

董事局報告

Report of the Directors

董事局欣然提呈截至二零零四年六月三十日止年度其報告及已審核財務報表以供省覽。

主要業務

本公司之主要業務為控股投資，並透過其附屬公司投資物業以供收租、發展物業以供出售及租賃，以及停車場管理與物業管理。

按業務及地域性分析之本集團營業額及業績載於賬項附註第二項內。

主要附屬公司及合營公司

本集團之主要附屬公司及合營公司，其營業及註冊地點、已發行股本／註冊資本等資料載於賬項附註第三十二及三十三項內。

業績

本集團截至二零零四年六月三十日止年度之溢利及本公司與本集團於該日之財政狀況載於第九十六至一百四十八頁之財務報表內。

十年財務概要

本集團過去十個財政年度之業績、資產及負債概要載於本年報第四及五頁內。

THE DIRECTORS HAVE PLEASURE IN SUBMITTING THEIR REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004.

Principal Activities

The principal activities of the Company are investment holding, and through its subsidiaries, property investment for rental income, property development for sale and leasing, car park management and property management.

An analysis of the Group's turnover and trading results by business and geographical segments during the financial year is set out in Note 2 on the Accounts.

Principal Subsidiaries and Jointly Controlled Entities

A list of principal subsidiaries and jointly controlled entities, together with their countries of operations and incorporation and particulars of their issued share capital/registered capital, is set out in Notes 32 and 33 on the Accounts.

Financial Results

The profit of the Group for the year ended 30 June 2004, and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 96 to 148.

Ten Year Summary

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on pages 4 and 5 of the annual report.

股息

董事現建議派發末期股息每股普通股三角三仙，連同於二零零四年四月二十三日已派發之中期股息每股普通股一角一仙，截至二零零四年六月三十日止年度之全年派息將合共為每股普通股四角四仙。擬派發之普通股末期股息倘於二零零四年十一月二十三日舉行之股東週年大會中獲股東通過，將於二零零四年十一月二十六日派發予於二零零四年十一月十日名列股東名冊之股東。

主要供應商及客戶

年內本集團五大供應商合共所佔之購貨額百分比及本集團五大客戶合共所佔之營業額或銷售額百分比各不超過本集團本年度總購貨額及總營業額或銷售額百分之三十。

儲備

年內本公司及本集團之儲備變動情況載於賬項附註第二十三項內。

捐款

年內本集團之捐款為港幣六百三十萬元(二零零三年：港幣一千二百二十萬元)。

固定資產

年內固定資產之變動情況載於賬項附註第九項內。

銀行貸款及透支

本集團於二零零四年六月三十日之銀行貸款及透支情況載於賬項附註第十五項內。

資本化之借貸支出

年內本集團資本化之借貸支出款項為港幣一億二千七百二十萬元(二零零三年：港幣一億七千萬元)。

集團主要物業

本集團主要物業於二零零四年六月三十日之詳情載於本年報第六十至六十八頁內。

Dividends

The directors now recommend a final dividend of 33 cents per ordinary share which, together with the interim dividend of 11 cents per ordinary share paid on 23 April 2004, makes a total of 44 cents per ordinary share in respect of the year ended 30 June 2004. The proposed final ordinary dividend, if approved by the shareholders at the Annual General Meeting on 23 November 2004, will be paid on 26 November 2004 to shareholders whose names appear on the Register of Members on 10 November 2004.

Major Suppliers and Customers

During the year, both the percentage of purchases attributable to the Group's 5 largest suppliers combined and the percentage of turnover or sales attributable to the Group's 5 largest customers combined were less than 30% of the total purchases and turnover or sales of the Group respectively.

Reserves

Movements in the reserves of the Company and of the Group during the year are set out in Note 23 on the Accounts.

Donations

Donations made by the Group during the year amounted to HK\$6.3 million (2003: HK\$12.2 million).

Fixed Assets

Details of movements in fixed assets during the year are set out in Note 9 on the Accounts.

Bank Loans and Overdrafts

Particulars of bank loans and overdrafts of the Group as at 30 June 2004 are set out in Note 15 on the Accounts.

Borrowing Costs Capitalisation

Borrowing costs capitalised by the Group during the year amounted to HK\$127.2 million (2003: HK\$170.0 million).

Major Group Properties

Details of major properties of the Group as at 30 June 2004 are set out on pages 60 to 68 of the annual report.

股本

於本年度內，三萬七千二百八十五股(二零零三年：無)可換股累積優先股獲轉換為普通股股份，因而發行二千八百五十六萬零三百一十股(二零零三年：無)普通股。

年內由於本公司之全資附屬公司 HLP International Treasury Limited 發行之三點四厘於二零零七年到期之擔保可換股債券(「債券」)獲行使附有之轉換權，已發行及繳足股本因而再增加發行三億八千二百萬零六千五百五十三股(二零零三年：無)普通股。於二零零四年六月三十日，所有債券已獲轉換或贖回。

年內本公司股本之變動詳情載於賬項附註第二十二項內。

董事

於本報告日之本公司董事如下，彼等之簡歷載於本年報第四十二至四十九頁內。

姓名	職銜	年齡	擔任本公司董事之時間 (年計)
陳啟宗	主席	54	18
殷尚賢	副主席(獨立非執行董事)	73	24
袁偉良	董事總經理	53	18
夏佳理	獨立非執行董事	65	24
陳樂怡	獨立非執行董事	56	7
鄭漢鈞	獨立非執行董事	77	11
何世良	執行董事	66	4
廖柏偉	獨立非執行董事	56	6
吳士元	執行董事	44	3

遵照本公司組織章程細則第一百零三、一百零四及一百一十八條規定，夏佳理先生、廖柏偉先生及吳士元先生輪值告退，惟願膺選連任。

Share Capital

During the year, 37,285 (2003: Nil) Convertible Cumulative Preference Shares of the Company were converted which resulted in the issue of 28,560,310 (2003: Nil) ordinary shares of the Company.

The issued and fully paid ordinary share capital was further increased during the year by an additional issue of 382,006,553 (2003: Nil) ordinary shares as a result of the exercise of conversion rights attaching to the 3.4% Guaranteed Convertible Bonds due 2007 issued by the Company's wholly-owned subsidiary, HLP International Treasury Limited ("Convertible Bonds") in 2002. All Convertible Bonds have been converted or redeemed as at 30 June 2004.

Details of movements in share capital of the Company during the year are set out in Note 22 on the Accounts.

Directors

The directors of the Company as at the date of this report are as follows and their brief biographical details are set out on pages 42 to 49 of the annual report.

Name	Position Held	Age	Length of Directorship (in years)
Ronnie C. Chan	Chairman	54	18
S.S. Yin	Vice Chairman (Independent Non-Executive Director)	73	24
Nelson W.L. Yuen	Managing Director	53	18
Ronald J. Arculli	Independent Non-Executive Director	65	24
Laura L.Y. Chen	Independent Non-Executive Director	56	7
H.K. Cheng	Independent Non-Executive Director	77	11
Wilfred S.L. Ho	Executive Director	66	4
P.W. Liu	Independent Non-Executive Director	56	6
Terry S.Y. Ng	Executive Director	44	3

In accordance with Articles 103, 104 and 118 of the Company's Articles of Association, Mr. Ronald J. Arculli, Mr. P.W. Liu and Mr. Terry S.Y. Ng retire from the board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

董事之服務合約

獨立非執行董事之任職屆滿日期與彼等遵照本公司組織章程細則之條文之預期輪值告退日期一致。執行董事概無與本公司訂立一年內倘終止則須作出賠償(法定賠償除外)之服務合約。

股東於股東週年大會上授權董事局釐定董事袍金，而本公司之提名及薪酬委員會將建議金額並交由董事局採納。每位執行董事之薪酬總額亦由提名及薪酬委員會決定。

擬於即將舉行之股東週年大會上膺選連任之董事概無與本公司或其控股公司或其任何附屬公司訂立於一年內倘終止則須作出賠償(法定賠償除外)之服務合約。

董事之合約權益

於年結日或年內任何時間，概無任何本公司董事在本公司或其控股公司或其任何附屬公司之任何重要合約中直接或間接擁有重大權益。

董事於股份、相關股份及債權證之權益及淡倉

於二零零四年五月二十日，本公司及本公司之控股公司恒隆集團有限公司分別根據各自之股份期權計劃，向下列董事授予可認購本公司普通股股份及控股公司股份之期權。有關期權可分四期行使，於二零零五年五月二十日起可行使第一個百分之二十五，二零零六年五月二十日起可行使第二個百分之二十五，二零零七年五月二十日起可行使第三個百分之二十五，二零零八年五月二十日起可行使餘下之百分之二十五，而全部股份期權之行使期將於二零一四年五月十九日屆滿。

董事姓名	本公司			恒隆集團有限公司		
	股份期權股數	每股普通股 股份行使價	獲授股份期權 而支付之代價	股份期權股數	每股股份行使價	獲授股份期權 而支付之代價
陳啟宗	5,090,000	9.20港元	1.00港元	5,090,000	9.45港元	1.00港元
袁偉良	7,126,000	9.20港元	1.00港元	3,000,000	9.45港元	1.00港元
何世良	3,239,000	9.20港元	1.00港元	1,388,000	9.45港元	1.00港元
吳士元	3,239,000	9.20港元	1.00港元	1,388,000	9.45港元	1.00港元

Directors' Service Contracts

The appointments of independent non-executive directors are for specific terms which coincide with their expected dates of retirement by rotation in accordance with the provisions of the Company's Articles of Association. The executive directors do not have any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

The shareholders authorised the board of directors to fix the directors' fee at the annual general meeting. The Nomination and Remuneration Committee of the Company will recommend the amount for adoption by the board of directors. The remuneration package of each executive director is also determined by the Nomination and Remuneration Committee.

No director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company, its holding company or any of their subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

No contract of significance to which the Company, its holding company or any of their subsidiaries was a party, and in which a director of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or at the end of the year.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

On 20 May 2004, the following directors had been granted options to subscribe for ordinary shares in the Company and for shares in the Company's holding company, Hang Lung Group Limited under their respective Share Option Schemes. The options granted are exercisable in 4 tranches, i.e. the first 25% from 20 May 2005, the second 25% from 20 May 2006, the third 25% from 20 May 2007 and the balance 25% from 20 May 2008, all expiring on 19 May 2014, as follows:

Name of Directors	The Company			Hang Lung Group Limited		
	No. of Option Shares	Exercise Price Per Ordinary Share	Consideration paid for the Option Granted	No. of Option Shares	Exercise Price Per Share	Consideration paid for the Option Granted
Ronnie C. Chan	5,090,000	HK\$9.20	HK\$1.00	5,090,000	HK\$9.45	HK\$1.00
Nelson W.L. Yuen	7,126,000	HK\$9.20	HK\$1.00	3,000,000	HK\$9.45	HK\$1.00
Wilfred S.L. Ho	3,239,000	HK\$9.20	HK\$1.00	1,388,000	HK\$9.45	HK\$1.00
Terry S.Y. Ng	3,239,000	HK\$9.20	HK\$1.00	1,388,000	HK\$9.45	HK\$1.00

根據證券及期貨條例(「證券條例」)第XV部或根據上市公司董事進行證券交易的標準守規須知會本公司及香港聯合交易所有限公司，或根據證券條例第三百五十二條規定須予備存之登記冊所記錄，董事及其聯繫人於二零零四年六月三十日持有本公司及其相聯法團之股份及相關股份之權益如下：

董事姓名	本公司			恒隆集團有限公司		
	每股面值港幣一元之 普通股股份		股份 期權#	每股面值港幣一元之 股份		股份 期權#
	已發行股本 之百分率	股份數目	已發行股本 之百分率	股份數目		
陳啟宗	-	-	5,090,000	-	-	5,090,000
殷尚賢	-	-	-	-	-	-
袁偉良	-	-	7,126,000	-	-	5,500,000
夏佳理	724,346	0.022	-	1,089,975	0.082	-
陳樂怡	-	-	-	-	-	-
鄭漢鈞	-	-	-	-	-	-
何世良	-	-	3,239,000	-	-	2,638,000
廖柏偉	-	-	-	-	-	-
吳士元	-	-	3,239,000	-	-	2,638,000

尚未行使

除以上所披露外，並無本公司董事或彼等之任何聯繫人持有本公司或任何相聯法團之股份、相關股份或債權證中之權益及淡倉。

除以上所述外，於年內任何時間，本公司或其控股公司或其任何附屬公司概無作出任何安排使本公司董事(包括彼等之配偶及未滿十八歲之子女)可藉購入本公司或任何其他機構之股份或債權證而獲益。

As at 30 June 2004, the directors and their associates had the following interests in the shares and underlying shares of the Company and its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Part XV of the Securities and Futures Ordinance ("SFO") or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein:

Name of Directors	The Company			Hang Lung Group Limited		
	Ordinary Shares of HK\$1.00 each Interests in Shares	% of Issued Capital	Share Options# No. of Shares	Shares of HK\$1.00 each Interests in Shares	% of Issued Capital	Share Options# No. of Shares
Ronnie C. Chan	-	-	5,090,000	-	-	5,090,000
S.S. Yin	-	-	-	-	-	-
Nelson W.L. Yuen	-	-	7,126,000	-	-	5,500,000
Ronald J. Arculli	724,346	0.022	-	1,089,975	0.082	-
Laura L.Y. Chen	-	-	-	-	-	-
H.K. Cheng	-	-	-	-	-	-
Wilfred S.L. Ho	-	-	3,239,000	-	-	2,638,000
P.W. Liu	-	-	-	-	-	-
Terry S.Y. Ng	-	-	3,239,000	-	-	2,638,000

not yet exercised

Save as disclosed above, none of the directors of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation.

Other than as stated above, at no time during the year was the Company, its holding company or any of their subsidiaries a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東及其他人士於股份及相關股份之權益及淡倉

根據證券及期貨條例(「證券條例」)第三百三十六條規定須予備存之登記冊所記錄，主要股東及依據證券條例第XV部須披露其權益之其他人士於二零零四年六月三十日持有本公司之股份及相關股份之權益以及淡倉之詳情如下：

(a) 股份權益

	持有普通股 股份數目	已發行 股本之 百分率
陳譚慶芬	1,897,809,670 (附註1)	57.51
Cole Limited	1,897,809,670 (附註1)	57.51
恒隆集團有限公司	1,869,476,570 (附註2)	56.65
恒旺有限公司	1,267,608,690 (附註3)	38.41
Purotat Limited	354,227,500 (附註3)	10.73
The Capital Group Companies, Inc.	342,104,366	10.37
HSBC group of companies	202,121,505	6.13

附註

1. 此等股份與一信託基金所持有之股份為同一批股份。陳譚慶芬女士為該信託基金之成立人。Cole Limited被視為於恒隆集團有限公司及其附屬公司所持有之普通股股份中擁有權益，而該等普通股股份已包括在上述十八億九千七百八十萬九千六百七十股股份之數目內。
2. 恒隆集團有限公司被視為於其附屬公司恒旺有限公司所持有之十二億六千七百六十萬八千六百九十股普通股股份、Purotat Limited所持有之三億五千四百二十二萬七千五百股普通股股份以及其他附屬公司所持有之二億四千七百六十四萬零三百八十股普通股股份中擁有權益。
3. 恒旺有限公司所持有之十二億六千七百六十萬八千六百九十股普通股股份及Purotat Limited所持有之三億五千四百二十二萬七千五百股普通股股份已包括在上述由恒隆集團有限公司所持有之十八億六千九百四十七萬六千五百七十股普通股股份之數目內。

(b) 淡倉及相關股份

除以上(a)段所披露者外，根據證券條例第三百三十六條規定須予備存之登記冊所記錄，並無其他已知會本公司之權益。

購回、出售或贖回上市證券

年內本公司或其任何附屬公司並無購回、出售或贖回本公司之任何上市證券。

遵守最佳應用守則

整年內本公司均遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之最佳應用守則。

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2004, details of substantial shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the Securities and Futures Ordinance ("SFO")) interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

(a) Interests in Shares

	No. of Ordinary Shares Held	% of Issued Capital
CHAN TAN Ching Fen	1,897,809,670 <i>(Note 1)</i>	57.51
Cole Limited	1,897,809,670 <i>(Note 1)</i>	57.51
Hang Lung Group Limited	1,869,476,570 <i>(Note 2)</i>	56.65
Prosperland Housing Limited	1,267,608,690 <i>(Note 3)</i>	38.41
Purotat Limited	354,227,500 <i>(Note 3)</i>	10.73
The Capital Group Companies, Inc.	342,104,366	10.37
HSBC group of companies	202,121,505	6.13

Notes

1. These shares were the same parcel of shares held by a trust of which Ms. CHAN TAN Ching Fen was the founder. Cole Limited was deemed to be interested in the ordinary shares held by Hang Lung Group Limited and its subsidiaries, which number of ordinary shares were included in the above-mentioned number of 1,897,809,670.
2. Hang Lung Group Limited was deemed to be interested in the shareholdings of its subsidiaries, viz. 1,267,608,690 ordinary shares held by Prosperland Housing Limited, 354,227,500 ordinary shares held by Purotat Limited, and 247,640,380 ordinary shares held by other subsidiaries.
3. The 1,267,608,690 ordinary shares held by Prosperland Housing Limited and the 354,227,500 ordinary shares held by Purotat Limited were included in the above-mentioned number of 1,869,476,570 ordinary shares held by Hang Lung Group Limited.

(b) Short Positions in Shares and Underlying Shares

Save as disclosed in paragraph (a) above, no other interest required to be recorded in the register kept under Section 336 of the SFO has been notified to the Company.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Code of Best Practice

Throughout the year, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

遵守上市規則附錄十所載之標準守則

就董事之證券交易，本公司已採納一套不低於上市規則附錄十所載之標準守則（「守則」）所規定之標準之行為守則（「行為守則」），本公司並向所有董事作出特定查詢，彼等已遵守守則及行為守則所規定之標準。

足夠公眾持股量

於二零零四年九月八日，即在本年報刊發前之最後實際可行日期，根據本公司可以得悉而本公司董事亦知悉之公開資料，本公司相信公眾人士持有本公司證券之數量高於有關指定之最低百分比。

核數師

本公司將於即將舉行之股東週年大會上提出決議案，建議再度委任畢馬威會計師事務所為本公司核數師，直至下屆股東週年大會結束為止。

承董事局命

秘書

程式榮 謹啟

香港，二零零四年九月八日

Compliance with the Model Code Set Out in Appendix 10 to the Listing Rules

The Company has adopted a code of conduct regarding securities transactions by directors ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Listing Rules ("the Code") and the Company has made specific enquiry of all directors that they have complied with the required standard set out in the Code and the Code of Conduct.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at 8 September 2004, the latest practicable date prior to the issue of this annual report, the Company believes that the number of securities of the Company which are in the hands of the public is above the relevant prescribed minimum percentage.

Auditors

A resolution for the re-appointment of KPMG as auditors of the Company until the conclusion of the next Annual General Meeting is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Robin S.W. Ching

Secretary

Hong Kong, 8 September 2004