

## Outlook 展望

We maintain a positive outlook on the Hong Kong market. The improvement in the economy continues with GDP and retail sales registering respectable growth. Property prices are expected to rise by an average 15% this year.

The recent appreciation of the RMB may assist in increasing Hong Kong's competitiveness relative to China. Major imports from China such as foodstuffs could become more expensive and may have an inflationary effect on Hong Kong. However, this may not adversely impact the Hong Kong stock market which historically performs well during periods of inflation.

For the global economy, both the U.S. Fed Funds rate and oil prices will be of primary importance. The U.S. Fed Funds rate has now been increased 10 consecutive times. Any slowdown in the pace of future rises could augur well for equities. On the other hand, there is considerable uncertainty surrounding consistently rising oil prices and their impact on company profits.

A stronger RMB and the completion of Disneyland and the cable car project on Lantau Island should further boost tourist arrivals into Hong Kong, with positive implications for our retail sector.

The recent revaluation of the RMB and the longer-term consequences for the broader global market will be the main focus for China. The revaluation should help in addressing imbalances in the global economy where in past years the U.S. consumer has been the main global growth driver.

A stronger RMB, however, may negatively impact those exporters with manufacturing bases in China. Notwithstanding this issue, as labour costs in China remain significantly lower than for most competitors, it can be anticipated that foreign direct investment may continue to grow. Improving logistics and increasing levels and quality of education in China will also be attractive to those investing in China.

We are hopeful of a sound performance from our operating divisions for the second half of 2005, provided that financial markets maintain their strength in performance and turnover.

我們對本港市場之前景仍然樂觀。本港經濟持續改善，本地生產總值及零售數據均錄得可觀之增長，預期今年本港物業價格會平均上升15%。

近期人民幣升值，有助提升本港相對於中國之競爭力。但由中國進口之貨物(例如食品)將越來越昂貴，或會對本港造成通脹壓力。然而，由於本港股市一向在通脹期間表現理想，相信此方面不會對本港股市造成負面影響。

就全球經濟而言，美國聯儲局之息率及油價均為主要之帶動因素。美國聯儲局已連續十次加息，局方日後一旦放慢加息步伐，將會是股市轉好之徵兆。另一方面，油價不斷上升，並對公司溢利造成影響，令市場存着不穩定因素。

人民幣轉強以及香港迪士尼及大嶼山纜車項目相繼落成，有助刺激訪港旅客人數上升，對本港零售業有着正面影響。

最近人民幣重新估值以及環球市場擴大之長遠影響，將會是中國之着眼點。過去，美國消費者一直是推動全球經濟增長之主要動力，但人民幣重新估值應有助減輕全球經濟失衡之狀況。

然而，人民幣轉強或會對將生產基地設於中國之出口商造成負面影響。即使如此，由於中國勞工成本仍然遠低於大部份競爭對手，預期外商之直接投資仍會繼續增長。中國持續改善物流及提升國內教育水平及質素，亦會吸引外商於中國投資。

展望二零零五年下半年，倘本港金融市場之表現及成交額能維持強勢，集團各營運部門應有理想之業績。