

Managing Director's Statement

業績

本集團截至二零零四年十二月三十一日止年度之綜合股東應佔溢利淨額為200,638,000港元(二零零三年：102,420,000港元)，較去年上升98,218,000港元或96%。營業額及經營溢利分別上升至1,973,098,000港元(二零零三年：1,904,212,000港元)及437,070,000港元(二零零三年：267,798,000港元)，即分別上升4%及63%，其主要原因是物業發展帶來的邊際利潤及貢獻得到改善和集團策略實施得宜所致。於二零零四年十二月三十一日，本集團之每股資產淨值為5.0港元(二零零三年：5.0港元)。每股盈利為25.3港仙(二零零三年：12.4港仙)，上升104%。

整體表現

物業發展及投資

本集團錄得售出之總樓面面積約為225,000平方米(二零零三年：291,000平方米)，較二零零三年下降23%，大部份來自出售高檔住宅及寫字樓。在中國銷售之物業如上海天安中心、南通天安花園(二期)、深圳天安數碼城創新科技廣場(二期)、常州新城市花園(四期)、無錫紅山半島(三期)、上海天安別墅(一期)及長春天安第一城(二期)等對本集團年內之理想表現有重大貢獻。

年內，已竣工商／住物業總樓面面積約為319,000平方米(二零零三年：314,000平方米)，較去年上升2%。於二零零四年底，在建工程總樓面面積約為272,000平方米(二零零三年：390,000平方米)，較去年下降30%，包括常州天安別墅(一期)、北京天安豪園(前稱北京福華大廈)、大連天安海景花園(二期B)及廣州番禺節能科技園(二期)。同時，本集團將於二零零五年動工之總樓面面積約176,000平方米，包括上海天安陽明山莊(一期)、常州新城市花園(五期)及南通天安花園(三期)。

RESULTS

For the year ended 31st December, 2004, the Group achieved a consolidated net profit attributable to shareholders of HK\$200,638,000 (2003: HK\$102,420,000) which represents an increase of HK\$98,218,000, or 96% above the previous year. The increases in turnover and operating profit to HK\$1,973,098,000 (2003: HK\$1,904,212,000) and HK\$437,070,000 (2003: HK\$267,798,000) respectively, representing increases of 4% and 63% respectively, were mainly the result of improved profit margins and contributions from property development and proper implementation of the Group's strategy. As at 31st December, 2004, the Group's net asset value per share was HK\$5.0 (2003: HK\$5.0). Earnings per share was 25.3 HK cents (2003: 12.4 HK cents), representing an increase of 104%.

OVERALL PERFORMANCE

Property Development and Investment

The Group recorded sales of total gross floor areas ("GFA") of approximately 225,000m² (2003: 291,000m²), representing a decrease of 23% over 2003. Almost all sales came from high-end residential or commercial properties. Properties sold in the PRC such as Shanghai Tian An Centre, Nantong Tian An Garden (Phase 2), Shenzhen Tian An New Technology Plaza (Phase 2), Changzhou New City Garden (Phase 4), Wuxi Redhill Peninsula (Phase 3), Shanghai Tian An Villa (Phase 1) and Changchun Tian An City One (Phase 2) contributed significantly to the satisfactory performance.

During the year, a total GFA of approximately 319,000m² (2003: 314,000m²) of residential/commercial properties was completed, representing an increase of 2% over last year. By the end of 2004, a total GFA of approximately 272,000m² (2003: 390,000m²) was under construction, representing a 30% decrease from the preceding year, including Changzhou Tian An Villa (Phase 1), Beijing Park Apartments (formerly known as Beijing Fu Hua Building), Dalian Tian An Seaview Garden (Phase 2B) and Guangzhou Panyu Hi-Tech Ecological Park (Phase 2). At the same time, a total GFA of approximately 176,000m² will be commenced construction in 2005, including Shanghai Tian An Yang Ming Resort (Phase 1), Changzhou New City Garden (Phase 5) and Nantong Tian An Garden (Phase 3).

建築材料

由於受宏觀調控影響，上海市全年水泥用量約有23,000,000噸，比去年增加約10%，期內各大水泥集團對上海市場的水泥供應量卻比上年增加，導致水泥價格於五月份開始直線下降，並對上海聯合水泥股份有限公司（本集團一上市附屬公司）造成負面影響。期內水泥及熟料銷量為146萬噸（2003：145萬噸）。

業務回顧

本集團主要經營範圍包括：發展高端公寓住宅、別墅、寫字樓及商用樓宇，生產及銷售建築材料，物業管理及酒店營運。

本集團之目標客戶是各行各業之成功人士等高端客戶，於年內本集團推出銷售之住宅及別墅項目包括：南通天安花園、常州新城市花園、無錫紅山半島、上海天安別墅、長春天安第一城及大連天安海景花園。寫字樓項目包括：上海天安中心、深圳天安創新科技廣場、廣州番禺節能科技園及大連天安國際大廈。

南通天安花園位於新城區核心位置，東臨南通市行政中心，西連南通老城區，有著得天獨厚的地理優勢。項目發展上注意將綠生態、水生態、建築、社區文化和諧統一，景觀空間佈置有序，園內外美景融為一體。二期發展中更設立園中園—天安花園尊邸美墅。從而最大限度的滿足更高層次成功人士對別墅的需求。上半年推出後反應熱烈，有數百人日夜排隊購房，全年銷售價格理想，是集團最重要利潤中心之一。

Building materials

With the ongoing macro-economic adjustment programme, the volume of cement consumed in Shanghai amounted to approximately 23,000,000 tonnes for the year, a rise of approximately 10% over the previous year. During this period, the major cement suppliers boosted their supplies to the Shanghai market, resulting in a steep decline in the price of cement starting in May. This had a negative impact on Shanghai Allied Cement Limited, a listed subsidiary of the Group. The volume of cement and clinker it sold during this period was 1.46 million tonnes (2003: 1.45 million tonnes).

BUSINESS REVIEW

The Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, manufacture and sale of building materials, property management and hotel operation.

The Group's target clientele are high-end users who have achieved success in various walks of life. The residential projects offered for sale by the Group during the year included Nantong Tian An Garden, Changzhou New City Garden, Wuxi Redhill Peninsula, Shanghai Tian An Villa, Changchun Tian An City One and Dalian Tian An Seaview Garden. The office buildings on offer included Shanghai Tian An Centre, Shenzhen Tian An New Technology Plaza, Guangzhou Panyu Hi-Tech Ecological Park and Dalian Tian An International Tower.

Nantong Tian An Garden is situated in the centre of the new city district. With Nantong municipality's administrative centre to its east and the old city district to its west, the development is uniquely blessed in terms of location. The project's designers have put much effort to harmonize the architecture with the ecological and aquatic environment, as well as the community culture. The result is well-balanced views and spaces, and the seamless integration of internal and external perspectives. In particular, Phase 2 features a "garden within the garden" – the Tian An Garden Luxury Villas. They will satisfy the requirements of top-end users, offering sales packages complementing those of apartments. The launch in the first half of the year met with an enthusiastic response, with hundreds of buyers queuing up constantly. The project's sales prices achieved for the year were strong, becoming one of the Group's most important profit centres.

上海天安中心位於黃浦區南京西路、人民廣場核心商務圈，其中1-4層作商業用途，5-30層為甲級寫字樓。如奔馳(Mercedes-Benz)、尼康(Nikon)以及馬士基(Maersk)等多家跨國公司已經入住。天安中心緊鄰上海市政府、國際飯店、萬豪國際酒店，凝聚最具影響力的經濟環境；博物館、城市規劃館、美術館、大劇院環列四周，薈萃最具藝術性的城市文化；國際級的設計、建造、設備配置和物業管理體系，成就至高的尊崇與價值。不論在歷史、地理、行政、人文還是財富的意義上，天安中心都成為地標性建築。加上上海寫字樓市場持續景氣，使天安中心優勢得以發揮。租售表現理想，成為集團在上海的旗艦建築及最重要利潤中心之一。

市場風險分析

四月底，政府高調宏觀調控，其核心內容是用市場方法緊縮銀行貸款規模及收緊房地產市場土地供應。目的是收窄固定資產投資規模，平抑通脹、原燃材料、電力緊張局面及抑制房價上漲幅度。宏觀調控實施後，卻使房價進一步上漲，而且其勢頭甚於宏觀調控之前。本集團認為，導致房價上漲有多種客觀理由，其中包括：

- 1、土地供應量突然減少，預期房屋需求高於房屋供應；
- 2、從一九九三年至一九九九年內地房價下降約60%，這幾年房價上漲有一部分是價格回歸；
- 3、內地股市持續低迷，銀行存款利息低，錢找不到其他投資去處，房地產成為主要投資品種，使需求持續增加；

Shanghai Tian An Centre is located in Huangpu District, Nanjing Road West, Shanghai, at the business hub around Renmin Square. Floors 1-4 are used for commercial purpose, while Floors 5-30 provide Grade A office space. Clients already include multinational corporations such as Mercedes-Benz, Nikon and Maersk. Shanghai Tian An Centre is adjacent to the Shanghai Municipal Government, Park Hotel and J.W. Marriott Hotel, conglomerating the best influence of economic environment. Its neighbours also include the Shanghai Museum, the City Planning Administration, the Art Museum and the Opera House, congregating the best artistry of city culture. Designed, built, outfitted and managed to international standards, the Centre sets a benchmark for prestige and value. Tian An Centre will become a landmark property whether in terms of history, geography, administration, humanity or opulence. The continuing robust prospects for Shanghai's office rental market will allow the Centre's advantages to come even more into play. With strong rentals and sales, the Centre has become the Group's flagship project in Shanghai and one of our most important profit centres.

ANALYSIS OF MARKET RISKS

In late April, the government of the PRC actively applied its policy of macro-economic adjustment. The programme's central thrust is to use market means to tighten bank lending and restrict land supply. The aim is to reduce the scale of fixed capital investment, fight inflation, ease shortages in raw materials and electricity and to slow the rise in property prices. However, after the macro-economic adjustment, the price of property has risen, perhaps even more than before the adjustment measures. The Group believes that there are objective reasons for the rise in property prices:

1. A sudden decline in land supply resulting in properties demand outstripping supply;
2. Between 1993 and 1999, property prices in mainland China fell by about 60%. The rises in recent years were in part a recovery of lost ground;
3. With the mainland's stock markets in the doldrums and low interest rates, people were unable to find attractive ways to invest their cash. They put much of it into property, greatly increasing demand;

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| <p>4、政府一方面抑制樓市，一方面又擔心房產市場大起大落，影響GDP增長，因此政策上有所節制；</p> <p>5、房地產開發貸款難度大，項目搬遷步履維艱，開發商新盤推出速度減緩，部分開發商惜售心理佔上風，使房源減少；</p> <p>6、內地經濟持續看好，亦令房價隨經濟增長上漲。</p> | <p>4. The government, keen to curb the property market but also worried that big fluctuations in prices would affect GDP growth, has been cautious in its policy;</p> <p>5. Since property development financing are hard to come by and the pace of project relocation is slow, developers have slowed their launches of new projects. Some developers wish to hold on to their units, which reduces supply;</p> <p>6. The mainland economy's positive growth prospects also drive up property prices.</p> |
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綜上所述，內地房產價格還會有上漲空間，但政府可能有新政策出台壓抑。天安作為一個專業的發展商將抓住機會發展物業，爭取利潤最大化。同時採取得體策略應對宏觀經濟環境之變化。從長遠看，集團希望房價平穩上升，以利於市場健康發展。目前集團對房市持審慎樂觀態度。

These factors mean that there is still room for mainland property prices to rise. The government may introduce new measures to curb them. As a professional developer, Tian An will make use of the opportunities to develop real estate and maximize profits, while adopting appropriate strategies to deal with the changing economic environment. In the longer term, the Group hopes property prices will rise steadily but moderately, which would help the market develop in a healthy manner. The Group takes a cautiously optimistic view of the market.

內部管理

INTERNAL MANAGEMENT

堅持目標管理

Insisting on Target Management

一切工作都朝著怎樣實現目標來開展，使集團工作條理清楚。集團的目標是將淨資產收益率由二零零三年的2.6%逐步達到10%，使集團成為一流的房地產上市公司。按照這一目標，制訂出一整套行動方案來保證目標的實現。

As commencement of all work is directed at achieving the corporate target, this enables the Group's work to be orderly and clear. The Group's target is to gradually raise its return on net assets from 2.6% in 2003 to 10%, becoming a listed property company of the top rank. A complete set of action plans is formulated to ensure that the target can be achieved.

採取得體策略，全面提升核心競爭力

Adopting an Appropriate Strategy to Raise Core Competitiveness

該策略概括起來統稱為24個字方針，即：合理分配，簡化程序，開源節流，勇於創新，盤活資產，加強監管。按照這一方針，員工（特別是骨幹員工）深知自己在為集團做出貢獻的同時也能實現自己的抱負和奮鬥目標。這就是集團發展的原動力。

Our strategy is summed up as follows: rationalise incentives, streamline procedures, cutting expenses while seeking new revenues, innovate boldly, deploy idle assets, and strengthen supervision. Applying these principles allows staff (especially the key staff) to be fully aware that when they make their contributions to the Group, they also realise their own goals and aspirations. This provides impetus for the Group's development.

Managing Director's Statement

集團還重新檢討內部運轉程序及使各種招標文件標準化。建立合格承包商和供應商名冊，適度放權，明確責任，從而加快運作速度，提高效率。在開源方面，推動重點盈利項目的利潤最大化，並且培養出年度利潤過億元人民幣的項目；在節流方面則是全方位檢討各項費用，包括財務費用、工資、銷售費用和行政費用。借助自身優勢，債務重組，從而降低總利息支出，合理使用人手按事設崗，一專多能，以及堅持全球化視野，本土化經營，降低工資，制訂出新的行政費用控制標準。

在物業發展成本方面，集團也有所作為，使項目成本得到有效控制，儘管年內鋼鐵漲價，有多個項目成本仍比預算節約。集團還組織系統培訓，重樹企業文化，建立統一價值觀，從而增加創新能力，保證項目既洋氣又實用，既簡約又不失貴氣，保持項目在行業內的領先地位。

年內完成對北京天安豪園（前稱：福華大廈）、福州登雲山莊、北京天安大廈、江門天安等項目的整理，促使其逐步良性循環，令盤活資產策略得以貫徹。

年內集團全面加強管理，取得一定成效，經濟效益有所提升，基本完成年初制定的預算目標。

The Group has reviewed internal operating procedures and standardized various tendering documents. We have compiled a manual of qualified contractors and suppliers. We also decentralised authority and clarified responsibilities, so as to speed up operations and improve efficiency. In terms of seeking new revenues, the Group is pushing ahead with profit maximization for major projects and developing ventures that will bring in profits of over RMB100 million per annum. As for cutting expenses, the Group reviewed all expenditures, including financial expenses, wages, selling and administrative expenses. We have made use of our advantageous position to refinance borrowings so as to reduce gross interest payments. We match employees with appropriate assignments and encourage the ethic of "one specialty, multiple capabilities." And we stick to a global perspective but have localized management with lower wage payments and new standards formulated to control administrative expenditure.

The Group has worked to control the costs of property development as well. Although the price of steel rose during the year, costs for many projects have still come under budget. The Group also organised systematic training to inculcate the corporate culture and establish unified work values. All these are for increasing creativity, so that projects turn out stylish but practical, compact yet not inelegant. This would enable the Group to remain a market leader.

During the year, the Group re-engineered some developments such as Beijing Park Apartments (previously known as the Fu Hua Building), Fuzhou Dengyun Resort, Beijing Tian An Building and Jiangmen Tian An projects. This would initiate gradually a virtuous cycle, realising the aim of deployment of idle assets.

Efforts by the Group during the year to comprehensively strengthen supervision have paid off. Economic efficiencies have been enhanced, basically meeting the targets as set out at the beginning of the year.

土地儲備

本集團各項目目前擁有約計518萬平方米之總樓面面積之土地儲備(本集團應佔總樓面面積約為354萬平方米)，主要集中在上海、福州、深圳、常州、無錫、南通、南京、長春、武漢、廣州、江門、肇慶等，於年內集團還增加了在南京、無錫的土地儲備。

從二零零四年八月三十一日起所有土地均需經過土地市場拍賣，而且用地指標由國土資源部及各省市土地廳(局)掌握，從而大大增加取得土地的難度。集團之土地儲備大部分在該政策出台前取得，足顯作為一個專業發展商之深謀遠慮，該等土地儲備可供集團長期發展。同時集團將縱覽全局，適時適度增加土地儲備。

品牌塑造

本集團自一九八五年投資國內房地產以來，感想良多。經過20年打造，天安品牌已成為高端商住樓宇的象徵。

然而品牌建設是一項長期任務，除了繼續保持房屋設計、銷售策劃、客戶定位、成本控制、資金實力、瞭解國情之優勢外，集團還將適度增加媒體宣傳和廣告策劃，使集團品牌更加深入人心。

LANDBANK

The Group currently has a landbank for projects of approximately 5.18 million sq metres (GFA attributable to the Group is approximately 3.54 million sq metres), situated mainly in Shanghai, Fuzhou, Shenzhen, Changzhou, Wuxi, Nantong, Nanjing, Changchun, Wuhan, Guangzhou, Jiangmen and Zhaoqing. During the year, the Group also added land parcels in Nanjing and Wuxi.

From 31st August, 2004, all land must be sold by auction under the new land policy and the determination of consumption of land are decided by the Ministry of Land and Resources as well as the provincial and municipal Land Bureaux. These measures have made the acquisition of land much harder. Most of the Group's landbank was acquired before the policies' advent, as befits the foresight of a professional developer. The landbank will serve the Group's long-term development. The Group will continue to monitor overall developments and suitably add to its landbank when conditions are right.

BRAND BUILDING

The Group has gained much experience and insights since 1985. After 20 years' efforts, the brand of Tian An has become a symbol of high-end commercial and residential real estate.

Even so, brand building is a long-term undertaking. Besides maintaining its edge in building design, sales strategy, market positioning, cost control, financial strength and understanding of national developments, the Group will appropriately step up its media and advertising exposure to consolidate its image to the public.

Managing Director's Statement

物業管理

集團下屬之港力物業管理有限公司不斷改善管理方法，提升管理水準，於期內其管理資質由三級升到二級，對集團物業管理是個鼓舞。集團深知物業管理對物業發展及品牌塑造是至關重要的，將全力支持該公司的發展，爭取在短期內獲得一級資質，更好地為實現集團之遠大目標服務。

職業經理人培訓

集團十分重視人才之培養，建立一批素質好、專業水準高、勤奮、誠信、勇於創新、勇於拼搏、接受集團理念的職業經理人團隊，並且定期培訓，包括到海外學習，加強各級管理團隊的橫向和縱向溝通和交流，使員工特別是骨幹員工的能力得到最大限度的拓展。

分配制度

本集團堅持將員工的收入同本人、本部門的績效掛鉤，管理層的收入同本項目的績效掛鉤，最大限度的調動管理層和員工的積極性，使集團更具凝聚力，員工更具擁護感。

風險管理

本集團設立執行委員會，研究和處理重大業務事項和投資項目，並且定期研究市場情況、政府政策變化及宏觀經濟走勢，從而使管理層保持清醒頭腦，及時調整相關策略，控制風險。

二零零四年四月底，國家宏觀調控對地產業影響頗大。集團從二零零三年底開始有所警覺，並且採取措施加以防備。宏觀調控政策出台後，

PROPERTY MANAGEMENT

Cornell Property Services Co. Ltd., a subsidiary of the Group, is constantly working to improve its management methods and upgrade the standards. During the period under review, its management rating went up from Grade 3 to Grade 2, an encouraging achievement for property management within the Group. The Group is fully aware of the importance of property management to property development and the brand name. Accordingly, it will fully support Cornell's efforts to attain Grade 1 status in the short term, which would even better allow the Group to achieve its long-term service goals.

TRAINING OF PROFESSIONAL MANAGERS

The Group attaches great importance to the training of talent, with the aim of building up a corps of good quality, highly professional, diligent, trustworthy, innovative, hard fighting and highly motivated professional managers who identify with our corporate philosophy. They undertake periodic training courses, sometimes abroad. Horizontal and vertical exchanges among all grades of managers are encouraged, so that the potential of staff, especially the key employees, can be developed to the fullest.

INCENTIVE SCHEME

The Group believes firmly in pegging employee compensation to the individual's performance as well as his or her department's. Managers' pay is linked with the performance of their projects. This provides the greatest incentive to both managers and staff, and gives them personal stakes in the Group as well as an identification with it.

RISK MANAGEMENT

The Group has an Executive Committee which studies and handles major matters and investments projects. It periodically examines market conditions, changes in government policy and macro-economic trends to help managers remain clear-headed, so that they can adjust their strategies in a timely manner to control risk.

The government's macro-economic adjustment policy of late April 2004 has had a major impact on the real estate market. The Group had begun to sense it at the end of 2003 and took precautionary measures. When

集團尚能從容應對，保證項目正常運轉。下半年銀根收緊，同行業資金緊張，集團則抓準時機，以較實惠價格取得了一幅土地，下半年市場上房源減少，集團靈活掌控銷售節奏得到良好效益。

集團密切關注：利率、匯率、股市、稅收政策、銀行政策、商品價格、國家政策、競爭對手等變化，及時加以應對，使集團業務穩健發展。

展望

二十五年來中國經濟持續景氣，年均GDP增長超過9%，中國決意在二零二零年達到人均GDP 3,000美元。這是一項絕無僅有、充滿挑戰而又令人鼓舞的目標，成為世界經濟增長的最大動力。

本集團主要業務集中在華東地區，該地區是經濟最具活力的地區之一，集團業務受惠於國內經濟之增長。一方面城市化建設進入高潮，基礎設施建設任務繁重，無限商機吸引了跨國公司的青睞；另一方面中國作為世界工廠也飽受能源缺乏、環境惡化、經濟發展不平衡等問題的煎熬。集團在抓住商機的同時，還要時刻抱着如履薄冰的心態發展自身之業務。通過過去一年對集團香港、華東、華南、華北區的人事、架構調整，及集團各項改革措施的實施，使集團之優勢逐步顯現，劣勢逐步得到克服，集團有信心、有能力，使天安成為最出色的地產公司之一。

董事總經理
黃清海

香港，二零零五年三月三十日

the policy was announced, the Group was able to cope well with it, ensuring that projects could carry on normally. When lending became tight in the second half of the year, the Group was able to take advantage of the prevailing conditions to buy a piece of land at a good price. As property supply decreased in the second half, the Group achieved solid results by flexibly accommodating the fluctuations of the sales market.

The Group is closely monitoring changes in interest rates, exchange rates, the stock market, taxation policy, banking policy, commodity prices, state policy and our competitors, in order to ensure that our business develops in a sound manner.

OUTLOOK

For the past 25 years, China's economy has been booming. GDP growth averaged 9% annually. China aims to achieve a per capita GDP of US\$3,000 by 2020. This exciting target presents unprecedented opportunities, as well as formidable challenges. The country has also become the primary engine of growth for the global economy.

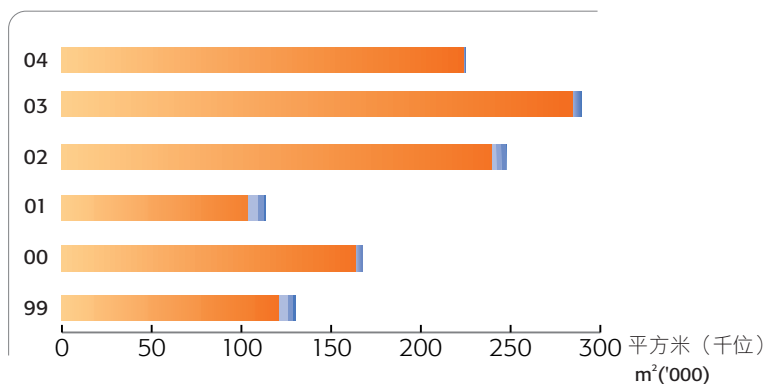
The Group's main businesses are in the eastern region of the mainland, which is one of the economically vibrant regions of China. These businesses are benefiting from the nation's growth. On the one hand, urban construction is approaching a climax, with the building of basic infrastructure an onerous task. The boundless opportunities have attracted the participation of multinational corporations. On the other hand, China, as the "world's factory," is suffering grievously from such problems as energy shortages, environmental degradation and uneven development. While grasping opportunities in a timely fashion, the Group must also adopt an attitude of walking on thin ice as it develops its business. In the past year, the Group has reorganized personnel in Hong Kong as well as eastern, southern and northern China in order to rationalise its staff structure. Coupled with ongoing reform initiatives, they gradually make the Group's strengths more evident while diminishing its weaknesses. The Group is confident it can become one of the premier real estate companies.

Ng Qing Hai
Managing Director

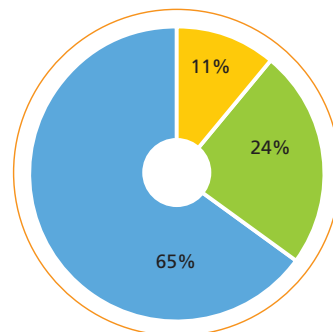
Hong Kong, 30th March, 2005

Managing Director's Statement

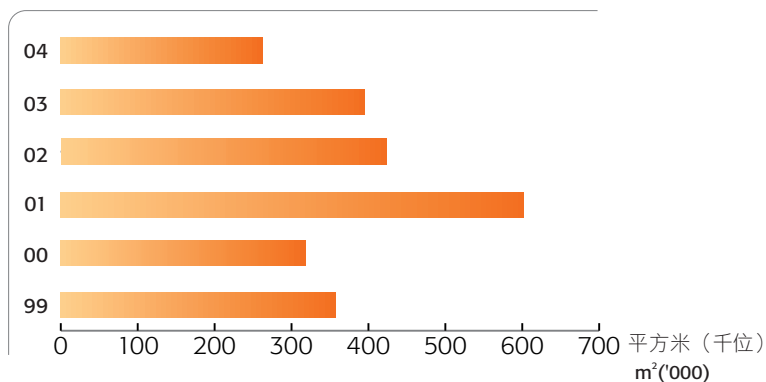
銷售樓面面積
Gross Floor Area ("GFA") Sold



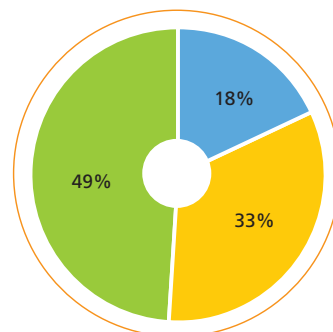
銷售樓面面積之地區分佈
Gross Floor Area Sold by Region



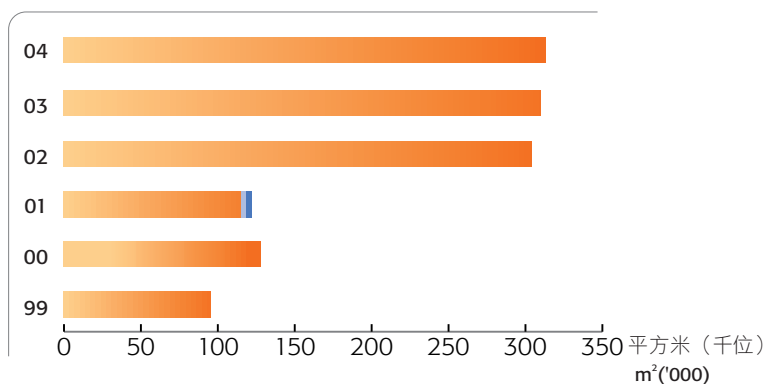
發展中物業樓面面積
Properties Under Construction in terms of GFA



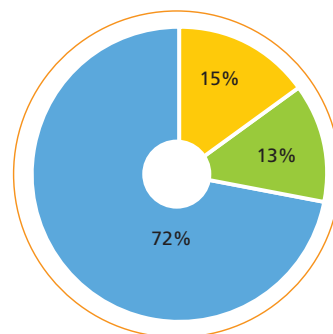
發展中物業樓面面積之地區分佈
Properties Under Construction by Region



建成樓面面積
Properties Completed in terms of GFA



建成樓面面積之地區分佈
Properties Completed by Region



商住 Residential/Commercial
工業 Industrial

華東 Eastern China
華南 Southern China
華北 Northern China