

Report of the Directors

董事局報告

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 30 June 2005.

Principal Activities

The principal activities of the Company are investment holding, and through its subsidiaries, property investment for rental income, property development for sales 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 of the Accounts.

Principal Subsidiaries and Jointly Controlled Entities

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

Financial Results

The profit of the Group for the year ended 30 June 2005, and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 106 to 152.

Ten-year Financial 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 153 to 155 of the annual report.

Dividends

The directors now recommend a final dividend of 37 cents per ordinary share which, together with the interim dividend of 13 cents per ordinary share paid on 22 April 2005, makes a total of 50 cents per ordinary share in respect of the year ended 30 June 2005. The proposed final ordinary dividend, if approved by the shareholders at the Annual General Meeting on 8 November 2005, will be paid on 25 November 2005 to shareholders whose names appear on the Register of Members on 4 November 2005.

Major Suppliers and Customers

During the year, both the percentage of purchases attributable to the Group's 5 largest suppliers combined and the percentage

董事局欣然提呈截至二零零五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

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

本集團截至二零零五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務狀況載於財務報表第一百零六至一百五十二頁內。

十年財務概覽

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一百五十三至一百五十五頁內。

股息

董事現建議派發末期股息每股普通股三角七仙，連同於二零零五年四月二十二日已派發之中期股息每股普通股一角三仙，截至二零零五年六月三十日止年度之全年派息將合共為每股普通股五角。擬派發之普通股末期息倘於二零零五年十一月八日舉行之股東週年大會中獲股東通過，將於二零零五年十一月二十五日派發予二零零五年十一月四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

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\$9.6 million (2004: HK\$6.3 million).

Fixed Assets

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

Bank Loans

Particulars of bank loans of the Group as at 30 June 2005 are set out in Note 18 on the Accounts.

Borrowing Costs Capitalisation

Borrowing costs capitalised by the Group during the year amounted to HK\$20.2 million (2004: HK\$127.2 million).

Major Group Properties

Details of major properties of the Group as at 30 June 2005 are set out on pages 88 to 94 of the annual report.

Share Capital

During the year, 17,235 (2004: 37,285) convertible cumulative preference shares of the Company were converted which resulted in the issue of 13,202,010 (2004: 28,560,310) ordinary shares of the Company.

The issued and fully paid ordinary share capital was further increased during the year by an issue of 50,000 (2004: Nil) ordinary shares as a result of the exercise of share options under the Company's share option scheme.

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

分比各不超過本集團總購貨額及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九百六十萬元(二零零四年：港幣六百三十萬元)。

固定資產

年內固定資產之變動詳情載於賬項附註第九項內。

銀行貸款

本集團於二零零五年六月三十日之銀行貸款情況載於賬項附註第十八項內。

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二千零二十萬元(二零零四年：港幣一億二千七百二十萬元)。

集團主要物業

於二零零五年六月三十日本集團主要物業之詳情載於本年報第八十八至九十四頁內。

股本

於本年度內，一萬七千二百三十五股(二零零四年：三萬七千二百八十五股)可換股累積優先股獲轉換為普通股股份，因而發行一千三百二十萬二千零一十股(二零零四年：二千八百五十六萬零三百一十股)普通股。

年內由於行使本公司股份期權計劃之股份期權，已發行及繳足股本因而再增加發行五萬股(二零零四年：無)普通股。

年內本公司股本之變動詳情載於賬項附註第二十二項內。

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 59 to 63 of the annual report. Details of their remuneration are set out in Note 4 on the Accounts.

董事

於本報告日之本公司董事如下，而彼等之簡歷載於本年報第五十九至六十三頁內。彼等之薪酬詳情載於賬項附註第四項內。

Name 名稱	Position Held 職銜	Age 年齡	Length of Directorship (in years) 擔任本公司董事之時間 (年計)
Ronnie C. Chan 陳啟宗	Chairman 主席	55	19
S.S. Yin 殷尚賢	Vice Chairman (Independent Non-Executive Director) 副主席 (獨立非執行董事)	74	25
Nelson W.L. Yuen 袁偉良	Managing Director 董事總經理	54	19
Ronald J. Arculli 夏佳理	Independent Non-Executive Director 獨立非執行董事	66	25
Laura L.Y. Chen 陳樂怡	Independent Non-Executive Director 獨立非執行董事	57	8
H.K. Cheng 鄭漢鈞	Independent Non-Executive Director 獨立非執行董事	78	12
Wilfred S.L. Ho 何世良	Executive Director 執行董事	67	5
P.W. Liu 廖柏偉	Independent Non-Executive Director 獨立非執行董事	57	7
Terry S. Ng 吳士元	Executive Director 執行董事	45	4

In accordance with Articles 103, 104 and 118 of the Company's Articles of Association, Mr. Ronnie C. Chan retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. Pursuant to the Recommended Best Practices set out in the Rule A.4.3 of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), any further appointment of independent non-executive director serving more than 9 years should be subject to a separate resolution to be approved by shareholders. Mr. H.K. Cheng, Mr. S.S. Yin and Mr. Ronald J. Arculli who are independent non-executive directors of the Company and have served the Company more than 9 years, retire from the Board at the forthcoming Annual General Meeting and offer themselves for re-election. Such appointments will be subject to separate resolutions to be approved by shareholders of the Company.

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，陳啟宗先生於應屆股東週年大會輪值告退，惟願膺選連任。根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四第A.4.3條所載之建議最佳常規，倘要繼續委任任期超過九年的獨立非執行董事，則須以獨立決議案形式由股東審議通過。鄭漢鈞先生、殷尚賢先生及夏佳理先生均為本公司獨立非執行董事，並已任職本公司超過九年，將於應屆股東週年大會告退，惟願膺選連任。彼等之委任將由本公司股東另行通過決議案予以批准。

Directors' Service Contracts

The appointments of independent non-executive directors are for specific terms (not exceeding 3 years) 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).

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 in Competing Business

During the year, no director has been interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business which is required to be disclosed pursuant to the Listing Rules.

董事之服務合約

獨立非執行董事之任職屆滿日期(不超過三年)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。

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

董事之合約權益

於年內任何時間或年結日，概無任何董事在本公司、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。

董事之競爭業務權益

年內，概無任何董事在與本公司業務直接或間接出現競爭或可能出現競爭之業務(本公司業務除外)中擁有任何根據上市規則須予披露的權益。

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

As at 30 June 2005, 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:

董事於股份、相關股份及債權證之權益及淡倉

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，董事及其聯繫人於二零零五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：

Name of Directors 董事姓名	Capacity 身份	The Company 本公司			Hang Lung Group Limited 恒隆集團有限公司		
		Interests in Shares 股份權益	% of Issued Capital 已發行股本 之百分率	Share Options# (Note 1) 股份期權# (附註1)	Shares of HK\$1.00 each 每股面值 港幣一元之股份	% of Issued Capital 已發行股本 之百分率	Share Options# (Note 2) 股份期權# (附註2)
				No. of Shares 股份數目			No. of Shares 股份數目
Ronnie C. Chan 陳啟宗	Personal 個人	—	—	5,090,000	—	—	5,090,000
S.S. Yin 殷尚賢	—	—	—	—	—	—	—
Nelson W.L. Yuen 袁偉良	Personal 個人	—	—	7,126,000	—	—	5,500,000
Ronald J. Arculli 夏佳理	Beneficial owner & interest of controlled corporation 實益擁有人 及受控法團 權益	724,346	0.02	—	1,089,975	0.08	—
Laura L.Y. Chen 陳樂怡	—	—	—	—	—	—	—
H.K. Cheng 鄭漢鈞	—	—	—	—	—	—	—
Wilfred S.L. Ho 何世良	Personal 個人	—	—	3,239,000	—	—	2,638,000
P.W. Liu 廖柏偉	—	—	—	—	—	—	—
Terry S. Ng 吳士元	Personal 個人	—	—	3,239,000	—	—	2,638,000

not yet exercised

尚未行使

Notes:

1. These share options were granted to the named directors on 20 May 2004 under the Share Option Scheme of the Company at exercise price of \$9.20 per share, 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.

2.

Name of Directors 董事姓名	No. of Option Shares 股份期權股數	Date Granted 授出日期	Exercise Price Per Share (HK\$) 每股行使價 (港幣)	Period during which options exercisable 股份期權行使期
Ronnie C. Chan 陳啟宗	5,090,000	20 May 2004 二零零四年五月二十日	\$9.45	20 May 2005 to 19 May 2014* 二零零五年五月二十日至 二零一四年五月十九日
Nelson W.L. Yuen 袁偉良	2,500,000	24 February 2000 二零零零年二月二十四日	\$6.12	24 February 2001+ to 23 February 2010 二零零一年二月二十四日至 二零一零年二月二十三日
	3,000,000	20 May 2004 二零零四年五月二十日	\$9.45	20 May 2005 to 19 May 2014* 二零零五年五月二十日至 二零一四年五月十九日
Wilfred S.L. Ho 何世良	1,250,000	24 February 2000 二零零零年二月二十四日	\$6.12	24 February 2001+ to 23 February 2010 二零零一年二月二十四日至 二零一零年二月二十三日
	1,388,000	20 May 2004 二零零四年五月二十日	\$9.45	20 May 2005 to 19 May 2014* 二零零五年五月二十日至 二零一四年五月十九日
Terry S. Ng 吳士元	1,250,000	1 November 2001 二零零一年十一月一日	\$5.87	1 November 2002# to 31 October 2011 二零零二年十一月一日至 二零一一年十月三十一日
	1,388,000	20 May 2004 二零零四年五月二十日	\$9.45	20 May 2005 to 19 May 2014* 二零零五年五月二十日至 二零一四年五月十九日

* These share options were granted to the named directors under the Share Option Scheme of Hang Lung Group Limited, 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.

+ These share options were granted to the named directors under the Share Option Scheme of Hang Lung Group Limited, all of which are now exercisable until 23 February 2010.

This share option was granted to the named director under the Share Option Scheme of Hang Lung Group Limited, which is now exercisable until 31 October 2011.

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.

附註

1. 根據本公司之股份期權計劃，上述董事於二零零四年五月二十日獲授該等股份期權，行使價為每股9.20元，可分四期行使：即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以及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。

* 該等股份期權乃根據恒隆集團有限公司之股份期權計劃授予上述董事。有關期權可分四期行使：即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。

+ 該等股份期權乃根據恒隆集團有限公司之股份期權計劃授予上述董事。全部期權可由現時起至二零一零年二月二十三日前行使。

該股份期權乃根據恒隆集團有限公司之股份期權計劃授予上述董事。有關期權可由現時起至二零一一年十月三十一日前行使。

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或淡倉。

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 spouses 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.

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

As at 30 June 2005, details of substantial shareholders' and other persons' (who are required to disclose their interests pursuant to Part XV of the 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

Name 名稱	No. of Ordinary Shares Held 持有普通股股份數目	% of Issued Capital 已發行股本之百分率
CHAN TAN Ching Fen 陳譚慶芬	1,982,768,670 (Note 1) (附註1)	53.83
Cole Limited	1,982,768,670 (Note 1) (附註1)	53.83
Hang Lung Group Limited 恒隆集團有限公司	1,954,435,570 (Note 2) (附註2)	53.06
Prosperland Housing Limited 恒旺有限公司	1,267,608,690 (Note 3) (附註3)	34.42
Purotat Limited	354,227,500 (Note 3) (附註3)	9.62
The Capital Group Companies, Inc.	334,962,158	9.09

Notes:

- 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 1,982,768,670.
- 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 332,599,380 ordinary shares held by other subsidiaries.

除以上所述外，於年內任何時間，本公司、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。

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二零零五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

附註：

- 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十九億八千二百七十六萬八千六百七十股股份之數目內。
- 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三億三千二百五十九萬九千三百八十股普通股股份中擁有權益。

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 1,954,435,570 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.

Related Party Transactions

Details of the significant related party transactions undertaken in the usual course of business are set out in Note 28 on the Accounts. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

Management Contracts

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

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.

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 the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

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, 31 August 2005

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十九億五千四百四十三萬五千五百七十股普通股股份之數目內。

(b) 股份及相關股份之淡倉

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其他權益。

關連人士交易

在日常業務中進行的重大關連人士交易詳情載於賬項附註第二十八項內。該等關連人士交易並不構成上市規則界定的須予披露關連交易。

管理合約

年內本公司並無就本公司全部或任何主要業務訂立或現存任何管理及行政合約。

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。

足夠公眾持股量

截至本年報日期，根據本公司可以得悉而本公司董事亦知悉之公開資料，本公司已維持上市規則訂明之公眾持股量。

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，二零零五年八月三十一日