售，可望對業績增加影響。回顧期之溢利已升逾一倍，倘無不可預見之情況，未來三年之溢利當可再有理想之增長。

正如本人十二個月前預測，香港之樓宇銷售已經回升。樓價於二零零三年第四季開始上揚，於今年頭四個月更為堅挺，其後稍為回軟。豪宅之表現尤其出色，部份豪宅物業於六至八個月內漲價逾五成。

TO OUR SHAREHOLDERS

RESULTS & DIVIDENDS

For the fiscal year ended 30 June 2004, turnover grew 111.6% to HK\$4,533.4 million. Net profit attributable to ordinary shareholders was HK\$2,065 million, or 136% above last year. Earnings per ordinary share was 68.5 cents, representing a rise of 126.1% over the year before.

Your Board recommends a final dividend of 33 cents per ordinary share, or 13.8% over last year. If approved, total dividends for the full year will be 44 cents per ordinary share, representing an increase of 10% from a year ago.

BUSINESS REVIEW

For the past several years, market conditions dictated that both turnover and profit should come overwhelmingly from rental activities. It should no longer be so in the next few years--sales of development projects are expected to increasingly impact results. Just as profit has more than doubled in the period under review, it is conceivable that barring unforeseen circumstances, it will again grow satisfactorily in the coming three years.

As predicted twelve months ago, property sales in Hong Kong have picked up. Price appreciation began in the fourth quarter of 2003 and picked up momentum in the first four months of this year before retreating slightly. Luxury apartments have especially performed well; in some cases, prices rose by over 50% in a matter of six to eight months.



本公司實為此新市況下最大受惠者之一，所銷售之樓面面積當中，約有八成可列為豪宅。吾等掌握樓價上升之良機，於臨近去年底推出旗下之濱海物業君臨天下，並於二月份開始正式銷售，其頂層單位錄得之最高售價為每平方呎逾港幣二萬元，此價格在僅僅數月前乃難以想像。然而，管理層並不急於趕快沽售，在總數一千一百二十二個單位之中，吾等售出約一百八十一個單位。由於所有售出之單位均面對海港，故其每平方呎之平均售價幾達港幣一萬元。吾等會視乎市況之變化，按部就班銷售餘下單位，冀能取得最大之利潤。

君逸山以每平方呎逾港幣五千元之平均價售出約九成單位，較吾等原來之預期為佳。擁有一千六百一十六個單位之碧海藍天及擁有一千八百二十九個單位之浪澄灣項目均已可供發售，吾等同樣會採取適時而售之策略，以便取得最佳成果。碧海藍天有可能在臨近今年年底時先行推出。

本公司之香港物業租金收入總額，自一九九七至九八年度起持續下降，但近兩年已開始回穩。從二零零一年迄今，租金收入總額之增長，幾乎單靠上海物業支撐。此情況現正轉變，管理層相信香港之租金來年將逐步回升。

香港物業組合之租出率仍穩企於百分之九十二點三之水平。隨著本地消費信心回復，商舖物業錄得特別出色之表現，而內地旅客亦為零售市道帶來支持。本公司之中國投資物業在租金和租出率方面均表現甚佳，所有物業基本上已全部租出。

Your Company is certainly one of the biggest beneficiaries of this new market condition. About 80% of the floor area for sale can be categorized as luxury. We took advantage of the price rise and began marketing our waterfront project, The HarbourSide, towards the end of last year. Actual sales commenced in February and the highest prices achieved for the penthouses were over HK\$20,000 per square foot. Such numbers were unthinkable only months before. Management, however, was not keen to sell out quickly. We parted with about 181 out of the total of 1,122 units. Since all the units sold faced the harbor, the average price achieved approached HK\$10,000 per square foot. Sales will continue as we see market conditions evolve which will hopefully maximize profit.

About 90% of Carmel-on-the-Hill was sold at an average price of over HK\$5,000 per square foot. It is higher than our original projections. AquaMarine which is a 1,616-unit development as well as the 1,829-unit The Long Beach are both ready for sale. Again, we will time the release so as to generate the best results. AquaMarine will likely go on sale first, perhaps towards the end of the year.

Total rents collected from our Hong Kong properties have been falling since 1997-98, but have begun to stabilize some two years ago. Growth in total rental revenue since 2001 has come almost exclusively from Shanghai. Now the situation is different. Management believes that Hong Kong rents will gradually rise in the coming year.

Occupancy rates have remained steady at 92.3% for our Hong Kong portfolio. Retail space has particularly performed well as consumer confidence returns. Mainland tourists are another source of strength underpinning the market. Our mainland investment properties have done very well both in terms of rents and occupancy. All buildings are basically full.



卓越之財務策劃乃任何業務成功之要訣，這在資本密集行業例如地產業更屬關鍵。在過去十多年來，本公司在該方面均有優異之表現。

二零零二年春季，本公司發行兩批可換股債券，集資近港幣三十四億五千萬元。該項交易訂明，倘本公司股價於今年三月升逾某水平時，本公司可開始要求等同強制性之換股。於發行有關債券時，管理層估計樓市今年初應可復甦，足以讓本公司重新進行物業銷售。吾等較任何人清楚，本公司所有物業項目之邊際利潤，當為香港芸芸中之最佳者，而此應對本公司之股價有利好作用，令可換股債券之換股成事。歷史證明吾等正確，百分之九十九點七之債券持有人換取本公司之普通股。因此，本公司無須償還該筆債務，令本公司之資產負債表進一步增強。吾等亦繼續把握低息環境所賦予之良機，以較低成本和較長償還期之貸款來取代原有之貸款。

展望

本公司去年度之純利跌至僅略高於十億元，乃一九九三年以來之最低水平；而股東權益亦低於一九九四年之水平。此等情況均為一九九七年爆發之亞洲金融風暴直接造成。管理層相信，形勢如今終於好轉，而基於本公司在風暴前後採取之審慎決定，只要市況保持穩定，本公司未來數年應處於良好位置，可取得可觀之成果。

Success in any business must be accompanied by sound financial planning. This is especially critical in a capital intensive industry like ours. Over the past decade and more, we have performed well in this area.

In the spring of 2002, we issued convertible bonds (CB) in two tranches. They brought in almost HK\$3.45 billion. The transaction stipulated that by March of this year, if our share price rises above a certain level, we can begin to basically force conversion. At the time of issue, management estimated that by early this year, the real estate market should have recovered enough to resume property sales. We know more than anyone that profit margins for all of our projects are perhaps the best in Hong Kong. That should have a positive effect on our share price which makes the CB conversion possible. History has proven us correct-- 99.7% of bond holders took our common stock. Thus, the need to repay is removed, and our balance sheet is further strengthened. We have also continued to take advantage of the low interest rate environment to replace existing loan facilities with cheaper and longer term ones.

PROSPECTS

Last year, we saw net profit fall to barely over one billion dollars. That was the lowest since 1993. Shareholder's Fund was below that of 1994. All of these were the direct result of the Asian Crisis which started in 1997. Management believes that the tide has finally turned. Due to prudent decisions made both before and after the crisis, we have positioned ourselves well for a promising few years as long as the market holds up.

睿智的國際投資者如今普遍認同，過去十多年來，論持續準確掌握市場時機，本公司也許勝過香港任何一家大型地產公司。吾等不僅能避開湧至之厄困，亦能掌握湧現之良機。股市亦因而為本公司之股東提供回報，自一九九七年大市見頂迄今，比起各主要競爭對手，本公司之股價表現最佳。

在整個九十年代(事實上也適用於七十年代和八十年代)，本公司一直是大型地產公司中市盈率最低之公司之一。表面上，此乃由於本公司欠缺龐大土地儲備所致，尤其本公司並無大量當時之土地交換權利或乙種換地權益書。至二零零一年，一項基本轉變出現，如今本公司持續為市盈率最高之地產公司，而這亦部份解釋了為何本公司享有較競爭對手為佳之股價升幅，再加上本公司之派息率一直處於最高行列，故股東之總回報率在所有地產股中位居首席。

下列數據可說明此點。以香港其他十三家最大之上市地產公司作為比較，把彼等於一九九七年(亞洲金融風暴席捲前)創出之最高股價，與其昨天(二零零四年九月七日)之收市價相比，所有該等公司之股價均有下挫，跌幅為百分之二十五至百分之八十五。同期間，本公司乃當中唯一一家股價報升之公司，升幅為百分之八。母公司恒隆集團期內之股價下跌百分之二十四，仍較所有其他該等公司之股價表現為佳。

It is now common knowledge among sophisticated international investors that perhaps more than any other major Hong Kong real estate company, we have consistently called the market correctly in the past ten years and more. We not only avoided trouble when trouble came, but we also took advantage of opportunities. Consequently, the stock market has rewarded our shareholders. Since the market height of 1997, our shares have been the best performer compared to our major competitors.

Throughout the 1990's, (and in fact the 1970's and 1980's as well), our price-earnings ratio was consistently among the lowest of the major property companies. Ostensibly it was due to our lack of a large land bank, especially of the then existing land-exchange entitlements or Letter B's. By 2001, a fundamental change took place. Now we consistently trade at the highest price-earnings ratio. This partly explains why we have enjoyed better share price appreciation than our competitors. Coupled with the fact that we have always had one of the highest dividend yields, total return to shareholders tops the list of all real estate counters.

The following numbers will illustrate the point. Take the other thirteen biggest publicly listed property companies in Hong Kong and compare their respective highest share prices achieved in 1997 (before the Asian Crisis was in full swing) with those of yesterday (September 7, 2004). All fell between -25% and -85%. In the same period, we were the only company which recorded a rise and that of 8%. Our parent company HLG retreated by 24% which was still better than all the others.

以股東總回報率作為比較，本公司再次跑贏所有該等公司。同期間，把派發之股息總額加上股價之變動計算，本公司再次成為唯一一家報升之公司，升幅高達百分之三十四。所有其他該等公司均報跌，跌幅為百分之十二至百分之八十一。母公司恒隆集團錄得百分之四之溫和跌幅，再次較所有其他該等公司為佳。

在地產行業，公司之規模亦舉足輕重。以現今項目之大型程度及中國內地之潛在機會來看，規模較大之公司享有明顯優勢。按市值計算，同樣以一九九七年高峰期與昨天相比，本公司之市值增加百分之二十三；其他十二家公司當中，市值表現最佳者錄得百分之十之跌幅，而最差者則錄得百分之七十五之跌幅。期內，並無任何增加股數之恒隆集團，其市值下跌百分之二十五，但仍較該等其他公司(除兩家外)之表現為佳，而該兩家公司期內均發行了新股。

簡略回顧本公司如何取得如此卓越之表現，對本公司如何邁向未來應具有啟發性。首先，吾等於一九九五年至一九九七年地價漲升時堅拒誘惑，並不隨波逐流，其時吾等被指保守，甚至被一名西方基金經理譏為怠惰。歷史證明吾等實乃審慎行事，而在該等歲月裏，吾等亦斷非苟且偷安。吾等竭盡所能籌集資金，包括配售股份、借取較長期之貸款、以及以利潤豐厚之價格出售投資物業。這並非運氣，而是技巧。

We also top the list when total return to shareholders is compared. When total dividends paid is added to stock price movements for the same period, we again were the only company which recorded a rise, and at an impressive 34%. All fell between -12% to -81%. Our parent company was slightly set back by -4% which again was much better than the others.

The size of a company is also important to this business. Given the large size of projects these days as well as potential opportunities in the mainland of China, bigger firms have a distinct advantage. Looking at market capitalization and again comparing the height of 1997 with yesterday, your Company grew by 23%. The best of the other twelve diminished by 10% and the worst by 75%. HLG, which did not have any increase in the number of shares in the period, fell by 25%. It was better than all but two in that group, and both of them had issued new shares.

A brief review of how such a stellar performance was achieved might be instructive for the future. First, we resisted temptation to follow the crowd back in 1995-1997 when land prices were rising. We were called conservative, and worst yet, lazy, by one western fund manager. History proved that we were prudent. Of course, we were not inactive during those years. We raised cash in every way we knew how: placed shares, took out longer term loans, and sold investment properties at great profits. It was not luck; it was skill.



去年年初，吾等抗拒壓力之能耐和意志再受到考驗，惟箇中涉及之取向則有所不同。一份分析員報告指斥吾等不像許多競爭對手般出售接近落成之房宅物業。雖然吾等知道須聽取部份分析員之意見，但吾等絕不應對所有分析員均言聽計從！歷史證明許多發展商當時乃在市況之谷底沽售單位。吾等於樓價回升時可推出物業單位，反觀競爭對手可供銷售之單位卻所餘無幾，這是喜上加喜，彼等許多均過早銷售。在地產行業，跟隨大隊可能得不償失。

由於本公司在亞洲金融風暴前已積存現金，當機會湧現時，本公司在財政上和心理上均有較佳之準備，藉以掌握良機。此項部署於一九九九年三月至二零零零年十二月期間付諸實行，現時本公司銷售或行將銷售之所有大型項目均在當時購入。能在市場谷底購置土地，乃本公司今天享有最佳邊際利潤之最重要單一原因。競爭對手在二零零一年和二零零二年政府暫停賣地十三個月前購入之部份土地，仍應有利可圖，但按管理層之判斷，該等項目之預期回報較低，意味著其風險較高，並不值得本公司參與。倘把財務資源投放在這些收益欠佳之項目，會妨礙本公司在財政上和心理上全面掌握良機之能力，而這些良機可稍後會在香港或內地湧現。

Early last year, the ability and willingness to resist pressure was again called upon, albeit in a different direction. An analyst report accused us of not selling almost-completed apartments like many of our competitors. While we are cognizant of the need to heed the advice of some analysts, we should certainly not listen to all! History shows that many developers sold units at the bottom of the market. It was doubly satisfying for us since we had products to sell after prices rose while our competitors were left with little. Many of them sold too early. In this business, following the pack can be hazardous.

Because we hoarded cash before the Asian Crisis, we were financially as well as psychologically more prepared to seize opportunities when they arrived. This took place between March 1999 and December 2000. All our major projects now or soon-to-be for sale were purchased at that time. Buying land at the bottom of the market was the single most important reason for our having the best profit margin today. Certain land acquisitions by our competitors in 2001 and 2002 before the 13-month government land sale moratorium should still be profitable. However, it was your management's judgment that the expected low return, and hence higher risks, did not justify our participation. Committing financial resources to poor yielding projects will prevent us--again both financially and psychologically--from taking full advantage of opportunities which may come later, be they in Hong Kong or in the mainland.

部份香港分析員把本公司之成功歸因於保守，對此本人並不苟同。誠然，在某些時刻，為避開逼在眉睫之危險，確須小心翼翼行事，本公司在這方面亦卓然有成。但純粹保守，意味著思想頑固及行事缺乏深思，這套諸本公司乃絕對偏離事實。本公司暫停購置土地或銷售房宅，絕非因為吾等偏好無為，反之，此乃經過大量分析和內部討論後之決定，並經深思熟慮後總結為最適當時情況之正確行動。最終而言，關鍵在於能經常適時地作適當之舉，本人相信，吾等之記錄足以為此提供明證。管理層之工作乃為股東持續創值，並把有關風險控制在合理水平，這吻合吾等所列明之目標——令本公司成為業內其中一家項目邊際利潤最佳之大型地產公司。吾等近數年已達到此項目標，今後會繼續力爭上游。

但本公司將何去何從？無可否認，倘本公司未來一兩年間無法增加土地儲備，本公司三年後之溢利可能出現罅隙。管理層現正採取雙管齊下對策，同時進軍香港和中國內地市場，但策略則甚為不同。

香港方面，吾等會以一貫之嚴謹準則評估每項具有潛力之土地交易。每個項目必須通過以下審核：其能否提供吾等要求之最低回報？其涉及之風險是否與吾等所期許者相稱？倘無法找到此等機會，吾等會在其他地方即中國內地進行物色，但決不會因而降低審核標準。歷史顯示，為數眾多之項目（大部份由本公司之競爭對手投資）均虧損纍纍，部份項目甚至把其發展商拖垮。即使某些項目可帶來微薄回報，亦不足抵銷其過大之風險及機會成本。本人知道有一家具規模之發展商，由於一項此類大型發

Some Hong Kong analysts attribute our success to conservatism. That I disagree. Of course, there are times to be cautious in order to avoid impending danger. That, we did well. However, mere conservatism implies a rigid state of mind and thoughtlessness in action. In our case, that is farthest from the truth. We withheld from buying land or selling apartments not because we had a propensity towards inaction. Rather, it was a conscientious decision made after much analyses and internal debate, and concluding that that was the right course of action for that moment in time. Ultimately what counts is to always do the right thing at the right time. I like to think that our track record justifies past actions. The job of management is to consistently create shareholders' value at reasonable risks. This dovetails with our stated goal of becoming a major real estate company with one of the best development profit margins in the industry. We have achieved that in recent years and will continue to strive for it.

But where will the Company go from here? It is undeniable that if we fail to replenish our land bank in the next year or two, there may be a gap in our profit in three years' time. Management's response is a two-prong one. We will attack both the Hong Kong and the mainland China markets, but with very different approaches.

In Hong Kong, every potential land transaction will be evaluated employing our usual stringent standards. It must pass the test: will the project bring the minimal required return commensurate with expected risks? If we cannot find such opportunities, we will look elsewhere, namely, the mainland of China. We will not lower our standards. History shows that all too many projects (mostly done by our competitors) lost huge amounts of money. Some of them even brought the developer down with it. Even if a project manages to eke out a meager return, the risks and opportunity costs are too great to justify it. I know of a sizeable developer who because of one such major development was prevented from



展項目而在約十年間無法增長。較大之公司自然可承受少數不利交易，但很快便會疊合成為對公司增長的沉重負累。因此，就本公司而言，維持發展項目之高邊際利潤好比一項教條，吾等罕會違反此項守則。

以現今之市道而論，部份分析員有可能再次指斥吾等保守。除非管理層獨立地作出相同結論 -- 吾等應在香港更進取地購置土地，否則，吾等將一如過往，對該等分析員置若罔聞。彼等過往已錯誤判斷市場，如今大有可能再次犯錯。

另一方面，本公司在內地將甚為進取。吾等相信，本公司已找到合適定位，能在可見將來為股東創值。過去十二年來，本公司專注於一個內地城市，但今後將會大幅張網。

回顧本公司過去十二年在上海之部署，乃屬其時之正確策略。在此期間，很少中國城市能媲美上海發展步伐之迅速有序。吾等充份把握良機，獲取甚為豐厚之成果 -- 恒隆廣場和港匯廣場兩個項目，去年為本公司帶來港幣四億七千五百萬元之租金收入，提供近港幣三億四千六百萬元之利潤。

論價值計，從上海所得之經驗超乎純粹之金錢收益。吾等於中國孕育了專才，學懂了如何與政府打交道，打造了一枝能幹的管理隊伍，建造了兩項世界級的項目(本人認為其質量置身於中國之最佳行列)，並把恒隆建成一個備受業內推崇及在上海以外地方亦廣被知曉的優質品牌。所有這些元素均利好本公司之未來發展。

growing for some ten years. Naturally a bigger company can withstand a few bad deals, but they will very soon add up to a serious impediment to corporate growth. So for us, to maintain a high profit margin for development projects is like a religion. We will only very rarely break the rule.

Given today's market conditions, it is possible that some analysts will again accuse us of conservatism. We will as before ignore them, unless management independently comes to the same conclusion that we should be more aggressive in land acquisition in Hong Kong. Those analysts were wrong in the past and may well be wrong again now.

In the mainland, on the other hand, we will be very aggressive. We believe that we have found a niche which should create shareholders' value for the foreseeable future. For the past twelve years, we have concentrated on one city, but will now cast our net a lot wider.

In hindsight, what we did in Shanghai in the past twelve years was the right strategy at the time. Few cities in China had developed as fast and as well during that period. We capitalized on the opportunity and have done superbly--last year we collected about HK\$475 million in rent from our two projects, Plaza 66 and The Grand Gateway, and netted almost HK\$346 million in profit.

What we had gained from the Shanghai experience, however, went beyond mere dollars and cents. We have harvested expertise in the mainland; learned to deal with the government; welded a competent management team; built two world class developments whose quality, I like to think, is among the best in the country; and established Hang Lung as a highly respected brand name in the industry which is known well beyond Shanghai. All these augur well for the future.



中國之外部環境亦遠勝於本公司九十年代初首次踏足之時。其整體經濟已大幅增強，涉及地產和相關行業之法例規條已較為完善，各地政府官員均有較佳之教育水平及更為知情，而基建設施亦已顯著改善。這些因素令吾等有信心跨出下一大步。

吾等已界定約三十個中國主要城市為目標，並希望在未來數年進行最少七個至八個大型項目，理想數目則為九個或十個大型項目。吾等會把在香港和上海取得之專才引進當地，並建立當地發展商所未能比擬之頂級發展項目。部份樓面或會供銷售，但大部份樓面將作為長期持有。未來兩至三年，本公司預期有超過港幣二百億元流動現金，故財務方面絕非問題。

事實上，本公司之同事一年多前已開始在中國尋找具有發展潛力之地方。此乃艱巨之工作，而要找到符合本公司嚴格要求之項目亦非易事。利好之處是中國有許多人民生活水平頗佳之大城市，本人相信本公司有良好之成功機會。

除發展新項目外，本公司將繼續積極管理旗下之投資物業。儘管香港物業之租金收入及溢利均有可能於本財政年度上升，但升幅不會可觀。然而，基於高消費之內地旅客為香港零售業提供支持，加上本公司之商場均座落於黃金地段，故吾等可以安心。最近由一家知名國際地產代理公司發表之研究報告指出，銅鑼灣及旺角為大中華區內租金最高之購物區。(研究之城市除香港外，尚包括北京、上海、廣州及台北)。列位股東均知道，本公司在該兩個購物區擁有龐大數量之物業。

The external environment in China has also improved substantially from the time we first entered in the early 1990's. The overall economy has been greatly strengthened; rules and regulations pertaining to real estate and related disciplines are further established; government officials everywhere are better educated and more informed; and physical infrastructure has improved tremendously. These also give us confidence to make the next big move.

We have identified some thirty major cities in China and hope to do at least seven to eight, and preferably nine or ten, sizeable projects in the coming few years. We will bring the expertise gained in Hong Kong and in Shanghai, and do first class developments which local developers have yet to emulate. Some space may be for sale but most will be for long term hold. With over HK\$20 billion of cash flow expected in the coming two to three years, financing will not be a problem at all.

In fact, our staff have started over a year ago to search for potential sites all over China. It is hard work and finding a project which meets our stringent requirements is not easy. The good thing is that there are many big cities in China with reasonably well-to-do citizens. I believe that we have a fair chance of success.

New project developments aside, we will continue to actively manage our existing investment properties. Whereas it is likely that Hong Kong rental revenue and profit will both go up in the present financial year, growth rates will not be spectacular. Nevertheless, we can take comfort in the fact that high spending mainland tourists are underpinning the city's retail trade, and that our shopping centers are all in excellent locations. A recent research report by a reputable international estate agency stated that Causeway Bay and Mongkok command the top two highest rents among all shopping districts in the Greater China region. (Cities studied include Beijing, Shanghai, Guangzhou and Taipei, in addition to Hong Kong.) As you may know, we have dominant positions in these two districts.

本公司上海物業之租金增長料將於來年放緩。經過三至四年之營運後，吾等對市場及旗下物業已有更佳理解，並已在租戶組合等各方面作出所需之改變。如今情況經已穩定，而未來一年簽定新租約之數目亦有限。恒隆廣場之第二幢辦公室大樓應在二零零六年年底落成，從而為本公司開展下一輪之租金增長。

正如上文所述，本公司將繼續進行物業銷售。由於本公司之物業組合並非龐大，故本公司之目標一如以往乃為每個項目爭取最大利潤。因此，市場推廣計劃有可能視乎管理層對市道之看法而張弛。部份人士憂慮市場內有太多競爭產品，但這對本公司應不構成問題，因本公司之項目均處於優質地點，並擁有優質之設計及施工。事實上，本公司之物業組合內有許多海景單位，這在今天頗為罕有，甚具賣點。

總括而言，本公司未來三年之前景應頗為美好。

主席
陳啟宗

香港，二零零四年九月八日

The growth rate of our Shanghai rents in the coming year is expected to slow down. After three to four years of operation, we have a better understanding of the market and of our properties. Necessary changes such as tenant mix were made and now things have stabilized. The number of rent renewals will also be limited in the coming year. The second office tower of Plaza 66 should be completed by late 2006, thus starting another round of rental growth.

Property sales will continue as discussed earlier. Since we do not have a huge portfolio, our goal as before is to maximize profit in every project. As a result, marketing campaigns may ebb and flow depending on management's view regarding market sentiments. Some people worry that there may be too many competing products in the market. That however should not be a problem since our developments are all superbly located, in addition to being well designed and constructed. In fact, many of the units in our portfolio have a seaview which is a rarity these days and is a great selling point.

All in all, the prospect for the group over the next three years should be quite favorable.

Ronnie C. Chan

Chairman

Hong Kong, 8 September 2004