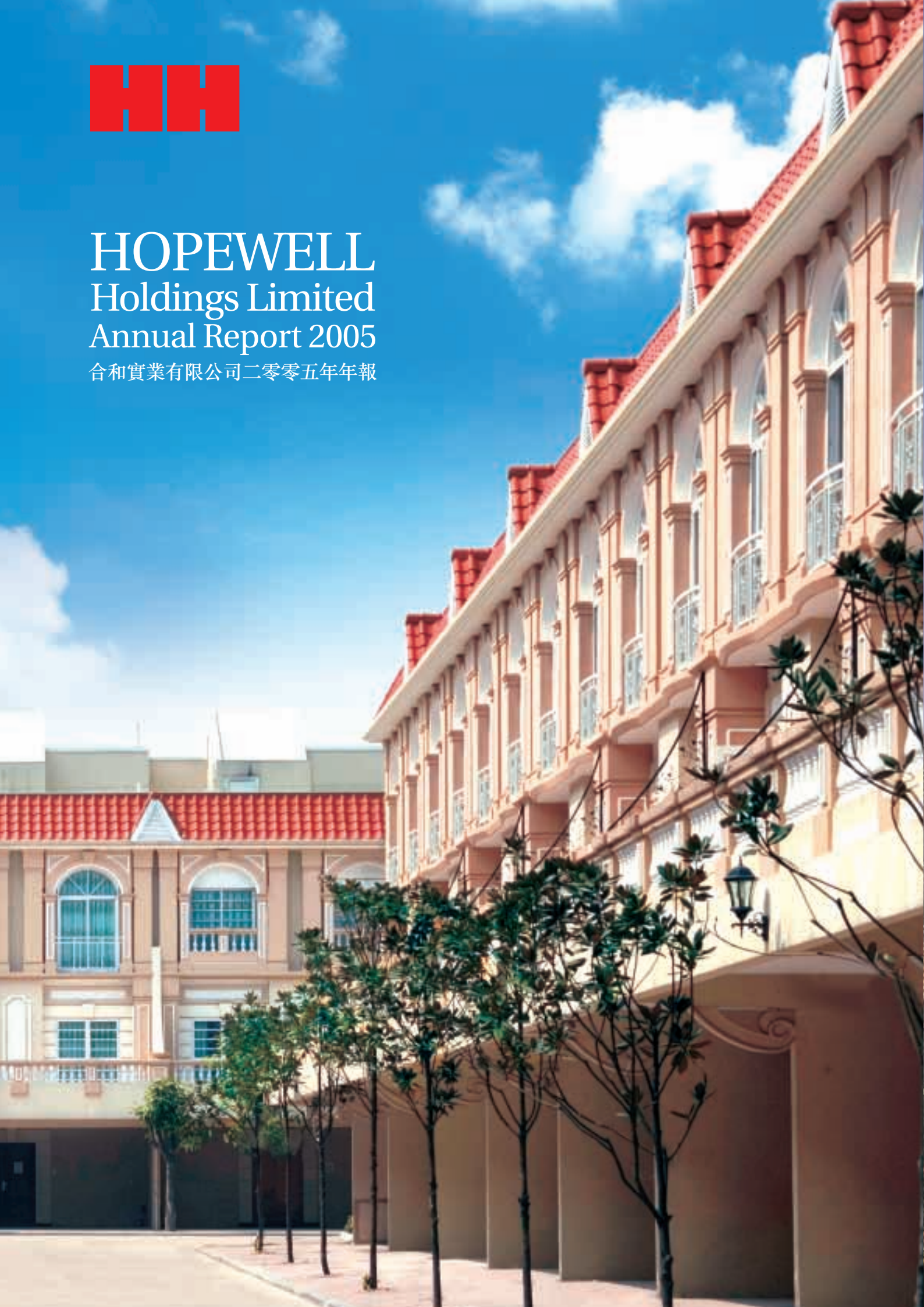




# HOPEWELL Holdings Limited Annual Report 2005

合和實業有限公司二零零五年年報



# Corporate Profile

Hopewell Holdings Limited (stock code: 54), listed on the Stock Exchange of Hong Kong since 1972, is one of Hong Kong's premier companies with diverse business interests spreading across Property Investment and Development, Hotels and Hospitality, and Highway Infrastructure. The first two businesses are operated directly under Hopewell Holdings Limited while its 75% owned subsidiary, Hopewell Highway Infrastructure Limited (stock code: 737), also listed on the Stock Exchange of Hong Kong since 2003, holds its PRC-based transportation infrastructure interests. The Group, with strong expertise in investment, development and engineering of major projects, focuses on Hong Kong and the Pearl River Delta, and is founded on visionary strategic initiatives.



# Group Business Overview



**1** **Guangzhou-Shenzhen Superhighway**  
A 122.8 km closed system asphalt-paved dual three lane expressway running between Huanggang in Shenzhen and Guangdan in Guangzhou where it connects to the Guangzhou East-South-West Ring Road.



**2** **Guangzhou East-South-West Ring Road**  
A 38 km closed system concrete-paved dual three lane expressway running along the eastern, southern and western fringes of the Guangzhou urban areas and connecting to the Northern Ring Road to form the Guangzhou Ring Road.



**3** **Phases I, II & III of the Western Delta Route**  
Phase I is a completed 14.7 km closed system asphalt-paved dual three lane expressway linking Guangzhou to Shunde. Phases II & III, under planning, will run from Shunde to Zhongshan and from Zhongshan to Zhuhai respectively.



**4** **Hopewell New Town**  
A composite development in Huadu, Guangzhou with residential, logistic and commercial developments on approximately 797,000 sq.m. near the Guangzhou Baiyun International Airport.



**5** **Panda Hotel & Panda Place**  
A 1,000-room hotel in Tsuen Wan area, which is one of the largest hotels in Hong Kong, with its operation managed by a subsidiary of the Group. The ground floor and 3 basement levels of the hotel have been revamped into a modern and stylish shopping mall, named Panda Place.



**6** **Hong Kong - Zhuhai-Macau Bridge (Under planning)**  
A proposed Y-shaped 29 km bridge linking Hong Kong's western Lantau Island to the cities of Macau and Zhuhai on mainland China being pursued by the Group.



**7** **Nova Taipa Gardens**  
A multi-phase joint venture development of residential, commercial, social amenities and hotel on Taipa Island in Macau.



**8** **Hopewell Centre**  
A 66-storey office / commercial building in Wanchai, which is the Group's flagship building and a Hong Kong landmark.



**9** **Hongkong International Trade and Exhibition Centre**  
A modern and unique 14-storey complex in Kowloon Bay, of over 163,000 sq.m., with self-contained convention and exhibition area, showroom offices, restaurants and other related business facilities.



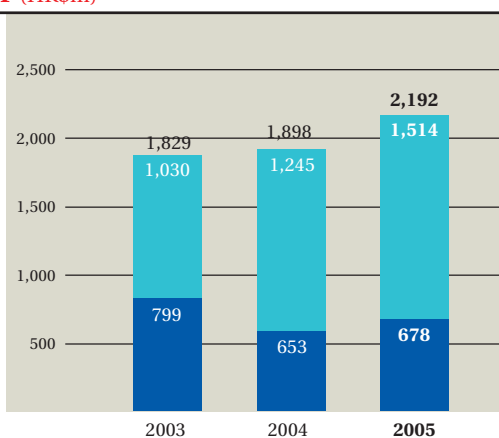
**10** **196-206 Queen's Road East, Wanchai**  
**214-224 Queen's Road East and 9-19 Sam Pan Street, Wanchai**  
The first site with area of about 464 sq.m. will be developed into a commercial building. The second site with area of about 1,082 sq.m. will be developed into a residential and commercial building.

# Contents

<i>Inside Front</i>	Corporate Profile
02	Financial Highlights
03	5 Year Financial Summary
04	Chairman's Statement
08	Management Team and Profile of Directors
14	Operations Review
15	Rental Property
19	Hotel and Catering
23	Property Development
29	Infrastructure
34	Other Projects & Others
38	Financial Review
42	Report of the Directors
57	Financial Report
58	Report of the Auditors
59	Consolidated Income Statement
60	Consolidated Balance Sheet
62	Company Balance Sheet
63	Consolidated Statement of Changes in Equity
64	Consolidated Cash Flow Statement
66	Notes to the Financial Statements
114	List of Major Properties
116	Corporate Information

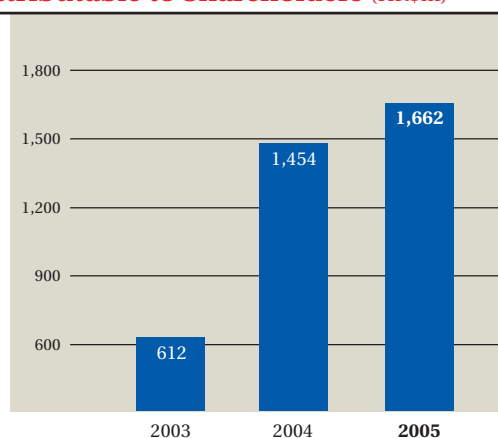
# Financial Highlights

### Turnover (HK\$m)

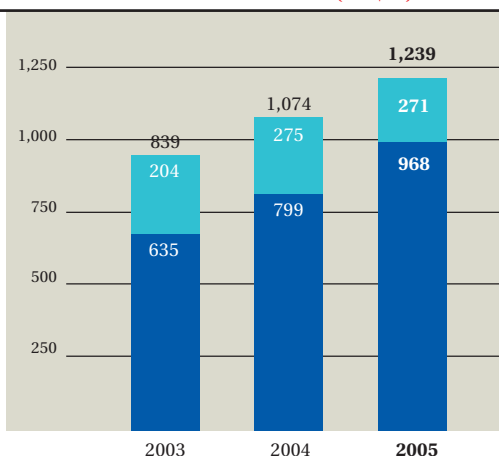


■ Group's Attributable Share of HHI JV's Turnover  
■ Group Turnover

### Profit Attributable to Shareholders (HK\$m)

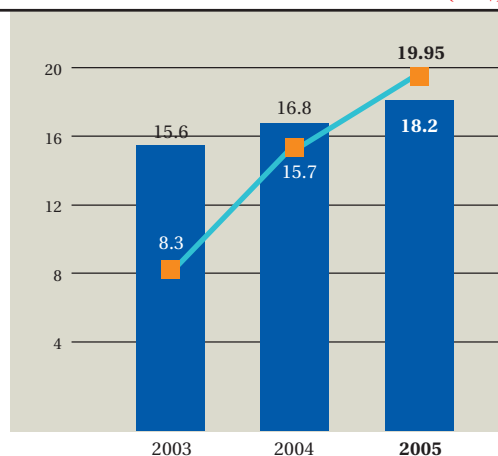


### Earnings before Interest and Tax (HK\$m)



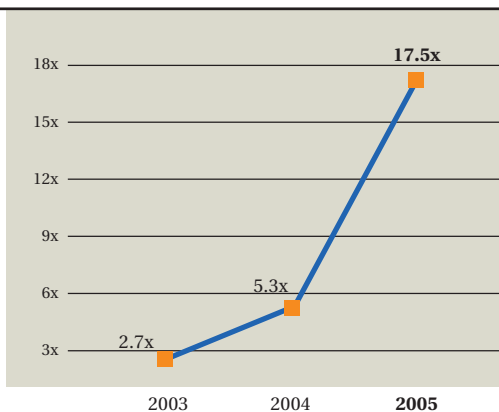
■ Other EBIT  
■ Infrastructure EBIT

### Net Asset Value vs Market Value Per Share (HK\$)



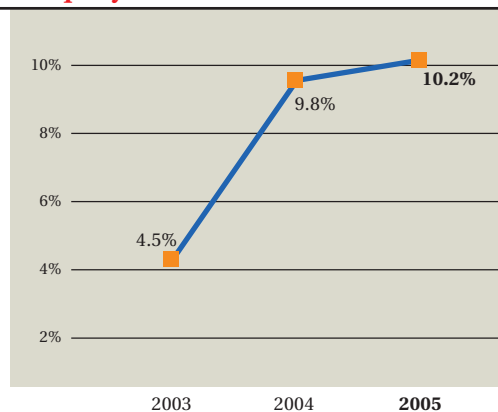
■ Net Asset Value Per Share  
■ Market Value Per Share

### Group EBIT vs Interest



■ Group EBIT vs Interest

### Return on Equity



■ Return on Equity

# 5 Year Financial Summary

## Consolidated Results

Year ended 30th June

(in HK\$ million)	2001	2002	2003	2004	2005
Turnover	1,750	1,132	799	653	678
Profit from ordinary activities before taxation	336	363	833	1,815	2,098
Taxation	(27)	(18)	(122)	(50)	(99)
Profit before minority interests	309	345	711	1,765	1,999
Minority interests	(3)	(10)	(99)	(311)	(337)
<b>Profit attributable to shareholders</b>	<b>306</b>	<b>335</b>	<b>612</b>	<b>1,454</b>	<b>1,662</b>

## Consolidated Balance Sheet

As at 30th June

(in HK\$ million)	2001	2002	2003	2004	2005
Investment properties	6,385	5,986	5,655	5,891	6,477
Property, plant and equipment	1,119	1,119	1,493	552	539
Properties for or under development	662	833	1,018	908	1,126
Interests in jointly controlled entities	14,120	8,135	8,207	8,174	7,725
Defeasance/pledged deposits	87	1,833	1,681	95	94
Other non-current assets	946	1,181	575	898	54
Current assets	875	4,038	1,241	4,670	3,965
<b>Total assets</b>	<b>24,194</b>	<b>23,125</b>	<b>19,870</b>	<b>21,188</b>	<b>19,980</b>
Non-current liabilities	(8,045)	(4,436)	(3,921)	(1,230)	(296)
Current liabilities	(2,205)	(4,914)	(2,171)	(2,673)	(905)
<b>Total liabilities</b>	<b>(10,250)</b>	<b>(9,350)</b>	<b>(6,092)</b>	<b>(3,903)</b>	<b>(1,201)</b>
Minority interests	(13)	(21)	(125)	(2,419)	(2,469)
<b>Shareholders' equity</b>	<b>13,931</b>	<b>13,754</b>	<b>13,653</b>	<b>14,866</b>	<b>16,310</b>

## Per Share Basis

	2001	2002	2003	2004	2005
Basic earnings per share (HK cents)	35	38	70	165	186
Dividend per share (HK cents)	12	43 <sup>#</sup>	25	70 <sup>#</sup>	80 <sup>#</sup>
Net asset value per share (HK\$)	15.9	15.7	15.6	16.8	18.2

(<sup>#</sup> Special dividend HK30 cents included)

## Financial Ratios

	2001	2002	2003	2004	2005
Net debt to equity	56%	21%	14%	N/A	N/A
Net debt to total capitalization	35%	14%	11%	N/A	N/A
Return on equity	2.2%	2.4%	4.5%	9.8%	10.2%

# Chairman's Statement



Sir Gordon Ying Sheung WU GBS, KCMG, FICE *Chairman*

I am very pleased to report to shareholders that the Group had another excellent year with net profit attributable to shareholders of HK\$1,662 million for the financial year ended 30th June, 2005, an increase of 14% over the HK\$1,454 million reported last year. Basic earnings per share was HK\$1.86, an increase of 13% over HK\$1.65 reported last year.

The Board of Directors has proposed a final dividend of HK38 cents per share which, together with the interim dividend of HK12 cents per share and special interim dividend of HK30 cents per share, will result in total dividends for the year of HK80 cents per share, up 14.3% from last year's HK70 cents. The dividend payment for this year represents a 43% payout of net profits.

The Register of Members of the Company will be closed from Wednesday, 12th October, 2005 to Wednesday, 19th October, 2005, both dates inclusive, during which no transfer of shares of the Company will be effected. Subject to approval of the shareholders at the annual general meeting to be held on 19th October, 2005, the final dividend will be paid on or about 20th October, 2005 to shareholders as registered at the close of business on 19th October, 2005.

*The Group had another excellent year with net profit attributable to shareholders of HK\$1,662 million for the financial year ended 30th June, 2005, an increase of 14% over ..... The Group benefited from the favourable business environment in the PRD region, the three core businesses of the Group, namely Infrastructure, Property and Hospitality all recorded good results for the financial year.*

## **Business Review**

The Hong Kong economy has continued to improve over the past year. Boosted by the relaxation of the individual tourists from the PRC, the local tourist and retail related markets boomed, which in turn spread to other sectors of the economy. In the Pearl River Delta (“PRD”), the economy maintained its buoyant growth. The second phase of the Mainland-Hong Kong Closer Economic Partnership Arrangement (CEPA II), concluded in August 2004, with further liberalisation measures on trade in goods and services, provides additional opportunities for Hong Kong businesses to do business in the PRC.

During the year, the Group benefited from the favourable business environment in the PRD region. The three core businesses of the Group, namely Infrastructure, Property and Hospitality all recorded good results for the financial year. Infrastructure had an excellent year with exceptional growth in traffic and revenue while maintaining the largest profit contribution at HK\$968 million. Property income contribution for the year was almost at the same level as last year at HK\$171 million. The major revamp of the shopping mall at Panda Hotel, named Panda Place, has been completed and now operating. The lease modification of



Hongkong International Trade and Exhibition Centre was completed to permit commercial and retail usage. As property rentals have rebounded from the bottom, renewals and new lettings during the year at higher rates will be reflected over time. The Hospitality business continues to benefit from the relaxation of individual tourist visa policy by PRC; its contribution for the year was HK\$59 million, with Panda Hotel achieving a significant improvement in income.

The Group also made good progress on the implementation of a number of planned projects. Construction on five residential towers, named Nova City on Taipa Island in Macau, is at an advanced stage. The towers have been topped off and are scheduled to be completed in the first half of 2006. Six high rise apartment blocks and 57 townhouses with gardens of the initial phase of Hopewell New Town in Huadu district of Guangzhou are being built with four apartment blocks and the townhouses scheduled to be completed by the end of this year. Pre-sales of the units of these two projects are being planned for the second half of 2005.

### **Continued Improvement in Financial Strength**

The Group continued to maintain a strong financial position during the year. At the year-end, the Group has net cash of HK\$3.3 billion and the undrawn bank facilities of HK\$5.5 billion. Subsequent to the financial year-end, to further strengthen the Group's financial position, the Group's listed subsidiary, Hopewell Highway Infrastructure Limited ("HHI"), successfully obtained a fully underwritten commitment for a 5-year unsecured syndicated bank revolving credit and term loan facility of HK\$ 3.6 billion from a group of commercial banks, and which is currently being syndicated.

### **Prospects**

The Hong Kong economy and that of PRD appear to be on a path of steady growth. Besides the continuing opportunities available from the CEPA initiatives, the Hong Kong business community is anticipating a significant improvement in the tourism and retail sectors after the opening of the Hong Kong Disneyland scheduled in September 2005. On the other hand, it is apparent that the recent increases in interest rates and oil prices are likely to lead to inflation in operating costs and a

new challenging business environment. Overall, I remain optimistic about the prospects of further growth and new investment opportunities for the Group.

Our Group will continue to focus on Infrastructure, Property and Hospitality businesses, and pursue our goal of maintaining a leading position in these sectors in the PRD. We have made good progress on property development, including Hopewell New Town in Huadu district of Guangzhou and Nova City in Macau. In the financial year 2005/2006, the Group is looking forward to beginning realize income from these property development projects, developing Phase II of the Western Delta Route as well as continuing the feasibility study of widening the Guangzhou-Shenzhen Superhighway. While negotiation of the terms of co-operation of the Phase III of the Western Delta Route with the PRC partner is close to finalization, the Group will also strive to resolve the remaining issues of Mega Tower project whereas HHI will put in additional efforts to secure a vital role in the Hong Kong-Zhuhai-Macau Bridge project when it proceeds.

### **Change of Directors**

The Board welcomes new Executive Director, Mr. Barry Chung Tat MOK, who was appointed on 15th August, 2005. Mr. MOK also serves on the board of HHI as Executive Director.

### **Acknowledgement**

I would like to take this opportunity to thank our shareholders, customers and suppliers as well as our working partners for their continuing support, and to express my sincere appreciation to my fellow directors, the management team and all staff members for their loyalty, diligence, and hard work in contributing to the excellent performance of the Group for the past financial year.

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*

Hong Kong, 1st September, 2005

# Management Team



*(from left to right)*

- 1. Sir Gordon Ying Sheung WU**  
GBS, KCMG, FICE  
*Chairman*
- 2. Mr. Eddie Ping Chang HO**  
*Vice Chairman & Managing Director*
- 3. Mr. Josiah Chin Lai KWOK**  
*Deputy Managing Director*
- 4. Mr. Thomas Jefferson WU**  
*Deputy Managing Director*
- 5. Mr. Robert Van Jin NIEN**  
*Executive Director*
- 6. Mr. Albert Kam Yin YEUNG**  
*Executive Director*
- 7. Mr. Colin Henry WEIR**  
*Executive Director*
- 8. Mr. David Yau-gay LUI**  
*Executive Director*
- 9. Mr. Andy Lee Ming CHEUNG**  
*Executive Director*
- 10. Mr. Eddie Wing Chuen HO Junior**  
*Executive Director*
- 11. Mr. Barry Chung Tat MOK**  
*Executive Director*

## Profile of Directors

### Executive Directors

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE

Aged 69, he is the Chairman of the Board of the Company. He is also the Chairman of Hopewell Highway Infrastructure Limited (“HHI”), the listed subsidiary of the Company, a director of various members of the Group and an independent non-executive director of i-Cable Communications Limited. He graduated from Princeton University with a Bachelor of Science degree in engineering in 1958. As one of the founders of the Group, he was the Managing Director from 1972 to December 2001 before he became the Chairman. He was responsible for the Group’s infrastructure projects in the PRC and South-East Asia and has been involved in the design and construction of numerous buildings and development projects in Hong Kong and the PRC. He is husband of Lady Ivy Sau Ping KWOK WU JP and father of Mr. Thomas Jefferson WU.



He is very active in civic activities, his civic duties include:

*In Hong Kong*

- Member                      Hong Kong Logistics Development Council
- Chairman                    City University of Hong Kong Council
- Vice President              Hong Kong Real Estate Developers Association
- Member                      The Greater Pearl River Delta Business Council
- Patron                        Hong Kong Logistic Association

*In the PRC*

- Deputy Director            Chinese People's Political Consultative Conference – Overseas Chinese Affairs Committee
- Director                      United Nations Association of China

Sir Gordon received Honorary Doctorate Degrees from Hong Kong Polytechnic University, University of Strathclyde, UK and University of Edinburgh, UK. He is a Fellow of The Institution of Civil Engineers, The Chartered Institute of Logistics and Transport in Hong Kong and Hong Kong Academy of Engineering Sciences. He is also a Honorary Fellow of Australian Society of Certified Practising Accountants. He has been appointed the Honorary Consul of The Republic of Croatia in the Hong Kong SAR. His other awards include:

*Honorary Citizen*

- The City of New Orleans, USA
- The City of Guangzhou, PRC
- The City of Foshan, PRC
- The City of Shenzhen, PRC
- The District of Shunde, PRC
- The District of Nanhai, PRC
- The District of Huadu, PRC
- The Province of Quezon, the Philippines

*Awards and Honours*

*Year of Award*

- |   |      |
|---|------|
| • Gold Bauhinia Star (G.B.S.) by the Hong Kong SAR  | 2004 |
| • Leader of the Year 2003 (Business/Finance) by Sing Tao Newspaper Group  | 2004 |
| • Personality of the Year 2003 by the Asian Freight & Supply Chain Awards   | 2003 |
| • Knight Commander of the Order of St. Michael and St. George for Services to British Exports by the Queen of England | 1997 |
| • Industry All-Star by Independent Energy, USA  | 1996 |
| • International CEO of the Year by George Washington University, USA  | 1996 |
| • Among “the Best Entrepreneurs” by Business Week   | 1994 |
| • Man of the Year by the International Road Federation, USA   | 1994 |
| • Business Man of the Year by the South China Morning Post and DHL  | 1991 |
| • Asia Corporate Leader by Asia Finance Magazine, HK  | 1991 |
| • Chevalier De L'Ordre De La Corona by the King of Belgium  | 1985 |

**Mr. Eddie Ping Chang HO**

Aged 72, he has been the Managing Director of the Company since January 2002 and the Vice Chairman of the Company since August 2003. He is the Chairman of the Remuneration Committees of both the Company and HHI, Vice Chairman of HHI and a director of various members of the Group. He was previously the Deputy Managing Director since the Company was listed on the Stock Exchange in 1972. He has been involved in developing all of the Group projects in the PRC, including highway, hotel and power station projects. In addition, he has extensive experience in building and development projects in Hong Kong. He is a Honorary Citizen of the cities of Guangzhou, Foshan and Shenzhen, and the Shunde District in the PRC. He is father of Mr. Eddie Wing Chuen HO Junior.

**Mr. Josiah Chin Lai KWOK**

Aged 53, he was appointed Deputy Managing Director of the Company in January 2002 and is also a director of various members of the Group. He is a solicitor. Previously, he worked as a consultant to the Group on various important projects such as Guangzhou-Shenzhen-Zhuhai Superhighway, Shajiao B and C Power Stations, etc. Afterwards, he worked as Secretary for The Hong Kong Association of Banks, Legal Advisor of The Airport Authority, Hong Kong and Group Legal and Compliance Director of the BNP Paribas Peregrine Group.

**Mr. Thomas Jefferson WU**

Aged 32, an Executive Director of the Company since June 2001 and the Chief Operating Officer since January 2002, he was appointed Deputy Managing Director of the Company in August 2003. He is also the Managing Director of HHI and a director of various members of the Group. Mr. WU joined the Group in 1999 as manager of Executive Committee Office, and was promoted to Group Controller in March 2000. He has been involving in the review of the Group's operational performance, strategic planning and organizational effectiveness and has upgraded the financial and management accounting systems of the Group. He holds a Master of Business Administration degree from Stanford University and a Bachelor degree in Mechanical and Aerospace Engineering from Princeton University. He also acts as the Honorary President of the Association of Property Agents and Realty Developers of Macau, Honorary President of the Association of Huadu in Macau, Chairman of Hong Kong Amateur Hockey Club and Vice Chairman of The Chamber of Hong Kong Listed Companies. He is also a member of the Huadu District Committee of The Chinese People's Political Consultative Conference. He is son of Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU JP.

**Mr. Robert Van Jin NIEN**

Aged 58 and an Executive Director of the Company since 1980, he is responsible for corporate finance, corporate affairs, administration and property management of the Group. He is also a director of various members of the Group. He has been involved in the Group's major fund raising activities on both project and corporate levels. He holds a Master of Business Administration degree from University of Pennsylvania's Wharton Graduate Business School.

**Mr. Albert Kam Yin YEUNG**

Aged 54, he was appointed as an Executive Director of the Company in November 2002 and is also a director of various members of the Group. Prior to joining the Group, he was a director of WMKY Limited from 1986 to 1998 and acted as a consultant of the Group's development and construction projects. He holds a Bachelor of Architecture degree from the University of Hong Kong. He is a Registered Architect, an Authorized Person, and a member of The Hong Kong Institute of Architects and various professional bodies.

**Mr. Colin Henry WEIR**

Aged 59, he joined the Group in 1985 and was appointed as an Executive Director of the Company in March 1997. He is also a director of Hopewell (Thailand) Limited and various members of the Group. He became a member of the Institution of Civil Engineers in 1975. He was the Engineering Manager for the design and construction of power station and highway. In 1991, he became the Engineering Manager and subsequently Project Director for the Bangkok Elevated Road and Train System project. He is now responsible for the oversea projects of the Group.

**Mr. David Yau-gay LUI**

Aged 60, he was appointed as an Executive Director of the Company in 1997. He is also a director of Hopewell (Thailand) Limited and other certain members of the Group. He was the Founding Director of Pat Davie Ltd., one of the leading interior design and contracting firms in Hong Kong. Since 1990, he has been involved in the Group's Bangkok Elevated Road and Train System project in Thailand.

**Mr. Andy Lee Ming CHEUNG**

Aged 39, he was appointed as an Executive Director of the Company in July 2003 and is also a director of various members of the Group. He joined the Group in 1997. He is involved in the Group's financial activities and development and control of the Group's investment projects. He holds a Bachelor degree in Business Administration from Boston University and a Master of Business Administration degree from McMaster University. He is a Certified Public Accountant of the State of Illinois in the United States. He has considerable experience in the areas of business development, finance and audit.

**Mr. Eddie Wing Chuen HO Junior**

Aged 36, he was appointed as an Executive Director of the Company in August 2003. He joined the Group in 1994 and held various management positions, including Director of Marketing and Sales and Deputy General Manager, at the Group's Hongkong International Trade and Exhibition Centre in Kowloon Bay. He holds a Bachelor of Arts degree from California State University in the United States. He is son of Mr. Eddie Ping Chang HO.

**Mr. Barry Chung Tat MOK**

Aged 47, he was appointed an Executive Director of both the Company and HHI on 15th August, 2005. He has a Bachelor Degree in Economics/Accounting from the University of Reading, United Kingdom. He has over 20 years of experience in banking and finance with extensive knowledge in corporate finance, structured finance, derivatives and other financial products. He was previously the Chief Executive of BOCI Capital Limited, a wholly-owned subsidiary of Bank of China, Beijing and the Group General Manager – Business Development of Sino Land Company Limited.

**Non-Executive Directors**

**Mr. Henry Hin Moh LEE**

Aged 77, he has been with the Group since the Company was listed in 1972. He is a Non-Executive Director and a Consultant of the Company. Prior to his retirement from executive duties of the Company in December 2001, he was responsible for real estate development and property rental and sales of the Group. He was actively engaged in the property business in Hong Kong. He is a Honorary Citizen of the city of Foshan and the Shunde district in the PRC.

**Lady Ivy Sau Ping KWOK WU JP**

Aged 56 and a Non-Executive Director of the Company, she joined the board in August 1991. She serves on the committees and boards of numerous commercial and social organizations including Asian Cultural Council (Hong Kong), Asia Society and Hong Kong Red Cross. She was appointed a Justice of the Peace effective 1st July, 2002. She is the wife of Sir Gordon Ying Sheung WU and mother of Mr. Thomas Jefferson WU.

**Mr. Carmelo Ka Sze LEE**

Aged 45, he was appointed as an Independent Non-Executive Director of the Company in March 2001 and was re-designated as a Non-Executive Director on 6th September, 2004. He holds a Bachelor of Laws degree from the University of Hong Kong. He is a practicing solicitor and a partner of Messrs. Woo, Kwan, Lee & Lo, Solicitors & Notaries, which firm rendered professional services to the Group and received normal remuneration for such services.

**Independent Non-Executive Directors**

**Mr. Guy Man Guy WU**

Aged 48 and an Independent Non-Executive Director of the Company, he joined the board in 1987. He is also a member of the Audit Committee of the Company. He has a Bachelor of Science degree in industrial engineering from Purdue University, U.S.A. He is also the Managing Director of the Liverton Group and Video Channel Productions Limited.

**Ms. Linda Lai Chuen LOKE**

Aged 67 and an Independent Non-Executive Director of the Company, she joined the board in August 1991 and is also a member of both the Audit Committee and Remuneration Committee of the Company. A graduate of the University of California at Berkeley, she has over 30 years of professional experience in the securities and investment field. She was the emeritus Managing Director of Dean Witter Reynolds (Hong Kong) Limited and Vice President (Private Wealth Management) at Morgan Stanley Inc.

**Mr. Lee Yick NAM**

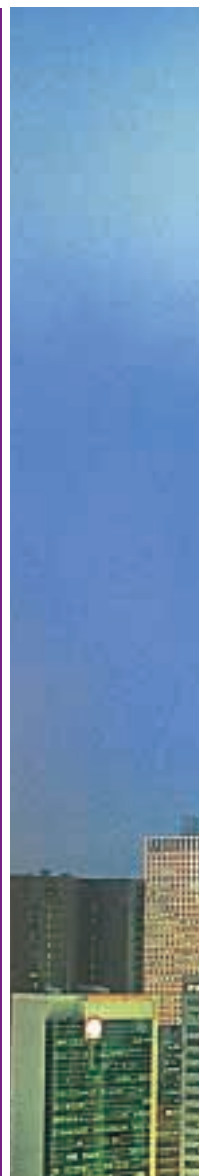
Aged 58, he was appointed as an Independent Non-Executive Director of the Company on 6th September, 2004 and is also an Independent Non-Executive Director of HHI. He is the Chairman of the Audit Committees and a member of the Remuneration Committees of both the Company and HHI. He holds a certificate in management studies from Carnegie Mellon University of the United States in 1977. He has over 30 years' experience in the banking, investment and finance industry. He was an Executive Director of Liu Chong Hing Bank from 1990 to 2001. Prior to that, he was a Vice President at Citibank, Mellon Bank and American Express Bank. He was appointed as a member of the Hong Kong Deposit Protection Board on 1st July, 2004.



## Operations Review

*The Group's investment portfolio of rental properties includes Hopewell Centre, Hongkong International Trade and Exhibition Centre ("HITEC"), shopping arcades of Panda Hotel and Allway Gardens, three floors of Hing Wai Centre at Aberdeen and various car parking spaces at Allway Gardens, Wu Chung House and Hing Wai Centre.*

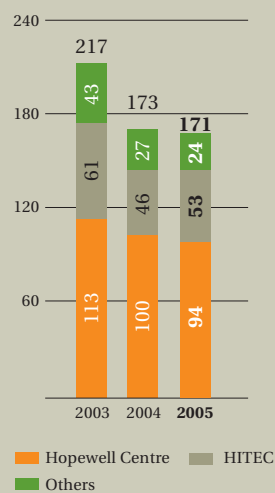
*Hopewell Centre and HITEC, the Group's two major rental properties, remain the principal contributors to the turnover of the property business. For the year ended 30th June, 2005, turnover of the property business amounted to HK\$290 million, compared with HK\$291 million of the last financial year, representing about 43% of the Group's total turnover. EBIT was slightly lower at HK\$171 million compared with last year's HK\$173 million due to the lease expiry of a major tenant of Hopewell Centre.*



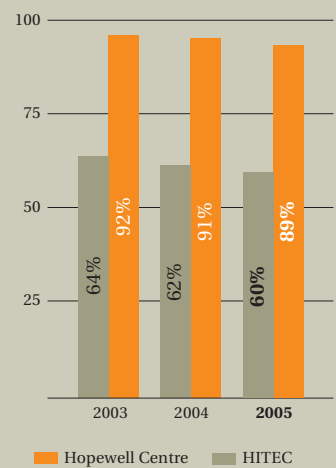
Hopewell Centre fitted with LED lighting



Hong Kong Rental Property EBIT (HK\$m)



Hopewell Centre and HITEC Average Occupancy (%)



## Hopewell Centre, Wanchai

The economic recovery with promising business prospects has boosted the office demand for upgrading and expansion, pushing up market office rentals on average. Benefiting from the vibrant inbound tourism and strong local consumption, rentals for retail premises also improved.

Hopewell Centre, our Group's flagship property, remains a Hong Kong landmark. Although the overall average occupancy rate maintained at 89% as compared to 91% of the last financial year, leases concluded during the year have been at significantly better rates. The current committed leases have improved to 98% in occupancy.

The Group has a strong commitment to maintain Hopewell Centre as a modern office building with the highest quality standards. The comprehensive renovation program for upgrading the main lobbies, shopping arcade and building facilities has continued by phases. Major renovation works which include complete facelift and modernization of all common areas and building facilities have been carried out. During the year, Hopewell Centre, after being fitted with LED lighting on its exterior wall, participated in the Harbour Lighting Scheme organized by the Government, increasing the building's visibility around the harbour. The new look of Hopewell Centre will further enhance the reputation and quality of Hopewell Centre as a local landmark.



*Landmark at Queen's Road East*



*Renovated entrance*



*Lift lobby new look*

## Hongkong International Trade and Exhibition Centre, Kowloon Bay

The Hongkong International Trade and Exhibition Centre ("HITEC"), a commercial complex located at the hub of Kowloon Bay, one of the major commercial districts in East Kowloon, offers a comprehensive range of showrooms, office spaces and facilities to hold large scale trade shows, conferences and banquets.

The overall performance of HITEC for the year showed improvement. Although competition from new office buildings in the neighbouring areas continued to be severe,



*HITEC with EMSD headquarters in background*



*Lobby of HITEC*



*Concert at HITEC*

the overall average occupancy of HITEC stood steadily at 60%, as compared to about 62% of the last financial year. Turnover from convention and exhibition, as compared to the last financial year, increased about 37%.

Looking to the year ahead, competition is still fierce due to new office supply in nearby Kwun Tong. However, in light of the gradual economic recovery, the Group expects demand for large-scale shows and events, and banquets will continue to be strong. The footbridge connecting the new Electrical and Mechanical Services Department headquarters to HITEC, completed by the Government in May 2005, is expected to bring additional traffic flow and business to HITEC.

The land lease modification to non-industrial was successfully completed in January 2005, allowing areas of the building for office, commercial and retail uses. The Group plans to invest in revamping the centre, and turning 600,000 square feet into an entertainment destination. The proposed revamp project aims to modernize HITEC's persona and facilities, while repositioning part of HITEC as an indoor entertainment destination point is under planning. Renovation works are scheduled to commence shortly.

### **Panda Place, shopping mall of Panda Hotel**



*Panda Place atrium*



*Panda Place shopping mall*

Renovation works for revamping the ground floor and three basement levels of Panda Hotel into a modern and stylish shopping mall, named Panda Place, were undertaken during the year under review. The design of Panda Place is featured around the theme of food and beverages, lifestyle and entertainment, targeting at the middle to upper markets of the affluent local families and hotel guests.

The bulk of the shopping spaces at Panda Place have been pre-leased, with a number of renowned chain stores having committed to lease. The shopping mall has begun operation and as shops open for business, the number of shoppers visiting the mall is encouraging.

*Turnover of hospitality business for the year under review increased by 20% to HK\$331 million as compared to the last corresponding year and the increase was mainly due to the strong performance of Panda Hotel and other food and beverage businesses. EBIT increased by 48% from HK\$40 million of the last corresponding year to HK\$59 million.*

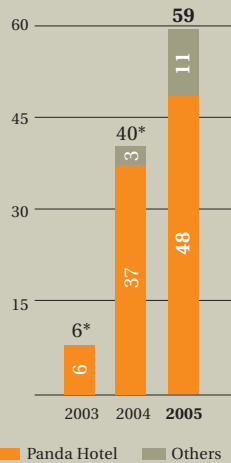


Panda Hotel lobby

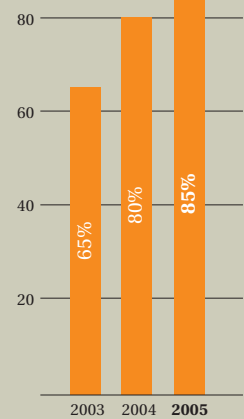


Panda Café at Panda Hotel

Hospitality  
EBIT (HK\$m)



Panda Hotel  
Average Occupancy (%)



\* Upon the expiry of the China Hotel joint venture agreement, contribution from China Hotel for FY 2003 of HK\$13 million and FY 2004 of HK\$36 million were excluded from the chart.

### **Panda Hotel, Tsuen Wan**

Benefiting from the revival of the tourist industry and economic growth in Hong Kong, Panda Hotel performed well in the year under review. Total revenue increased 18% to HK\$175 million as compared to the last corresponding year. Average room rate increased by 19%, average room occupancy increased from 80% to 85% while the food and beverages revenue also showed improvement. Tourists from Mainland China and Korea are the key guests of the hotel while guests from other segments such as corporate, long-staying and local residents also contribute to a steady flow of hotel guests after the completion of renovation to certain guest floors, restaurants and function rooms.

Looking ahead, the hotel may face intensive competition from new hotel supply in the adjacent areas. However, because of continued high demand for travel from various regions and long haul markets, especially with the opening of Hong Kong Disneyland in September 2005, demand for hotel accommodation in both corporate and leisure segments is expected to remain strong. According to the recent visitors arrivals forecast by the Hong Kong Tourism Board, visitors from Mainland China will continue to be the leading contributor. The continued robust performance from South and Southeast Asia markets is expected to bring a continued steady growth from our targeted short and long haul markets.

The hotel will further strengthen its marketing schemes involving attractive packages and special promotions for both rooms and food and beverages. Furthermore, our on-going refurbishment and renovation program for our guestrooms and restaurants will sustain our competitiveness in the market. Room refurbishment is continuing until all rooms, restaurants and function rooms are renovated.



*Panda Hotel, Tsuen Wan*



*Suite room at Panda Hotel*

## Restaurant and Catering Services



*Revolving 66 Restaurant, Hopewell Centre*



*Ground Floor Plaza, HITEC*



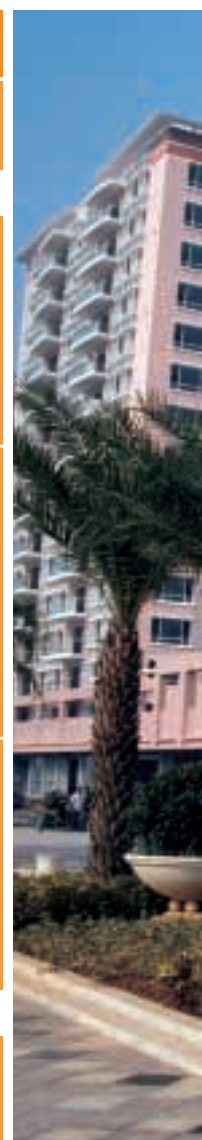
*Panda Café, Panda Hotel*

The Group, apart from the food and beverage outlets at Panda Hotel, operates Revolving 66 Restaurant at Hopewell Centre, Yuet Loy Heen and Grand Buffet Restaurant at HITEC, and Bayern Gourmet Food (the food manufacturer and supplier). Contribution from the restaurant and catering services during the year under review improved due to the growth of tourist arrivals, improved customer sentiments brought by economic rebound and the Group's series of innovative promotions.

In view of the positive macro-environment, a steady growth of the restaurant and catering business is expected.



PROJECT	LOCATION	DESCRIPTION	STATUS
<b>HONG KONG SAR</b>			
196 – 206 Queen's Road East, Wanchai, Hong Kong Island	Wanchai, Hong Kong Island, opposite to Hopewell Centre	Site area is about 464 sq.m. and will be developed for commercial use.	Hoarding and Foundation works have commenced since early August 2005.
214 – 224 Queen's Road East and 9 – 19 Sam Pan Street, Wanchai, Hong Kong Island	Wanchai, Hong Kong Island, opposite to Wu Chung House and to the east of Hopewell Centre	Site area is about 1,082 sq.m. and will be developed for residential and commercial use.	General building plans have been approved. Tendering for hoarding & foundation works is in progress.
Mega Tower Hotel	Wanchai, Hong Kong Island, near Hopewell Centre	A development site of about 11,500 sq.m. under various approval processes for the development of a hotel complex with recreation, shopping, restaurant and other commercial facilities.	Project has been undergoing various processes for the Town Planning Board's approval.
<b>GUANGZHOU CITY – GUANGDONG PROVINCE, PRC</b>			
Hopewell New Town	Huadu District, Guangzhou, near the Guangzhou Baiyun International Airport	The Group has a 95% interest in the project with a site of about 797,000 sq.m. for a composite development with residential, logistic and commercial developments. This project will be developed by phases.	Master Layout Plan for the development has been approved. Show flats have been completed. Construction of 57 townhouses and four 14-storey blocks are scheduled for completion by the end of 2005. Sale will be launched in the second half of 2005.
<b>MACAU SAR</b>			
Nova Taipa Gardens	Taipa Island, Macau	The Group has a 50% interest in the joint venture project with Shun Tak and STD. Original site has an area of 176,000 sq.m.. This project will be developed by phases into residential, commercial and hotel properties with social amenities.	Construction of the first 5 residential blocks with 684 apartments and about 800 car parking spaces of a new phase of the project, Nova City, is underway. Pre-sale is scheduled for launching in the second half of 2005.



*High rise residential blocks at Hopewell New Town, Huadu*



*EBIT from the property development business for the financial year increased to HK\$60 million, as compared to HK\$4 million of the last corresponding year, mainly due to the gain in disposal of the development right in Phase 4 of Nova Taipa Gardens, Macau.*

## **Hopewell New Town, Huadu, Guangzhou**

The Group owns a 95% interest in Hopewell New Town, a composite development project in Huadu, Guangzhou. The project, with a site area of approximately 797,000 sq.m., is planned to be developed in several phases comprising residential units, commercial space and a logistics complex.



*Model of Hopewell New Town development*

The project, strategically located approximately 2 km from the Guangzhou Baiyun International Airport opened in August 2004, is expected to capture the robust demand for residential, commercial and logistics developments generated by the new airport. It is also conveniently located near the Guangzhou Huadu Auto City and other commercial and manufacturing facilities.



*Entrance of Hopewell New Town*



*Hopewell New Town, Huadu*



*Townhouses at Hopewell New Town*

Six apartment blocks and 57 townhouses with gardens, part of the initial phase of the development, are being built with four apartment blocks and the townhouses scheduled to be completed by the end of this year. As there is an increasing demand from multi-national companies expanding in the logistics, car, jewellery and leather industries in Huadu, the Group expects to receive good response from the sale of these units, which is planned to be launched in the second half of 2005.



*Interior of decorated townhouse with excellent building design*



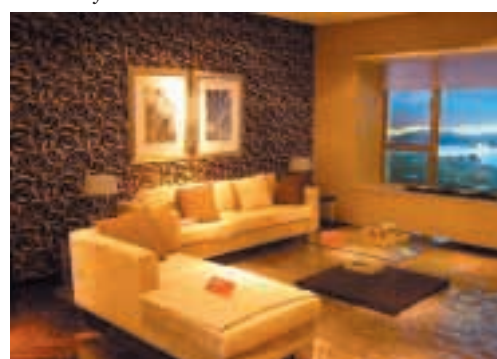
### **Nova Taipa Gardens, Taipa Island, Macau**

Nova Taipa Gardens, in which the Group has a 50% interest, is a multi-phase joint venture property development of residential, commercial, social amenities and hotel on Taipa Island in Macau.

With the strong revival of the property market in Macau, the joint venture company has been developing a new phase of the project, Nova City. Construction works for the first sub-phase of Nova City, which covers five residential blocks with development area of approximately 105,000 sq. m., providing 684 apartments and about 800 car parking spaces, is well advanced with target completion in 2006 and pre-sale is expected in the second half of 2005. Four more residential blocks are also scheduled to commence construction in the second half of 2005.



*Nova City clubhouse*



*Luxurious living space*



*Nova City, Macau*



*Elegant study room*

During the year under review, the joint venture company has disposed of its development right in Phase 4 (with a site area of 5,230 sq.m.) of the project to one of its shareholders at a consideration of HK\$200 million.

The Group believes Macau is a market of phenomenal potential growth and the project is anticipated to yield good profits from development and sale of the project over time.

### **196-206 Queen's Road East**

### **214-224 Queen's Road East and 9-19 Sam Pan Street**



The development site at 196-206 Queen's Road East, with a site area of approximately 464 sq.m. (5,000 square feet), is located opposite to Hopewell Centre and will be developed into a commercial building of approximately 75,000 square feet. Construction works were commenced in August 2005 and completion is expected in 2007.

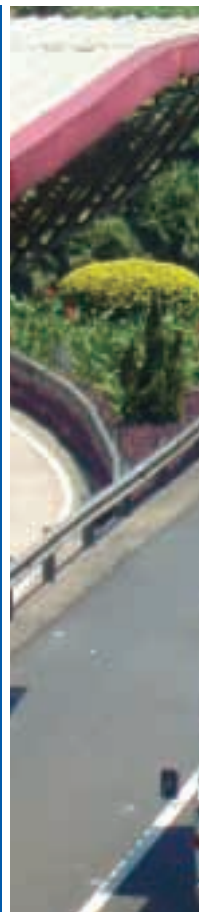
The development site at 214-224 Queen's Road East and 9-19 Sam Pan Street has a site area of approximately 1,082 sq.m. (11,600 square feet) and is located opposite to Wu Chung House and situated to the east of Hopewell Centre. It will be developed into a residential and commercial tower with gross floor area of approximately 95,000 square feet. Construction is expected to start in the second half year of 2005 while completion is scheduled in 2007.

### **Mega Tower Hotel, Wanchai**



Mega Tower Hotel is the Group's latest hotel development in Hong Kong. The proposed 2,000-room hotel, adjacent and to the west of Hopewell Centre, is planned to incorporate shopping, restaurant, commercial and convention facilities as well as much needed community open space in the vicinity. The Group has lodged a notice of appeal to the Town Planning Board in May 2005 for its rejection of the current planning application. A hearing date is being arranged by the Town Planning Appeal Board. The Group is in the process of reviewing its alternatives in materializing the project.

*EBIT from infrastructure business for the year under review increased 21% from HK\$799 million of the last corresponding year to HK\$968 million due to the growth in traffic flow and toll revenue of the three toll road projects, viz. Guangzhou-Shenzhen Superhighway (“GS Superhighway”), Guangzhou East-South-West Ring Road (“ESW Ring Road”) and Phase I of the Western Delta Route (“Phase I West”), invested by the Group’s listed subsidiary, Hopewell Highway Infrastructure Limited (“HHI”). The first full year operation of the Phase I West was profitable, a remarkable performance for an operating toll road.*



## HHI

The Group continues to retain approximately 75% shareholding in HHI which focuses on the initiation, promotion, development, investment and operation of toll expressways and bridges. Through co-operative joint venture arrangements, HHI has invested in three expressway projects in the Pearl River Delta region (“PRD”), being the GS Superhighway, the ESW Ring Road and the Phase I West. The total length of these expressways is about 180 km, connecting Shenzhen, Dongguan, Guangzhou and Foshan where are the most thriving and prosperous cities in the southern China region. For the financial year ended 30th June, 2005, the GS Superhighway, the ESW Ring Road and the Phase I West all recorded robust growth in traffic and toll revenue. Compared to the last financial year, the aggregate average daily traffic of the three expressways increased 25%; whereas, the total toll revenue increased 22% to RMB 3.5 billion.

The opening of new airport and seaports, the implementation of the Closer Economic Partnership Arrangements and the formation of the Pan-PRD programmes are the key favourable factors to drive the economic growth in the PRD. The growth of the gross domestic product and private car ownership in the PRD have brought into additional traffic flow and driven continuous traffic growth in the

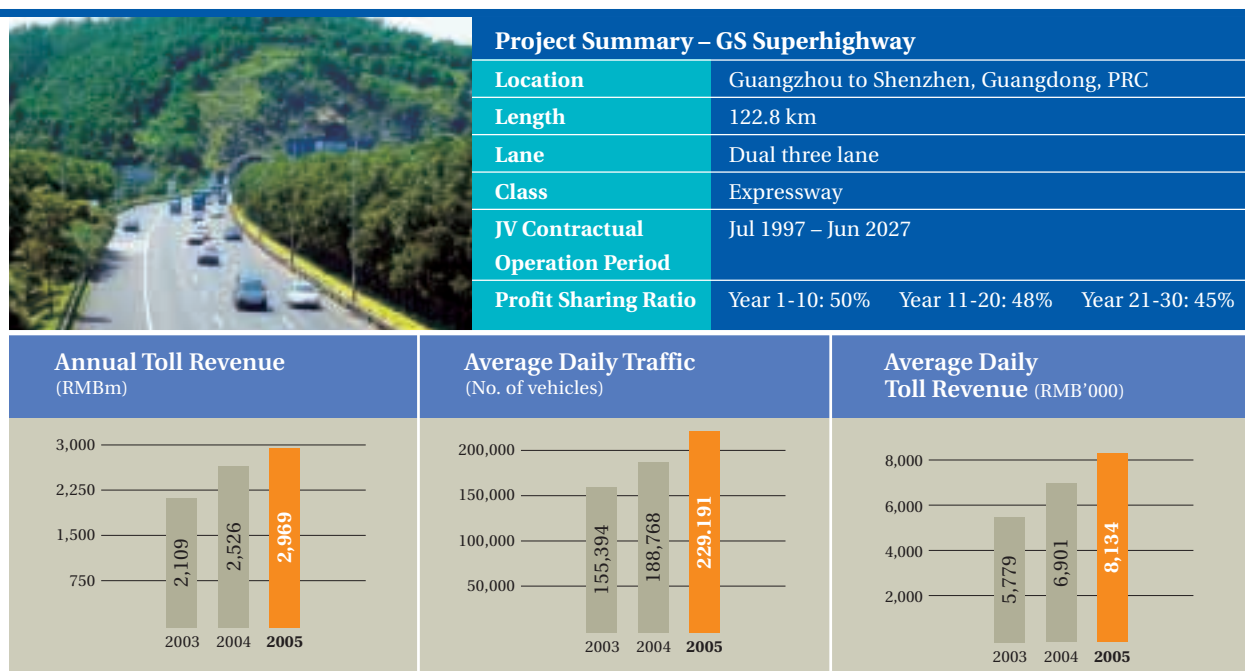


region. HHI strategically holding three major expressways in the PRD core expressway network and well positioned to widen these existing expressways and invest new expressways, has laid a concrete foundation for future investments and development.

In December 2004, HHI's three expressways were connected to the Guangdong Government's engineered provincial expressways unitoll system. Since then, the expressways are able to accept "Yuetong IC-Card" as electronic payment for toll and also facilitate non-stop electronic toll payment. All these have provided drivers with a more convenient and rapid toll payment service, and therefore enhanced the toll collection efficiency. Effective from 1st June, 2005, in response to the PRC country's policy to support freight transportation development and encourage heavy trucks not to be over-loaded on expressways, the Guangdong Government lowered the toll rate multiple of class 5 vehicles on all expressways in Guangdong. Under which the toll rate multiple of class 5 vehicles was down from 5 to 4.5 on the GS Superhighway and the ESW Ring Road, and from 4 to 3.5 on the Phase I West. On the same day, the PRC authorities cut the business tax rate on toll income of all expressways in the PRC from 5% to 3%. After all, HHI does not expect the aforesaid two adjustments will have any material impact on HHI.



## Guangzhou-Shenzhen Superhighway (“GS Superhighway”)



The GS Superhighway is currently the only expressway directly connecting Guangzhou, Dongguan, Shenzhen and Hong Kong. It is a 122.8 km long, closed system, fully lit dual three-lane expressway with 18 interchanges.

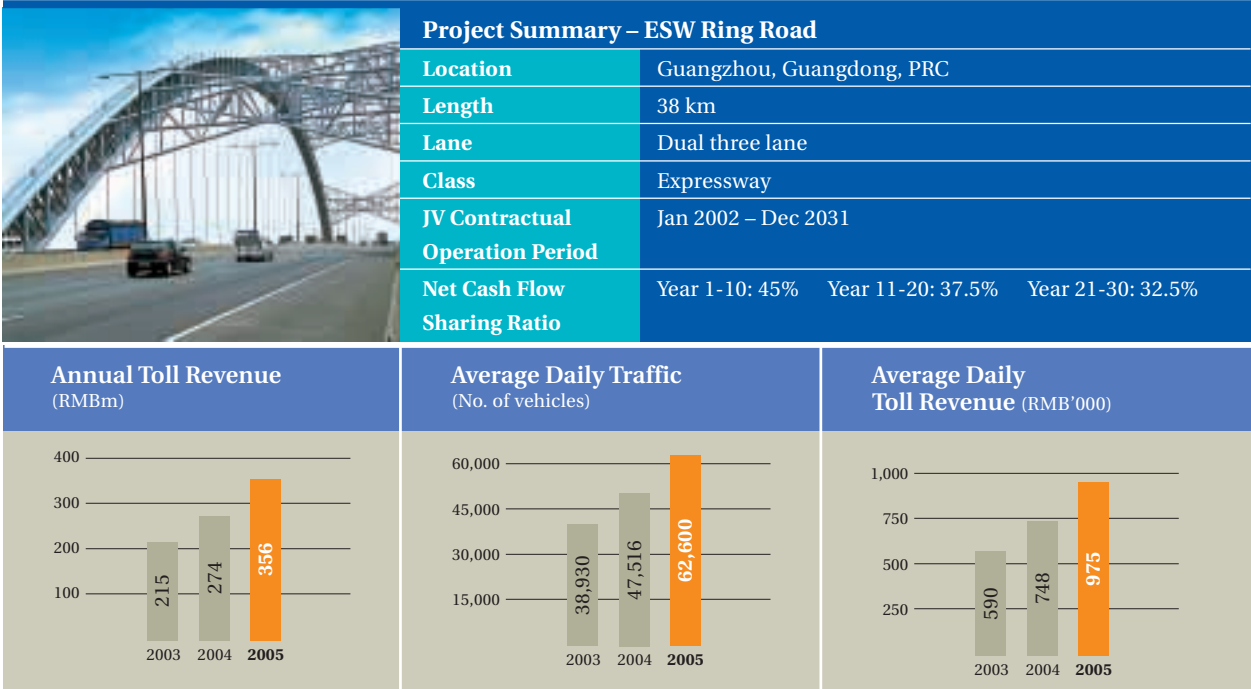
Being the main artery in the expressway network of the PRD, it closely connects to the major cities, airports, ports and the expressways including Jihe Expressway, Humen Bridge, Guangzhou Second Ring Road Northern Section and Guangzhou Ring Road. It will further connect to the Nanping Expressway in Shenzhen, Changhu Expressway in Dongguan and Guangzhou Second Ring Road Eastern Section once completed. The traffic flow and toll revenue of the GS Superhighway have exhibited continuous robust growth since it opened to traffic in 1994.

Over the past financial year, its average daily traffic rose 21% to 229,000 vehicles and annual toll revenue increased 18% to RMB 3 billion. When the Changhu Expressway and the Nanping Expressway open to traffic in the coming year, the GS Superhighway will further be fueled with additional traffic.

The joint venture company’s main objective is to persistently upgrade the GS Superhighway’s service standards and improve its ancillary facilities. During the year, the joint venture company joined hands with the local governments to reconstruct the Changan and Luogang interchanges to further improve their connections with local roads. It also expanded the toll station that connected to the Jihe Expressway to increase throughput capacity. In view of the further economic development of the PRD, HHI together with the joint venture company have been studying the feasibility of widening the GS Superhighway from its current total six lanes to ten lanes.

Benefiting from the continuous economic growth of Guangdong Province, especially the PRD, and the substantial increase in car ownership, HHI believes that the traffic flow and toll revenue of the GS Superhighway will continue stable growth.

**Guangzhou East-South-West Ring Road (“ESW Ring Road”)**



The ESW Ring Road is a 38 km long, dual three lane closed system expressway with 12 toll stations. It is a major route of the expressway network in the PRD and Guangzhou, with connections to the GS Superhighway, the Guangzhou Northern Ring Road, the Guangfo Expressway, the Nansha Port Expressway, the Phase I West and major feeder roads of Guangzhou, creating a circular transportation artery surrounding the central part of Guangzhou city.

During the review period, the ESW Ring Road continued to record robust growth in traffic and toll revenue. Its average daily traffic flow was 63,000 vehicles and annual toll revenue reached RMB 356 million, representing a 32% and 30% growth respectively.

Subsequent to the operation of the Phase I West in April 2004, the Guangzhou New Airport opened in August 2004 and the Nansha Port Expressway connected to the ESW Ring Road was also operational in December 2004. They all brought in further traffic growth to the ESW Ring Road.

HHI believes that the economic development of Guangzhou will continue to be the spearhead in Guangdong Province. With the opening of the Nansha Port Expressway and the Phase I West, together with the successive completion of some connecting expressways to the ESW Ring Road, the ESW Ring Road will further display its important position in Guangzhou expressway network, expediting its continuous growth.

## Phase I of the Western Delta Route (“Phase I West”)



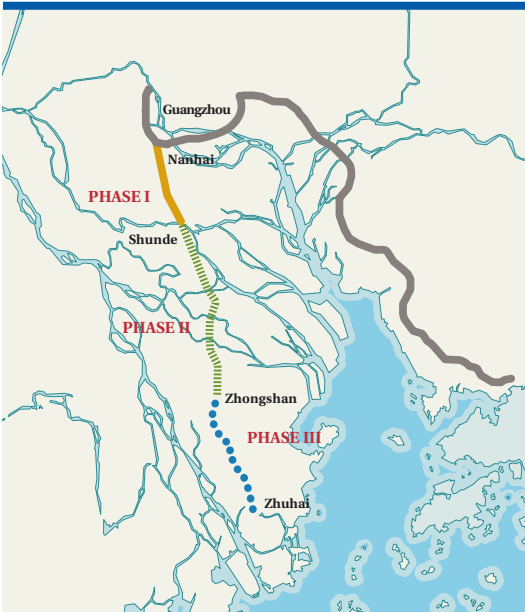
\* Operation started on 30th April, 2004 with 2 months' results only.

The Phase I West is a 14.7 km long dual three lane expressway. It connects ESW Ring Road in the north to both National Highway 105 and Bigui Road of Shunde in the south. Its first full year operation was profitable, a remarkable performance for an operating toll road.

Benefiting from the rapid economic growth of Guangzhou and Foshan, the Phase I West recorded remarkable growth both in traffic flow and toll revenue since it opened to traffic on 30th April, 2004. During the year under review, the average daily traffic increased 59% to 18,000 vehicles and the daily toll revenue rose 64% to RMB 273,000. Its annual toll revenue reached RMB 100 million.

Currently, the Phase I West is the only expressway directly linking Guangzhou and the Shunde district of Foshan. It significantly reduces the traveling time between these two areas from 40 minutes to 10 minutes. HHI believes that this favorable factor will continue to strengthen the role of the Phase I West as the main artery between Guangzhou and Shunde.

**Phases II and III of the Western Delta Route (“Phase II West and Phase III West”)**



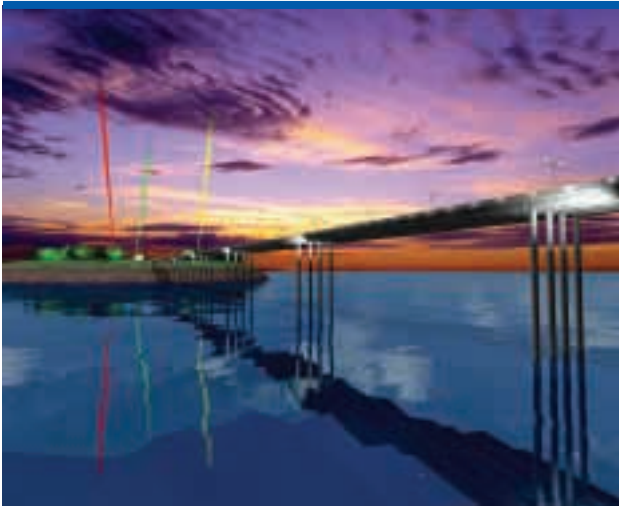
Project Summary – Phase II West	
Location	Shunde to Zhongshan, Guangdong, PRC
Length	Approx. 46 km
Lane	Dual three lane
Class	Expressway
JV Contractual Co-operation Period	Proposed 30 years from date of issue of new business licence; subject to the approval of the relevant PRC authorities
Profit Sharing Ratio	Proposed 50%

Project Summary – Phase III West	
Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	Routing not confirmed yet
Lane	Dual three lane
Class	Expressway
JV Contractual Co-operation Period	Subject to the approval of the relevant PRC authorities
Profit Sharing Ratio	Proposed 50%

The Western Delta Route will be constructed in three phases. The Phase I West started operations on 30th April, 2004. In July 2004, HHI conditionally amended the agreements with the PRC partner of Phase I West to include the Phase II West. It is pending the approvals of the relevant authorities. The Phase II West is approximately 46 km long. It connects the Phase I West in Shunde and extends to Zhongshan in the south. Preparation works have actively been underway. Construction of the Phase II West is expected to be carried out at the end of 2005, subject to finalization of necessary approvals. In addition, negotiation of the terms of co-operation of the Phase III West with the PRC partner is close to finalisation. Upon completion of the whole Western Delta Route, it will become a vital expressway directly linking Guangzhou with Nanhai, Shunde, Zhongshan and Zhuhai on the west bank of the PRD. HHI believes that this project will be a strategic route in the western part of the PRD.

**Hong Kong – Zhuhai – Macau Bridge Project**



It was reported in the media that the feasibility study of the Hong Kong-Zhuhai-Macau Bridge project was completed at the end of 2004. Following reviews by the relevant authorities and experts, the recommended alignment and landing sites are San Shek Wan of Lantau Island in the eastern end and Gong Bei / Perola in the western end. The project details and the bidding arrangements are pending governments’ announcement. HHI believes that it is well positioned to play an important role in the project once it proceeds.

## OTHER PROJECTS

### Shunde Roads & Shunde 105 Road

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Disposal of the Group's interests in Shunde Roads and Shunde 105 Road projects became effective during the year under review.

For the Shunde Roads project, a portion of the consideration amounting to HK\$583 million was received. A disposal gain of approximately HK\$313 million (mainly representing the recovery of prior years' losses) was recognized in the year under review. The remaining outstanding balance of approximately HK\$240 million, being unsecured, is receivable in three equal annual installments commencing December 2005 and such amount will be recognized as gains as and when received.

The cash consideration of HK\$438 million for the Shunde 105 Road project was received in full during the year under review. A disposal gain of approximately HK\$183 million was accounted for in these final results.

### Tanjung Jati B Power Plant Project ("TJB") in Indonesia

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A gain of HK\$449 million for the TJB disposal was recognized in the year under review (2004: HK\$580 million). Up to 30th June, 2005, the TJB disposal has generated a net cash surplus of HK\$1,497 million to the Group.

### South Luzon Tollway

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Disposal of the Group's interest in the South Luzon Tollway project in the Philippines at a consideration of HK\$6.9 million was completed in April 2005. A gain of HK\$6.5 million was recognized in the year under review.

### Bangkok Elevated Road and Train System ("BERTS")

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The Group continued its efforts during the financial year to seek a resolution for the BERTS project.

## OTHERS

### Employees and Remuneration Policies

There were approximately 1,110 employees in the Group as at 30th June, 2005. The Group continues to provide competitive remuneration packages to employees with reference to prevailing market practices and individual performance in addition to various benefits including medical and personal accident insurance coverage. Share options under the share option scheme as detailed in the Directors' Report and discretionary bonuses may be granted to employees based on individual performance as well as the performance of the Group. Apart from the above, training programs are also conducted on an ongoing basis throughout the Group aiming at improving employee productivity.



*Group Annual Dinner*



*Group basketball competition*



*Property Management celebrations*

## Relations with Shareholders and Investors

The Group continues to foster a good and long-term relationship through open and prompt communication with shareholders and investors. Through general meetings and press and analysts conferences subsequent to each interim and final results announcement, shareholders and investors are provided with forums to raise comments and exchange views with the Directors. The Group also actively participates in numerous road shows, investors' conferences, company visits and conference calls with financial analysts, fund managers and potential investors to communicate and explain its strategies. Our corporate website, [www.hopewellholdings.com](http://www.hopewellholdings.com), which is interlinked with the listed subsidiary HHI's website ([www.hopewellhighway.com](http://www.hopewellhighway.com)), also provides shareholders and investors with a wide range of information on the Group including corporate announcements, interim and annual reports, and business activities. We also invite shareholders and investors to give views and suggestions by contacting the investor relations team at [ir@hopewellholdings.com](mailto:ir@hopewellholdings.com).



Results Announcement presentation



Web Page: [www.hopewellholdings.com](http://www.hopewellholdings.com)

## Community Relations



*Hong Kong Arts Festival concert*



*ACCA award presentation*

During the year, the Group continued to support a wide spectrum of community services targeted at providing for the needy in Hong Kong, Mainland China and beyond. The forms of support included: donations to support the development of Mainland China for helping the poor, donations to Hong Kong Hotels Association and Hong Kong Red Cross South Asia Relief Fund for Asia earthquake and tidal waves relief, toys donations to the handicapped children, food donations to the needy, fund raisings for Worldwide Fund for Nature Hong Kong and Crisis Service for Youth, Walks for Millions, elderly caring visit service program, etc. In fostering youth development, the Group arranged career talk, interviewee techniques workshop and on-the-job training programs for the youth. The Group also sponsored a concert of the Norwegian Chamber Orchestra at the Hong Kong Arts Festival, and the sixth ACCA inter-tertiary competition. During the year, the Company also received the "Platinum Approved Accredited Employer" Award from the ACCA.



*Walks for Millions*



# Financial Review

## GROUP RESULTS

### Overview

For the year ended 30th June, 2005, the Group's turnover by activities and their respective earnings before interest and tax are reported as follows:-

<i>In HK\$ million</i>	Turnover		Earnings before interest and tax	
	2004	2005	2004	2005
Infrastructure project investment	50	<b>52</b>	799	<b>968</b>
Property letting, agency & management	291	<b>290</b>	173	<b>171</b>
Hotel operations, restaurant & catering <sup>(Note 1)</sup>	276	<b>331</b>	40	<b>59</b>
Property development	36	<b>5</b>	4	<b>60</b>
Others <sup>(Note 1)</sup>	-	-	58	<b>(19)</b>
	<b>653</b>	<b>678</b>	<b>1,074</b>	<b>1,239</b>

<i>In HK\$ million</i>	Results	
	2004	2005
Earnings before interest & tax <sup>(Note 2)</sup>	1,074	<b>1,239</b>
Exceptional items	975	<b>951</b>
Finance costs <sup>(Note 3)</sup>	(233)	<b>(92)</b>
Taxation	(51)	<b>(99)</b>
Minority interests	(311)	<b>(337)</b>
Net profit	<b>1,454</b>	<b>1,662</b>

#### Notes:

- (1) Contribution from China Hotel for the financial year 2004 of HK\$36 million was included under "Others" following the expiry of the joint venture operation on 9th June, 2004.
- (2) Earnings before interest & tax is the sum of (i) profit from operations before gain on disposal of power station project and net losses on properties and investment of HK\$97 million (2004: HK\$135 million); and (ii) share of results of jointly controlled entities and associates of HK\$1,142 million (2004: HK\$939 million).
- (3) The amount included interest expenses and related finance costs of Notes totaling HK\$19 million (2004: HK\$151 million).

### Turnover

The Group's turnover for the year ended 30th June, 2005 was HK\$678 million as compared with HK\$653 million of last financial year, resulting mainly from revenue growth of the hospitality business.

The Group's attributable share of toll revenue of the three toll roads under operation, namely Guangzhou-Shenzhen Superhighway, Guangzhou East-South-West Ring Road and Phase I of the Western Delta Route amounted to HK\$1,514 million for the year under review, representing a 22% increase over the last corresponding year. However, since equity accounting method is adopted, turnover attributable to the Group from the PRC joint venture companies ("PRC Joint Ventures") of such infrastructure projects has not been accounted for in the Group's turnover.

### **Earnings before Interest and Tax**

The Group's earnings before interest and tax ("EBIT") from recurring operating activities increased by 15% to HK\$1,239 million from HK\$1,074 million of the last corresponding year, mainly attributable to the growth in traffic flow and toll revenue of the toll roads, which, under the equity accounting method, is reflected in the Group's attributable share of results from the PRC Joint Ventures. During the year under review, property development business also reported prominent growth in EBIT.

### **Profit Attributable to Shareholders**

The Group's net profit increased to HK\$1,662 million, representing an increase of 14% as compared with HK\$1,454 million of last corresponding year. The increase mainly comes from, (i) the encouraging results of the road infrastructure projects of HK\$968 million as well as property development business of HK\$60 million; and (ii) lower finance cost of HK\$92 million as compared to HK\$233 million of the last corresponding year resulting from the significantly reduced debt level.

### **Liquidity and Financial Resources**

The Group remains financially sound and solid. As at 30th June, 2005, the Group's net cash, including cash and liquid notes of HHI, increased to HK\$3,329 million (30th June, 2004: HK\$1,763 million). Its total available and undrawn general banking facilities and project loan facilities, together with deposits, cash holdings and liquid notes, amounted to approximately HK\$8,897 million (30th June, 2004: HK\$6,476 million). Interest coverage ratio increased to 17.5 times (year ended 30th June, 2004: 5.3 times). Although the US\$194 million unsecured 9<sup>7</sup>/<sub>8</sub>% fixed-rate Notes were redeemed at their maturity in August 2004 at 100% of their principal amounts, the redemption did not have any impact on the Group's cash position as the settlement was served by a cash reserve already set aside since February 2002.

In August 2005, the Group's listed subsidiary, HHI, successfully obtained a fully underwritten commitment for a 5-year unsecured syndicated bank revolving credit and term loan facility of HK\$ 3.6 billion from a group of commercial banks, which is currently being syndicated. The above facility, together with the Group's deposits, cash holdings and liquid notes as well as the existing banking facilities on hand, totalling HK\$12.5 billion, provides the Group with adequate financial resources to meet its funding requirements for recurring operating activities and investment activities.

### Treasury Policies

The Group centralizes its treasury activities at group level for better management of financial risks including interest rate and foreign exchange risks, and for obtaining cost efficient funds. The Group focuses on reducing the overall net interest expenses in managing its interest rate exposure, and will replace banking facilities with new ones should good pricing opportunities arise. As the use of financial instruments is strictly controlled and is solely for managing the Group's interest rate and foreign currency exchange rate exposures in connection with its borrowings, no speculative derivative transactions were made during the year.

All the Group's borrowings are subject to floating interest rates and are substantially denominated in Hong Kong dollars. In order to mitigate the Group's exposure on exchange rate fluctuation, borrowings are also designated in local currencies to match the corresponding payment currencies. As at 30th June, 2005, the maturity profile of the Group's borrowings was as follows:

As at 30th June	2004		2005	
	HK\$'million	%	HK\$'million	%
Within 1 year	234	19%	-	-
2-5 years	1,000	81%	55	100%
Total	1,234	100%	55	100%

The Group's capital structure, which is mainly financed by equity, is shown as below:

As at 30th June	2004	2005
<i>In HK\$ million</i>		
Equity	14,866	16,310
Total net debt	Net Cash	Net Cash
Total capitalization	17,574	16,365
<i>In %</i>		
Total net debt vs total capitalization	N/A	N/A
Total net debt vs equity	N/A	N/A

### **Contingent Liabilities**

Details of the contingent liabilities are set out in note 41 to the financial statements.

### **Charges on Assets**

During the financial year, no mortgage was charged on the Group's properties.

### **Project Commitments**

Details of the project commitments are set out in note 39 to the financial statements.

### **Material Acquisition or Disposal**

During the year ended 30th June, 2005, there was no material acquisition or disposal of the Company's subsidiaries and associates.

# Report of the Directors

The Directors have pleasure in presenting their annual report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30th June, 2005.

## Principal Activities

The principal activity of the Company is investment holding and its subsidiaries are active in the field of investment in infrastructure projects, property development and investment, property agency and management, hotel investment and management, restaurant operations and food catering.

## Results

The results of the Group for the year ended 30th June, 2005 are set out in the consolidated income statement on page 59.

## Dividends

The Directors recommend the payment of a final dividend of HK38 cents (2004: HK30 cents) per share which, together with the interim dividend of HK12 cents (2004: HK10 cents) and the special interim dividend of HK30 cents (2004: HK30 cents) per share paid on 30th March, 2005, represents a total dividend distribution of HK80 cents (2004: HK70 cents) per share, totaling HK\$718 million in respect of the year ended 30th June, 2005 (2004: HK\$622 million).

## Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section “Operations Review” as set out on pages 14 to 37.

## Share Capital

Movements in share capital of the Company during the year are set out in note 32 to the financial statements.

## Share Premium and Reserves

Movements in share premium and reserves during the year are set out in note 33 to the financial statements.

## Donations

Donations made by the Group during the year for charitable and other purposes amounted to HK\$10,386,000 (2004: HK\$ 4,495,000).

## Fixed Assets

Movements in investment properties and property, plant and equipment during the year are set out in notes 19 and 20 to the financial statements respectively. Particulars regarding the major properties and property interests of the Group are set out on pages 114 and 115.

## Major Customers and Suppliers

The turnover attributable to the Group's five largest customers combined was less than 30% of the Group's turnover for the year. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

## Directors

The Directors of the Company as at the date of this report are set out on pages 8 to 13 of the annual report. Changes during the year and up to the date of this report are as follows:-

Mr. Camelo Ka Sze LEE	(re-designated as Non-Executive Director on 6th September, 2004)
Mr. Lee Yick NAM	(appointed on 6th September, 2004)
Mr. Barry Chung Tat MOK	(appointed on 15th August, 2005)

In accordance with the Company's Articles of Association, Mr. Josiah Chin Lai KWOK, Mr. Guy Man Guy WU, Lady Ivy Sau Ping KWOK WU, Ms. Linda Lai Chuen LOKE, Mr. Colin Henry WEIR and Mr. Barry Chung Tat MOK will retire at the forthcoming annual general meeting and all of them, being eligible, offer themselves for re-election.

## Profile of Directors

Profile of the Directors of the Company as at the date of the report are set out on pages 8 to 13.

## Senior Management

Dr. Tai Tei YU, aged 45, Qualified Accountant, joined the Group in October 2000 as the Group Financial Controller. He is involved in the Group's finance and accounting activities, operation review and information system. He has a Doctor degree in Business Administration from the Hong Kong Polytechnic University and a Master degree in Business Administration from Warwick University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators respectively; and a member of the Certified General Accountants Association of Canada. Prior to joining the Group, he has worked for renowned multi-national companies and Inland Revenue Department in the areas of business control, finance and accounting, audit and tax.

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors of the Company who are also regarded as members of the Group's senior management.

## Directors' Interest in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or were parties and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' Interests in Shares, Underlying Shares and Debentures

As at 30th June, 2005, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

### (A) the Company<sup>(i)</sup>

Directors	Shares				Underlying Shares of Equity derivatives <sup>(iv)</sup> (i.e. share option)	Total interests	% of issued share capital
	Personal interest (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(ii)</sup> (interests of controlled corporation)	Other interests <sup>(iii)</sup>			
Gordon Ying Sheung WU	71,744,032	21,910,000 <sup>(v)</sup>	111,250,000 <sup>(vi)</sup>	30,680,000	–	235,584,032 <sup>(ix)</sup>	26.24%
Eddie Ping Chang HO	25,360,000	246,000	2,050,000	–	–	27,656,000	3.08%
Josiah Chin Lai KWOK	1,005,000	–	–	–	–	1,005,000	0.11%
Thomas Jefferson WU	27,120,000	–	820,000	–	–	27,940,000	3.11%
Henry Hin Moh LEE	7,695,322	–	–	–	–	7,695,322	0.86%
Robert Van Jin NIEN	720,000	–	–	–	–	720,000	0.08%
Guy Man Guy WU	2,645,650	–	–	–	–	2,645,650	0.29%
Ivy Sau Ping KWOK WU	21,910,000	121,804,032 <sup>(vii)</sup>	61,190,000 <sup>(viii)</sup>	30,680,000	–	235,584,032 <sup>(ix)</sup>	26.24%
Linda Lai Chuen LOKE	–	1,308,981	–	–	–	1,308,981	0.15%
David Yau-gay LUI	8,537	–	–	–	–	8,537	0.00%
Albert Kam Yin YEUNG	250,000	–	–	–	950,000	1,200,000	0.13%
Andy Lee Ming CHEUNG	500,000	–	–	–	500,000	1,000,000	0.11%
Eddie Wing Chuen HO Junior	5,000	–	–	–	495,000	500,000	0.06%
Lee Yick NAM	90,000	–	–	–	–	90,000	0.01%

#### Notes:

- (i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.
- (ii) The corporate interests were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests in 30,680,000 shares represented the interests held by Sir Gordon Ying Sheung WU ("Sir Gordon WU") jointly with his wife Lady Ivy Sau Ping KWOK WU ("Lady Ivy WU").
- (iv) The interests in underlying shares of equity derivatives represented interests in options granted to Directors under the 2003 Share Option Scheme to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options of the Company".
- (v) The family interests in 21,910,000 shares represented the interests of Lady Ivy WU.
- (vi) The corporate interests in 111,250,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (viii).
- (vii) The family interests in 121,804,032 shares represented the interests of Sir Gordon WU, the husband of Lady Ivy WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations.
- (viii) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (ix) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

## (B) Associated Corporations

### (a) Hopewell Highway Infrastructure Limited (“HHI”)

Directors	HHI shares	Underlying shares of Equity derivatives <sup>(i)</sup> (i.e. HHI warrants)				Total interests	% of issued share capital
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(ii)</sup> (interests of controlled corporation)	Other interests		
Gordon Ying Sheung WU	300,000 <sup>(iii)</sup>	6,249,403	2,191,000 <sup>(iii)</sup>	11,124,999 <sup>(iv)</sup>	3,068,000 <sup>(v)</sup>	22,933,402 <sup>(xi)</sup>	0.80%
Eddie Ping Chang HO	2,165,600 <sup>(vi)</sup>	–	–	–	–	2,165,600	0.07%
Thomas Jefferson WU	450,000 <sup>(vii)</sup>	4,084,000	–	82,000	–	4,616,000	0.16%
Henry Hin Moh LEE	–	279,530	–	–	–	279,530	0.01%
Robert Van Jin NIEN	–	10,000	–	–	–	10,000	0.00%
Ivy Sau Ping KWOK WU	300,000 <sup>(viii)</sup>	2,191,000	11,255,403 <sup>(ix)</sup>	6,118,999 <sup>(x)</sup>	3,068,000 <sup>(v)</sup>	22,933,402 <sup>(xi)</sup>	0.80%
David Yau-gay LUI	–	853	–	–	–	853	0.00%

#### Notes:

- (i) These represented warrants of HHI, which conferred rights to subscribe for HHI shares at HK\$4.18 per HHI share (subject to adjustments) exercisable during a period of 3 years from 6th August, 2003 to 5th August, 2006.
- (ii) These HHI warrants were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The interests in 300,000 HHI shares and 2,191,000 underlying shares of HHI warrants were interests held by Lady Ivy Sau Ping KWOK WU (“Lady Ivy WU”), the wife of Sir Gordon Ying Sheung WU (“Sir Gordon WU”). The former interests represented the same block of shares in Note (viii).
- (iv) The corporate interests in 11,124,999 underlying shares of HHI warrants held by Sir Gordon WU included the corporate interests in 6,118,999 underlying shares of HHI warrants referred to in Note (x).
- (v) The other interests in 3,068,000 underlying shares of HHI warrants represented the interests held jointly by Sir Gordon WU and Lady Ivy WU.
- (vi) The interests in 2,165,600 HHI shares held by Mr. Eddie Ping Chang HO included personal interests of 1,936,000 HHI shares, family interests of 24,600 HHI shares and corporate interests of 205,000 HHI shares.
- (vii) The interests in 450,000 HHI shares represented beneficial interests of Mr. Thomas Jefferson WU.
- (viii) The interests in 300,000 HHI shares were personal interests beneficially owned by Lady Ivy WU and represented the same block of shares in Note (iii).
- (ix) The family interests in 11,255,403 underlying shares of HHI warrants represented the interests of Sir Gordon WU, the husband of Lady Ivy WU. This figure included 5,006,000 underlying shares of HHI warrants held by Sir Gordon WU through corporations.
- (x) The corporate interests in 6,118,999 underlying shares of HHI warrants were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (xi) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

### (b) HCNH Insurance Brokers Limited (“HCNH”)

Mr. Eddie Ping Chang HO together with his associate beneficially owned 600,000 ordinary shares of HCNH, representing 50% of its issued share capital, through Hong Kong Insurance Agency Limited which was 100% owned by him together with his associate.

All the above interests in the shares and underlying shares of equity derivatives of associated corporations were long positions.

Save as aforesaid, as at 30th June, 2005, none of the Directors or chief executives had any other interests or short positions in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## Share Options of the Company

The shareholders of the Company approved the termination (to the effect that no further options shall be offered) of the 1994 Share Option Scheme and the adoption of a new share option scheme (the “2003 Share Option Scheme”) both effective on 1st November, 2003.

### (A) 1994 Share Options Scheme

- (1) The 1994 Share Option Scheme was terminated on 1st November, 2003 and no further options may be granted under the 1994 Share Option Scheme. During the year, a total of 14,200,000 options, which were granted prior to the termination of the 1994 Share Option Scheme and subject to the provisions of the 1994 Share Option Scheme, were exercised. A summary of some of the principal terms of the 1994 Share Option Scheme is set out in (2) below. As at 30th June, 2005, there were no outstanding options under the 1994 Share Option Scheme.
- (2) The purpose of the 1994 Share Option Scheme is to give an interest to executive directors and employees of the Company or any of its subsidiaries in preserving and maximizing shareholder value in the long term. It also enables the Company to attract and retain experienced and capable individuals by providing them with incentives for future performance.

Under the 1994 Share Option Scheme and “The Rules Governing the Listing of Securities on the stock Exchange”, the maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding) will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of adoption of the 1994 Share Option Scheme. The maximum entitlement of each participant under the 1994 Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company.

The period under which an option may be exercised will be determined by the Board of Directors of the Company in its discretion, save that an option may not be exercised earlier than 6 months after the date of grant (i.e. the date on which the option is accepted) and shall expire not later than 10 years after the date of grant. An option is open for acceptance for a period of 28 days from the date of offer. The amount payable on acceptance of an option is HK\$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option. The exercise price for an option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall not be less than the highest of (a) the closing price of the

shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

(3) Details of the movement of share options under the 1994 Share Option Scheme during the year ended 30th June, 2005 were as follows:

	Date of grant	Exercise Price HK\$	Balance of outstanding options at 01/07/2004	Options granted during the year	Options exercised during the year	Options cancelled/lapsed during the year	Balance of outstanding options at 30/06/2005	Exercise period	Closing price immediately before date of grant falling within year HK\$
<i>Directors</i>									
Gordon Ying Sheung WU	09/09/2003	9.55	8,000,000	–	8,000,000	–	–	09/03/2004 – 09/09/2008	N/A
Josiah Chin Lai KWOK	28/03/2002	6.15	1,000,000	–	1,000,000	–	–	28/09/2002 – 27/09/2005	N/A
Thomas Jefferson WU	03/04/2002	6.15	2,400,000	–	2,400,000	–	–	03/10/2002 – 02/10/2005	N/A
Robert Van Jin NIEN	01/04/2002	6.15	1,000,000	–	1,000,000	–	–	1/10/2002 – 30/09/2005	N/A
<i>Employees of the Group</i>									
	02/04/2002	6.15	1,800,000	–	1,800,000	–	–	2/10/2002 – 01/10/2005	N/A
<b>Total</b>			<b>14,200,000</b>	<b>–</b>	<b>14,200,000</b>	<b>–</b>	<b>–</b>		

The weighted average closing prices of the shares of the dates immediately before the dates on which the options were exercised by Sir Gordon Ying Sheung WU, Mr. Josiah Chin Lai KWOK, Mr. Thomas Jefferson WU, Mr. Robert Van Jin NIEN and employees of the Group during the year were HK\$16.55, HK\$16.10, HK\$16.76, HK\$16.74 and HK\$16.74 respectively.

The options granted on 9th September, 2003 are exercisable during a period of 4.5 years after the expiry of 6 months from the date of grant.

The options granted, other than those granted on 9th September, 2003, are exercisable in the following manner:

Maximum proportion of options exercisable including the proportion of options previously exercised	Exercisable period
1/3	From the expiry of 6 months from the date of grant of option up to 18 months from the date of grant
2/3	From the expiry of 18 months from the date of grant of option up to 30 months from the date of grant
3/3	From the expiry of 30 months from the date of grant of option up to 42 months from the date of grant

**(B) 2003 Share Options Scheme**

- (1) The 2003 Share Option Scheme will expire on 31st October, 2013, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the 2003 Share Option Scheme is set out in (2) below.
- (2) The 2003 Share Option Scheme is designated to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and / or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of / to each member of the Group) and for such other purposes as the Board may approve from time to time.

Under the 2003 Share Option Scheme, the maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding) will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of adoption of the 2003 Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the 2003 Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company. As at the date of this report, a total of 85,048,212 shares (representing approximately 9.47% of the issued share capital of the Company) are available for issue under the 2003 Share Option Scheme.

The period under which an option may be exercised will be determined by the Board of Directors of the Company in its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board of Directors of the Company and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 14 days from the date of offer. The amount payable on acceptance of an option is HK\$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option. The exercise price for an option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

All options granted are exercisable from the date of grant.

(3) Details of the movement of share options under the 2003 Share Option Scheme during the year ended 30th June, 2005 were as follows:-

<i>Directors</i>	<i>Date of grant</i>	<i>Exercise Price HK\$</i>	<i>Balance of outstanding options at 01/07/2004</i>	<i>Options granted during the year</i>	<i>Options exercised during the year</i>	<i>Options cancelled/lapsed during the year</i>	<i>Balance of outstanding options at 30/06/2005</i>	<i>Exercise period</i>	<i>Closing price immediately before date of grant falling within year HK\$</i>
Albert Kam Yin YEUNG	08/09/2004	17.10	–	1,200,000	250,000	–	950,000	08/09/2004 – 07/09/2007	17.00
Andy Lee Ming CHEUNG	08/09/2004	17.10	–	1,000,000	500,000	–	500,000	08/09/2004 – 07/09/2007	17.00
Eddie Wing Chuen HO Junior	08/09/2004	17.10	–	500,000	5,000	–	495,000	08/09/2004 – 07/09/2007	17.00
<b>Total</b>			–	<b>2,700,000</b>	<b>755,000</b>	–	<b>1,945,000</b>		

The weighted average closing prices of the shares on the dates immediately before the dates on which the options were exercised by Mr. Albert Kam Yin YEUNG, Mr. Andy Lee Ming CHEUNG and Mr. Eddie Wing Chuen HO Junior during the year were HK\$18.61, HK\$19.00 and HK\$18.80 respectively.

The fair value of the share options granted during the year with the exercise price per share of HK\$17.1 is estimated at HK\$3.5 at the date of grant using the Black-Scholes option pricing model. The value is estimated based on the risk free rate of 2.55% per annum with reference to the rate on the 3-year Exchange Fund Notes, an estimated one-year historical volatility of 35.9% of the closing price of the shares of the Company and assuming an expected option life of 3 years and same level of annual dividends as the last year's regular dividends of HK40 cents per share over the option life.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

### Share Options of HHI

- (a) The share option scheme of HHI was approved by the written resolutions of the then sole shareholder of HHI passed on 16th July, 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16th July, 2003 (the “HHI Option Scheme”). The HHI Option Scheme will expire on 15th July, 2013. A summary of some of the principal terms of the HHI Option Scheme is set out in (b) below.
- (b) The purpose of the HHI Option Scheme is to provide HHI with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the HHI group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the HHI group; (iii) any consultants, professional and other advisers to each member of the HHI group; (iv) any chief executives, or substantial shareholders of HHI; (v) any associates of director, chief executive or substantial shareholder of HHI and (vi) any employees of substantial shareholder of HHI or such other purposes as the board of directors of HHI may approve from time to time.

Under the HHI Option Scheme, the maximum number of shares in HHI which may be issued upon exercise of all options to be granted under the HHI Option Scheme and any other share option scheme of HHI will not exceed 10% of the total number of shares of HHI in issue immediately following completion of the initial public offering, unless a fresh approval of shareholders of HHI is obtained. The maximum entitlement of each participant under the HHI Option Scheme in any 12-month period must not exceed 1% of the issued share capital of HHI. As at the date of this report, a total of 283,200,000 shares (representing 9.8% of the issued share capital of HHI) are available for issue under the HHI Option Scheme.

The period during which an option may be exercised will be determined by the board of directors of HHI at its absolute discretion and shall expire not later than 10 years after the date of grant. Unless otherwise determined by the board of directors of HHI and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 28 days from the date of offer. The amount payable on acceptance of an option is HK\$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the board of directors of HHI may in its absolute discretion determine and notified to a participant. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, being the date on which the offer is accepted (or, if such date is not a business day, the next following business day ("Grant Date")); (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Grant Date; and (c) the nominal value of a share in HHI.

(c) Details of the movement of share options of HHI under the HHI Option Scheme during the year ended 30th June, 2005 are as follows:-

	Date of grant	Exercise Price HK\$	Balance of outstanding options at 01/07/2004	Options granted during the year	Options exercised during the year	Options cancelled/lapsed during the year	Balance of outstanding options at 30/06/2005	Exercise period	Closing price immediately before date of grant falling within year HK\$
<i>Directors of HHI</i>									
Leo Kwok Kee LEUNG	08/09/2004	4.875	-	2,000,000	-	-	2,000,000	08/09/2004 - 07/09/2007	4.875
Christopher Shih Ming IP <sup>(Note)</sup>	13/09/2004	4.880	-	2,000,000	2,000,000	-	-	13/09/2004 - 12/09/2007	4.850
<i>Employee of HHI</i>									
	08/09/2004	4.875	-	800,000	400,000	-	400,000	08/09/2004 - 07/09/2007	4.875
<b>Total</b>			-	<b>4,800,000</b>	<b>2,400,000</b>	-	<b>2,400,000</b>		

Note: Mr. Christopher Shih Ming IP resigned as director of HHI with effect from 5th January, 2005.

All options granted are exercisable from the date of grant.

The weighted average closing prices of the shares of the dates immediately before the dates on which the options were exercised by Mr. Christopher Shih Ming IP and the employee during the year were HK\$5.02 and HK\$6.00 respectively.

The fair values of the share options granted during the year with the exercise price per share of HK\$ 4.875 and HK\$4.88 are estimated at HK\$0.27 and HK\$0.28 respectively at the dates of grant using the Black-Scholes option pricing model. The value is estimated based on the risk free rate of 2.325% per annum with reference to the rate on the 3-year Exchange Fund Notes, an estimated one year historical volatility of 1.47% of the closing price of the shares of HHI, and assuming an expected option life of 3 years and same level of annual dividends as the last year's dividend of HK22.5 cents per share over the option life.

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

### **Number of Ordinary Shares**

As at 30th June, 2005, the outstanding options were 1,945,000 shares. If these were to be fully exercised, the number of ordinary shares would increase from 897,970,121 shares to 899,915,121 shares.

### **Arrangements to Acquire Shares or Debentures**

Save as disclosed in the previous sections headed “Share Options of the Company” and “Share Options of HHI”, at no time during the year ended 30th June, 2005 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

### **Directors’ Remuneration**

The Directors’ fees are determined by shareholders at the annual general meeting and the other emoluments payable to Directors are determined by the Board of Directors with reference to the prevailing market practice, the Company’s remuneration policy, the Directors’ duties and responsibilities within the Group and contribution to the Group.

### **Service Contracts of Directors**

No directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-Executive directors of the Company are appointed for a fixed period but subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company’s Articles of Association.

## Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund (“MPF”) Schemes Ordinance, the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees’ monthly relevant income capped at HK\$20,000. During the year, the Group made contributions to the MPF Schemes amounted to HK\$6,486,000.

## Management Contracts

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

## Substantial Shareholder

Save as disclosed under the section headed “Directors’ Interests in Shares, Underlying Shares and Debentures”, as at 30th June, 2005, the Company had not been notified of any other interest or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under section 336 of the SFO.

## Purchase, Sale or Redemption of Securities

In August 2004, Guangzhou-Shenzhen Superhighway (Holdings) Ltd., a subsidiary of the Company, redeemed the matured US\$194 million unsecured 9<sup>7</sup>/<sub>8</sub>% fixed-rate Notes at 100% of their principal amounts.

During the year, the Company also repurchased 1,067,000 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of HK\$19,912,143. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$2,667,500 was credited to capital redemption reserve and the aggregate consideration was paid out from the Company’s retained profits. Details of the repurchases are as follows:-

<i>Month of the repurchases</i>	<i>Total no. of the ordinary shares repurchased</i>	<i>Highest price paid per share HK\$</i>	<i>Lowest price paid per share HK\$</i>	<i>Aggregate consideration paid (including transaction costs) HK\$</i>
January 2005	717,000	19.10	17.75	13,209,396
February 2005	250,000	19.60	19.55	4,902,939
March 2005	100,000	17.95	17.95	1,799,808
	1,067,000			19,912,143



The purchases were made for the benefit of the shareholders with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year.

### **Code of Best Practice and Model Code**

The company has complied with the Code of Best Practice set out in the then Appendix 14 of the Listing Rules throughout the year ended 30th June, 2005. The Code of Best Practice was replaced by the Code on Corporate Governance Practices (the “Code of CG Practices”) which is applicable to the Company for the financial year commencing 1st July, 2005. The Company has proceeded to take measures to comply with the Code of CG Practices.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (“the Code”). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Code for the year under review.

### **Confirmation on Independence**

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and still considers such Directors to be independent.

### **Connected Transaction**

During the year, the Group has entered into the following transaction as described below with the person who is a “connected person” of the Company for the purposes of the Listing Rules:

On 14th July, 2004, two conditional amending agreements (“Amending Agreements”) were entered into between Hopewell Guangzhou-Zhuhai Superhighway Development Limited (“HHI West HK Co”), a wholly owned subsidiary of HHI, and Guangdong Provincial Highway Construction Company Limited (“West Route PRC Partner”) in connection with the investment in and the planning, design, construction and operation of Phase II of the Western Delta Route (“Phase II West”) through Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (“West Route JV”). The Amending Agreements were to amend the Sino-foreign co-operative joint venture contract dated 5th January, 2004 made between HHI West HK Co and West Route PRC Partner and to amend the articles of association of West Route JV dated 5th January, 2004.

The major terms of the Amending Agreements were to expand the areas of co-operation to include Phase II West and related facilities in addition to Phase I of the Western Delta Route (“Phase I West”) with an estimated total amount of investment in Phase II West of RMB 4,900 million. The registered capital of West Route JV will be increased by RMB 1,715 million (from RMB 588 million to RMB 2,303 million) which will be contributed in cash by HHI West HK Co and West Route PRC Partner in equal share.

Subject to the approval of the relevant PRC authorities, the co-operation period will be 30 years commencing on the date on which new business licence of West Route JV is issued. The co-operation period may be extended by unanimous approval by the board of directors of West Route JV and the relevant regulatory authorities within six months before the expiry of the co-operation period. Upon expiry of the respective co-operation period of Phase I West and Phase II West, all fixed assets will be transferred to the government department which regulates transportation at nil consideration and West Route JV will be dissolved with any assets remaining after satisfaction of outstanding liabilities to be distributed to West Route PRC Partner and HHI West HK Co in equal share.

Pursuant to Clause 46 of the Listing Agreement made between HHI and the Stock Exchange and the letter dated 7th August, 2003 from the Company to the Stock Exchange, West Route JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by the HHI Group and the West Route PRC Partner, which operates a toll road project, is deemed to be a subsidiary of HHI and the Company for the purposes of the then Chapter 14 of the Listing Rules. West Route PRC Partner currently has a 50% interest in each of West Route JV and Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (which is a Sino-foreign co-operative joint venture between West Route PRC Partner and a subsidiary of HHI) and is accordingly deemed to be a connected person of HHI and the Company for the purpose of Chapter 14A of the Listing Rules.

The connected transaction, which details were contained in the joint press announcements by HHI and the Company dated 14th July, 2004 and 4th August, 2004 and the joint circular issued on 21st August, 2004, has been duly approved by the shareholders of the Company at the extraordinary general meeting held on 6th September, 2004.

### **Audit Committee**

The Company has established an audit committee since March 1999. The audit committee comprises three Independent Non-Executive Directors, Mr. Lee Yick NAM as Chairman, Ms. Linda Lai Chuen LOKE and Mr. Guy Man Guy WU. Its duties include review and supervision of the Company's financial reporting process and internal control systems. It has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including review of unaudited interim financial statements and audited annual financial statements. It has also reviewed the audited financial statements of the Group for the year ended 30th June, 2005.

### **Public Float**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

### **Disclosure under Chapter 13 of the Listing Rules**

The Sino-foreign co-operative joint venture enterprises jointly controlled by the HHI Group and the PRC joint venture partners which operate toll roads and infrastructure projects have, following the listing of HHI on the Stock Exchange in 2003, been deemed as subsidiaries of the Company for the purpose of the disclosure requirements under Chapter 13 of the Listing Rules. Accordingly, information on advances and financial assistance to such joint venture enterprises is no longer required under Rules 13.13, 13.16, 13.20 and 13.22 of the Listing Rules to be specifically disclosed in the annual report.

### **Auditors**

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*

Hong Kong, 1st September, 2005

# Financial Report

## Contents

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58	Report of the Auditors
59	Consolidated Income Statement
60	Consolidated Balance Sheet
62	Company Balance Sheet
63	Consolidated Statement of Changes in Equity
64	Consolidated Cash Flow Statement
66	Notes to the Financial Statements

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# Report of the Auditors

**Deloitte.**

德勤

## TO THE MEMBERS OF HOPEWELL HOLDINGS LIMITED

*(incorporated in Hong Kong with limited liability)*

We have audited the financial statements on pages 59 to 113 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with Section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

## OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June, 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
1st September, 2005

# Consolidated Income Statement

For the year ended 30th June, 2005

	Notes	2004 HK\$'000	2005 HK\$'000
Turnover	4	653,337	<b>678,032</b>
Cost of sales and services		(341,939)	<b>(349,040)</b>
Other operating income	6	311,398	<b>328,992</b>
Selling and distribution costs		(21,742)	<b>(24,338)</b>
Administrative expenses		(177,139)	<b>(168,511)</b>
Other operating expenses	7	(115,995)	<b>(155,651)</b>
Gain on disposal of a power station project	8	580,415	<b>449,216</b>
Net losses on properties and investment	9	(19,442)	<b>–</b>
Profit from operations	10	695,703	<b>546,472</b>
Gain on disposal of interests in jointly controlled entities and an associate	11	–	<b>502,117</b>
Gain on deemed disposal of interests in subsidiaries	12	483,847	<b>–</b>
Loss on cancellation of share purchase option		(70,000)	<b>–</b>
Finance costs	13	(233,637)	<b>(92,182)</b>
Share of profits of			
Jointly controlled entities	14	900,133	<b>1,137,538</b>
Associates		39,372	<b>3,888</b>
Profit from ordinary activities before taxation		1,815,418	<b>2,097,833</b>
Income tax expense	15	(50,811)	<b>(98,620)</b>
Profit before minority interests		1,764,607	<b>1,999,213</b>
Minority interests		(310,617)	<b>(336,802)</b>
Net profit for the year		1,453,990	<b>1,662,411</b>
Dividends	16	622,534	<b>718,718</b>
Earnings per share	17	HK\$	<b>HK\$</b>
Basic		1.65	<b>1.86</b>
Diluted		1.64	<b>1.85</b>

# Consolidated Balance Sheet

At 30th June, 2005

	Notes	2004 HK\$'000	2005 HK\$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment properties	19	5,890,800	<b>6,477,300</b>
Property, plant and equipment	20	552,448	<b>538,378</b>
Properties for or under development	22	907,691	<b>1,125,532</b>
Interests in jointly controlled entities	23	8,174,395	<b>7,725,147</b>
Interests in associates	24	19,426	<b>14,164</b>
Other investment project	25	–	–
Investments in securities	26	731,942	<b>22,114</b>
Long-term receivables	27	146,780	<b>17,550</b>
Pledged deposits	41(b)	95,266	<b>94,263</b>
		16,518,748	<b>16,014,448</b>
<b>Current Assets</b>			
Inventories	28	8,871	<b>9,333</b>
Properties for sale	29	3,762	<b>99,332</b>
Investments in securities – current portion	26	1,046,195	<b>737,591</b>
Trade and other receivables	30	954,607	<b>522,057</b>
Deposits and prepayments		24,984	<b>34,655</b>
Loans to jointly controlled entities	23	12,878	<b>10,870</b>
Defeasance deposits	34(a)	1,587,990	–
Bank balances and cash		1,029,933	<b>2,551,430</b>
		4,669,220	<b>3,965,268</b>
<b>Total Assets</b>		<b>21,187,968</b>	<b>19,979,716</b>

# Consolidated Balance Sheet (continued)

At 30th June, 2005

	Notes	2004 HK\$'000	2005 HK\$'000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	32	2,210,205	<b>2,244,925</b>
Share premium and reserves	33	12,655,302	<b>14,065,446</b>
		14,865,507	<b>16,310,371</b>
<b>Minority Interests</b>			
		2,418,947	<b>2,468,602</b>
<b>Non-current Liabilities</b>			
Bank and other borrowings	34	1,000,000	<b>55,000</b>
Amounts due to associates	36	11,657	<b>12,038</b>
Warranty provisions	41(a)	164,059	<b>164,059</b>
Deferred tax liabilities	37	54,657	<b>64,815</b>
		1,230,373	<b>295,912</b>
<b>Current Liabilities</b>			
Trade and other payables	31	756,756	<b>759,622</b>
Rental and other deposits		78,304	<b>95,258</b>
Tax liabilities		130,682	<b>49,951</b>
Bank and other borrowings – current portion	34	1,707,399	<b>–</b>
		2,673,141	<b>904,831</b>
<b>Total Liabilities</b>		<b>3,903,514</b>	<b>1,200,743</b>
<b>Total Equity and Liabilities</b>		<b>21,187,968</b>	<b>19,979,716</b>

**Josiah Chin Lai KWOK**  
Deputy Managing Director

**Thomas Jefferson WU**  
Deputy Managing Director



# Company Balance Sheet

At 30th June, 2005

	Notes	2004 HK\$'000	2005 HK\$'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Interests in subsidiaries	21	12,774,140	13,424,338
Interests in associates	24	401	401
Investments in securities	26	3,000	3,000
		12,777,541	13,427,739
<b>Current Assets</b>			
Trade and other receivables		337	428
Deposits and prepayments		933	622
Bank balances and cash		186,959	355,414
		188,229	356,464
<b>Total Assets</b>		12,965,770	13,784,203
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	32	2,210,205	2,244,925
Share premium and reserves	33	10,543,353	11,388,780
		12,753,558	13,633,705
<b>Non-current Liabilities</b>			
Amounts due to subsidiaries	35	95,098	110,225
Amounts due to associates	36	5,278	12,038
		100,376	122,263
<b>Current Liabilities</b>			
Trade and other payables		21,542	21,825
Tax liabilities		90,294	6,410
		111,836	28,235
<b>Total Liabilities</b>		212,212	150,498
<b>Total Equity and Liabilities</b>		12,965,770	13,784,203

**Josiah Chin Lai KWOK**  
Deputy Managing Director

**Thomas Jefferson WU**  
Deputy Managing Director

# Consolidated Statement of Changes in Equity

For the year ended 30th June, 2005

	<i><b>Total equity</b></i> <i>HK\$'000</i>
At 1st July, 2003	13,653,157
Increase on revaluation of investment properties	214,877
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	10,266
Share of reserves of jointly controlled entities and associates	(25,380)
Net gain not recognised in the consolidated income statement	199,763
Net profit for the year	1,453,990
Dividends paid	(511,580)
Issue of new shares	70,177
At 30th June, 2004	14,865,507
Increase on revaluation of investment properties	298,728
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	1,485
Share of reserves of jointly controlled entities and associates	18,044
Net gain not recognised in the consolidated income statement	318,257
Net profit for the year	1,662,411
Dividends paid	(646,120)
Issue of new shares	127,389
Repurchase of shares	(19,912)
Exchange translation reserve realised on disposal of interests in jointly controlled entities	2,839
<b>At 30th June, 2005</b>	<b>16,310,371</b>

# Consolidated Cash Flow Statement

For the year ended 30th June, 2005

	2004 HK\$'000	2005 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit from operations	695,703	546,472
Adjustments for:		
Interest from		
Jointly controlled entities	(40,297)	(43,653)
Defeasance and other bank deposits, loans and receivables	(79,834)	(82,694)
Interest on held-to-maturity debt securities	(71,259)	(65,320)
Amortisation of premium on acquisition of held-to-maturity debt securities	48,087	40,826
Loss on disposal of held-to-maturity debt securities	–	751
Exchange losses on held-to-maturity debt securities, net	–	5,599
Depreciation of property, plant and equipment	14,544	15,686
Amortisation of cost of investments in jointly controlled entities	102,638	100,813
Gain on disposal of a power station project	(580,415)	(449,216)
Gain on disposal of other property, plant and equipment	(2,270)	(812)
Net losses on properties and investment	19,442	–
Operating cash flows before movements in working capital	106,339	68,452
Increase in inventories	(283)	(462)
Decrease in trade and other receivables, and deposits and prepayments	31,868	19,944
Increase in trade and other payables, and rental and other deposits	18,704	40,235
Decrease in amounts due from customers for contract work	323	–
Decrease in amounts due to customers for contract work	(14,423)	–
Cash generated from operations	142,528	128,169
Tax paid		
Hong Kong Profits Tax	(70,138)	(91,258)
Taxation elsewhere	(4,024)	(6,482)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>68,366</b>	<b>30,429</b>

# Consolidated Cash Flow Statement (continued)

For the year ended 30th June, 2005

	Note	2004 HK\$'000	2005 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Interest received		89,971	297,684
Dividends received		489,556	857,378
Additions to investment properties		(20,523)	(271,576)
Additions to property, plant and equipment		(41,234)	(21,598)
Interests in associates		(39)	–
(Repayment to) advances from associates		(6,129)	6,934
Investments in and loans to jointly controlled entities		(151,780)	(64,090)
Repayments of loans by jointly controlled entities		187,470	646,991
Decrease in other investments		18,055	–
Repayment from other investment projects		413	–
Acquisition of held-to-maturity debt securities		(2,091,378)	(301,120)
Proceeds on redemption and disposal of held-to-maturity debt securities		243,828	1,277,476
Cash paid for cancellation of share purchase option		(70,000)	–
Additions to properties for or under development		(94,538)	(229,094)
Net proceeds received on disposal of			
Power station project		1,389,028	672,464
Other property, plant and equipment		3,105	864
Interest in an associate		–	6,484
Interest in jointly controlled entities		–	518,376
Payment of project development expenditure and contractors' deposits		(363,089)	–
Deposits on power station project refunded		143,400	–
Decrease in long-term receivables		32,540	92,079
Decrease in defeasance deposits		149,160	1,587,990
Disposal of subsidiaries	38	7,572	–
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(84,612)</b>	<b>5,077,242</b>
<b>FINANCING ACTIVITIES</b>			
Interest paid		(166,653)	(88,061)
Loan arrangement fees and bank charges paid		(24,055)	(21,122)
Dividends paid to			
Shareholders		(511,580)	(646,120)
Minority shareholders of subsidiaries		(88,670)	(181,903)
Distributions to minority shareholders		(231,960)	(137,828)
Capital contribution from minority shareholders		2,561	–
Net proceeds from issue of shares by			
The Company		70,177	127,389
A listed subsidiary		2,889,211	34,252
Repurchase of shares		–	(19,912)
New bank and other loans		1,100,000	55,000
Repayment of bank and other loans		(2,685,115)	(1,233,555)
Redemption of notes		–	(1,474,201)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>		<b>353,916</b>	<b>(3,586,061)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>337,670</b>	<b>1,521,610</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>694,604</b>	<b>1,029,933</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(2,341)</b>	<b>(113)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash</b>		<b>1,029,933</b>	<b>2,551,430</b>

# Notes to the Financial Statements

For the year ended 30th June, 2005

## 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The Group is principally engaged in investment in infrastructure projects, property development and investment, property agency and management, hotel investment and management, restaurant operations and food catering.

## 2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) issued a number of new or revised Hong Kong Accounting Standards (“HKAS”) and Hong Kong Financial Reporting Standards (“HKFRS”) (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005 except for HKFRS 3 “Business Combinations”. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30th June, 2005. HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1st January, 2005. HKFRS 3 did not have any impact on the Group’s financial statements for the year ended 30th June, 2005.

The Group has commenced considering the potential impact of the new HKFRSs and has so far concluded that the adoption of HKAS 16 “Property, Plant and Equipment”, HKAS 17 “Leases”, HKAS 28 “Investments in Associates”, HKAS 31 “Interests in Joint Ventures”, HKAS 40 “Investment Property” and HKFRS 2 “Share-based Payment” will have the following effects:

### Hotel property

The hotel building and integral plant and equipment will be stated at cost less accumulated depreciation and impairment, if any. The underlying leasehold land on which the hotel is situated will be stated at cost and amortised over the lease term.

### Investments in associates

When the financial statements of an associate are prepared as of a different reporting date from that of the Group, the difference between the reporting date of the associate and that of the Group shall be no more than three months. The effects of significant transactions occurring between the two dates must be adjusted for equity accounting purpose in the preparation of the Group’s financial statements.

### Interests in jointly controlled entities

HKAS 31 “Interests in Joint Ventures” permits entities to use either the equity method of accounting or proportionate consolidation to account for its interests in jointly controlled entities.

### Investment property

The Group’s investment properties will continue to be carried at fair value. All changes in fair value of investment properties will be reported in the income statement.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS *(continued)*

### Share-based payments

Equity-settled share-based payments in relation to share options granted to employees are measured at fair value at the date of grant.

In accordance with the transitional provisions of HKFRS 2, this standard does not apply to share options granted on or before 7th November, 2002. However, for share options granted after 7th November, 2002 and vested on or after 1st January, 2005, such share options would be accounted for retrospectively in accordance with HKFRS 2.

The Group is in the process of making an assessment of the potential impact of the other new HKFRSs but is not yet in a position to determine the impact of these new HKFRSs on the results of operations and financial position of the Group. These new HKFRSs may result in changes in the future as to how the results and financial position of the Group are prepared and presented.

## 3. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

The results of the subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

### Goodwill/negative goodwill

Goodwill/negative goodwill arising on consolidation represents the excess/shortfall of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, a jointly controlled entity or an associate at the date of acquisition.

Goodwill arising on acquisition is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet. Goodwill arising on the acquisition of a jointly controlled entity or an associate is included within the carrying amount of the jointly controlled entity or associate.

Negative goodwill arising on acquisitions is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Goodwill/negative goodwill (continued)

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the year in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets. Negative goodwill arising on the acquisition of a jointly controlled entity or an associate is deducted from the carrying amount of that jointly controlled entity or associate.

### Subsidiaries

In the Company's balance sheet, investments in subsidiaries are stated at cost less any identified impairment losses.

### Jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The consolidated income statement includes the Group's share of the post-acquisition results of its jointly controlled entities for the year. In the consolidated balance sheet, interests in jointly controlled entities are stated at cost less amortisation and any identified impairment losses plus the Group's attributable share of the undistributed post-acquisition reserves of the jointly controlled entities. The cost of investments in jointly controlled entities comprises capital contributed, development expenditure incurred by the Group, financial expenses capitalised less interest income on advances to jointly controlled entities deferred to the extent of the Group's interest therein during the development stage of the projects undertaken by the jointly controlled entities.

The cost of investments, to the extent not borne by the jointly controlled entities, is amortised over the joint venture period on the same basis as that adopted by the relevant jointly controlled entity in respect of depreciation of its project cost, commencing from the date of operation of the project undertaken.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

### Associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates calculated based on their financial statements made up to a date not more than six months before the balance sheet date. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Associates (continued)

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

In the Company's balance sheet, investments in associates are stated at cost less any identified impairment losses.

### Other investment project

Development expenditure incurred under the terms of a concession agreement for the investment in a transport infrastructure project during its development stage is carried at cost less any identified impairment losses. Development expenditure includes construction costs, other incidental costs incurred and attributable borrowing costs.

### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, held-to-maturity debt securities that the Group has the expressed intention and ability to hold to maturity are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investment securities, which are securities held for an identified long term purpose, are measured at reporting dates at cost less any identified impairment losses.

### Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Property, plant and equipment

Property, plant and equipment are stated at cost less, where appropriate, depreciation and any identified impairment losses. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

It is the Group's practice to maintain its hotel property in a continual state of sound repairs and maintenance and to make improvements from time to time, accordingly the directors consider that depreciation is not necessary as the property maintains a residual value at least equal to its carrying amount. Repairs and maintenance expenditure is charged to the income statement when incurred.

Depreciation is provided to write off the cost of other property, plant and equipment in use over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

<i>Category of assets</i>	<i>Estimated useful lives</i>
Leasehold land	Over the term of the lease
Buildings	50 years or the remaining term of the land lease, whichever is shorter
Other assets	3 to 10 years

### Development properties

Properties held for or under development are stated at cost less any identified impairment losses. The cost of properties comprises land cost, development expenditure, other attributable expenses and, where appropriate, borrowing costs capitalised.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

### Properties for sale

Properties for sale are stated at the lower of cost, comprising land and development costs, and net realisable value.

### Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Impairment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

### Operating leases

Operating leases are leases whereby substantially all the risks and rewards of ownership of the assets remain with the lessors. Rentals payable (receivable) under operating leases are charged (credited) to the income statement on a straight line basis over the terms of the respective leases.

### Foreign currencies

Transactions denominated in foreign currencies are initially recorded at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Notes payable

Unsecured notes payable are separately disclosed and regarded as liabilities. The note issue expenses, which represent the discount on issue of notes and expenses incurred directly in connection with the issue, are deferred and amortised over the period of the notes so as to produce a constant periodic rate of charge on the carrying amount of the notes.

If any of the notes outstanding are repurchased by the Group prior to their maturity date, any gain or loss, representing the difference between the purchase price and the principal amount of the notes repurchased together with the related unamortised note issue expenses and outstanding interest thereon, is dealt with in the income statement. The Group's liability in respect of notes payable is presented net of the principal amount of notes repurchased.

### Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as expenses when they fall due.

### Revenue recognition

#### Lease of properties

Rental income in respect of properties under operating leases is recognised on a straight line basis over the respective lease term.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 3. PRINCIPAL ACCOUNTING POLICIES (continued)

### Revenue recognition (continued)

#### Property agency and management

Revenue from the provision of property agency and management services is recognised when the relevant services are provided.

#### Hotel investment and management

Revenue from hotel investment and management is recognised when the relevant services are provided.

#### Restaurant operations and food catering

Revenue from restaurant operations and food catering services is recognised when goods are delivered and services are provided.

#### Interest income

Interests from bank deposits, advances to jointly controlled entities undertaking infrastructure project investments, loans and other receivables are recognised on a time basis by reference to the principal outstanding and at the interest rate applicable.

#### Dividend income

Dividends from investments are recognised when the Group's rights to receive payment have been established.

#### Sales of investments

Proceeds from sales of investments are recognised when the relevant sale contract becomes unconditional.

## 4. TURNOVER

Turnover comprises income from infrastructure project investments, property letting, agency and management, hotel investment and management, restaurant operations and food catering, and is analysed as follows:

	2004 HK\$'000	2005 HK\$'000
Infrastructure project investments	50,370	<b>52,473</b>
Property letting, agency and management	291,385	<b>289,696</b>
Hotel investment and management	151,899	<b>179,491</b>
Restaurant operations and food catering	124,089	<b>151,488</b>
Other operations	35,594	<b>4,884</b>
	653,337	<b>678,032</b>

*Note:* The turnover from infrastructure project investments shown above includes interest from jointly controlled entities of approximately HK\$44 million (2004: HK\$40 million).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

The businesses based upon which the Group reports its primary segment information are as follows:

- Infrastructure project investments – investments in roads and highway projects
- Property investment – property letting, agency and management
- Property development – development of properties
- Hotel investment – hotel ownership and management
- Restaurants and catering – restaurant operations and food catering

Segment information about these businesses is presented below.

### Segment turnover

Year ended 30th June

	2004			2005		
	External HK\$'000	Inter- segment HK\$'000	Combined HK\$'000	External HK\$'000	Inter- segment HK\$'000	Combined HK\$'000
Infrastructure project investments	50,370	–	50,370	52,473	–	52,473
Property investment	291,385	21,864	313,249	289,696	23,328	313,024
Hotel investment	151,899	264	152,163	179,491	175	179,666
Restaurants and catering	124,089	545	124,634	151,488	–	151,488
Other operations	35,594	3,365	38,959	4,884	300	5,184
Eliminations	–	(26,038)	(26,038)	–	(23,803)	(23,803)
<b>Total turnover</b>	<b>653,337</b>	<b>–</b>	<b>653,337</b>	<b>678,032</b>	<b>–</b>	<b>678,032</b>

Inter-segment revenue was charged at prices determined by management with reference to market prices.

### Segment results

Year ended 30th June

	2004				2005			
	Company and subsidiaries HK\$'000	Jointly controlled entities HK\$'000	Associates HK\$'000	Total HK\$'000	Company and subsidiaries HK\$'000	Jointly controlled entities HK\$'000	Associates HK\$'000	Total HK\$'000
Infrastructure project investments	(92,235)	891,660	–	799,425	(84,171)	1,052,339	–	968,168
Property investment	169,640	(317)	3,235	172,558	167,555	–	3,234	170,789
Property development	(28,702)	8,618	–	(20,084)	(24,930)	85,199	–	60,269
Hotel investment								
Operations	38,841	172	35,512	74,525	51,622	–	–	51,622
Gain on disposal of hotel property under development	16,388	–	–	16,388	–	–	–	–
Restaurants and catering	1,052	–	–	1,052	7,019	–	–	7,019
Other operations	(8,305)	–	625	(7,680)	(32,104)	–	654	(31,450)
<b>Results from operations</b>	<b>96,679</b>	<b>900,133</b>	<b>39,372</b>	<b>1,036,184</b>	<b>84,991</b>	<b>1,137,538</b>	<b>3,888</b>	<b>1,226,417</b>

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

#### Segment results (continued)

Year ended 30th June

	2004 HK\$'000	2005 HK\$'000
Segment results		
Company and subsidiaries		
Results from operations	96,679	<b>84,991</b>
Gain on disposal of a power station project	580,415	<b>449,216</b>
Impairment losses on interest in an associate recognised	(11,386)	–
	665,708	<b>534,207</b>
Interest and other income	105,920	<b>107,188</b>
Exchange losses	(4,862)	<b>(9,703)</b>
Unallocated corporate and other expenses	(71,063)	<b>(85,220)</b>
Profit from operations	695,703	<b>546,472</b>
Gain on disposal of interests in		
Jointly controlled entities (note 11)	–	<b>495,633</b>
An associate	–	<b>6,484</b>
Gain on deemed disposal of interests in subsidiaries	483,847	–
Loss on cancellation of share purchase option	(70,000)	–
Finance costs	(233,637)	<b>(92,182)</b>
Share of profits of		
Jointly controlled entities	900,133	<b>1,137,538</b>
Associates	39,372	<b>3,888</b>
Profit before taxation	1,815,418	<b>2,097,833</b>
Income tax expense	(50,811)	<b>(98,620)</b>
Profit before minority interests	1,764,607	<b>1,999,213</b>
Minority interests	(310,617)	<b>(336,802)</b>
Net profit for the year	1,453,990	<b>1,662,411</b>

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

#### Assets and Liabilities

At 30th June, 2005

	Segment assets HK\$'000	Interests in jointly controlled entities HK\$'000	Interests in associates HK\$'000	Consolidated total assets HK\$'000	Segment liabilities HK\$'000	Consolidated total liabilities HK\$'000
Infrastructure project investments	12,081	7,256,485	-	7,268,566	48,893	48,893
Property investment	6,500,117	-	14,164	6,514,281	127,271	127,271
Property development	1,225,071	479,532	-	1,704,603	117,377	117,377
Hotel investment	525,186	-	-	525,186	43,581	43,581
Restaurants and catering	22,539	-	-	22,539	18,494	18,494
Other operations	119,100	-	-	119,100	464,128	464,128
	<b>8,404,094</b>	<b>7,736,017</b>	<b>14,164</b>	<b>16,154,275</b>	<b>819,744</b>	<b>819,744</b>
Investments in securities				756,078		-
Other assets/liabilities				3,069,363		380,999
				<b>19,979,716</b>		<b>1,200,743</b>

At 30th June, 2004

	Segment assets HK\$'000	Interests in jointly controlled entities HK\$'000	Interests in associates HK\$'000	Consolidated total assets HK\$'000	Segment liabilities HK\$'000	Consolidated total liabilities HK\$'000
Infrastructure project investments	7,459	7,806,298	-	7,813,757	38,156	38,156
Property investment	5,925,151	-	15,201	5,940,352	119,341	119,341
Property development	909,590	377,176	-	1,286,766	28,250	28,250
Hotel investment	507,868	3,799	-	511,667	23,407	23,407
Restaurants and catering	21,195	-	-	21,195	11,938	11,938
Other operations	145,226	-	4,225	149,451	502,483	502,483
	<b>7,516,489</b>	<b>8,187,273</b>	<b>19,426</b>	<b>15,723,188</b>	<b>723,575</b>	<b>723,575</b>
Investments in securities				1,778,137		-
Defeasance deposits				1,587,990		-
Unsecured notes payable				-		1,473,844
Other assets/liabilities				2,098,653		1,706,095
				<b>21,187,968</b>		<b>3,903,514</b>

The Group's total assets less current liabilities and the Group's net current assets at 30th June, 2005 amounted to HK\$19,074,885,000 (2004: HK\$18,514,827,000) and HK\$3,060,437,000 (2004: HK\$1,996,079,000) respectively.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Business segments (continued)

#### Other Information

	2004			2005		
	Capital additions HK\$'000	Depreciation and amortisation HK\$'000	Other non-cash expenses HK\$'000	Capital additions HK\$'000	Depreciation and amortisation HK\$'000	Other non-cash expenses HK\$'000
Infrastructure project investments	37	102,785	-	833	101,097	-
Property investment	41,298	5,225	-	278,095*	4,488	-
Property development	347	358	-	453	915	951
Hotel investment	16,096	4,901	151	6,428	6,490	179
Restaurants and catering	1,152	1,469	117	1,980	1,357	12
Other operations	555	743	-	7	698	-

\* This amount mainly comprises of the premium paid for the modification of usage of property and the capital expenditures incurred for the Group's rental properties, including the hotel shopping arcade.

### Geographical segments

The Group's property investment, hotel investment, restaurants and catering activities are mainly carried out in Hong Kong. All the infrastructure project investments are located in the Mainland China (the "PRC") and the property development activities are carried out in Hong Kong, the PRC and Macau. The following table provides an analysis of the Group's turnover by geographical markets:

	Turnover	
	2004 HK\$'000	2005 HK\$'000
Hong Kong	591,912	622,611
The PRC and Macau	61,425	55,421
	653,337	678,032



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

### Geographical segments (continued)

The following is an analysis of the carrying amounts of assets and additions to investment properties and property, plant and equipment of the Group, analysed by the geographical areas in which the assets are located:

	Assets		Additions to investment properties, property, plant and equipment	
	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000
Group segment assets				
Hong Kong	7,157,344	<b>7,932,374</b>	61,410	<b>289,004</b>
The PRC	232,081	<b>345,509</b>	347	<b>436</b>
Other regions	127,064	<b>126,211</b>	–	–
	7,516,489	<b>8,404,094</b>	61,757	<b>289,440</b>
Other assets (Note)	13,671,479	<b>11,575,622</b>	–	–
	21,187,968	<b>19,979,716</b>	61,757	<b>289,440</b>

Note: Other assets shown above include interests in jointly controlled entities engaging in infrastructure project investments in the PRC, investments in securities and bank deposits.

## 6. OTHER OPERATING INCOME

	2004 HK\$'000	2005 HK\$'000
Included in other operating income are:		
Interest from		
Defeasance and other bank deposits	70,905	<b>66,021</b>
Loans and other receivables	8,929	<b>16,673</b>
Yield on held-to-maturity debt securities (after deducting premium on acquisition of HK\$40,826,000 (2004: HK\$48,087,000) amortised)	23,172	<b>24,494</b>
Profit on sale of listed equity securities	2,517	–

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 7. OTHER OPERATING EXPENSES

	2004 HK\$'000	2005 HK\$'000
Included in other operating expenses are:		
Amortisation of cost of investments in jointly controlled entities	102,638	<b>100,813</b>
Charitable donations	4,495	<b>10,386</b>
Exchange losses	4,862	<b>9,703</b>

## 8. GAIN ON DISPOSAL OF A POWER STATION PROJECT

The amount represents the gain on disposal of the Tanjung Jati B Power Station in Indonesia recognised during the year. The power station was disposed of in the prior year for a cash consideration of US\$306.2 million which is payable by instalments over a period of 39 months from July, 2003. Instalments totalling US\$279.7 million (2004: US\$221 million) have so far been received and recognised as income by the Group. However, the timing and ultimate receipt of the remaining instalments of US\$26.5 million (2004: US\$85.2 million) could be materially affected by the occurrence of certain events stipulated in the loan agreements and the finance lease agreements entered into by the purchasers, including, inter alia, force majeure events which would have a material adverse effect on the construction of the plant resulting in the cancellation by the lenders of the project loan facilities granted to the purchasers. Accordingly, the outstanding instalments will only be recognised by the Group when payments are received.

## 9. NET LOSSES ON PROPERTIES AND INVESTMENT

	2004 HK\$'000	2005 HK\$'000
Impairment losses recognised		
Properties in the PRC held for development	24,444	–
Interest in an associate	11,386	–
Gain on disposal of a development property	(16,388)	–
	19,442	–

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 10. PROFIT FROM OPERATIONS

	2004 HK\$'000	2005 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	4,531	<b>3,933</b>
Depreciation of property, plant and equipment	14,544	<b>15,686</b>
Rentals in respect of properties under operating leases	894	<b>891</b>
Staff costs (including directors' emoluments)	207,124	<b>231,868</b>
Rental income in respect of land and buildings under operating leases, less outgoings of HK\$118,821,000 (2004: HK\$111,282,000)	(171,726)	<b>(164,558)</b>

## 11. GAIN ON DISPOSAL OF INTERESTS IN JOINTLY CONTROLLED ENTITIES AND AN ASSOCIATE

	2004 HK\$'000	2005 HK\$'000
Gain on disposal of interests in		
Jointly controlled entities (Note)	–	<b>495,633</b>
An associate	–	<b>6,484</b>
	–	<b>502,117</b>

*Note:* The disposals of the Group's entire interests in the jointly controlled entities undertaking the highway and bridge project and the National Highway 105 project in Shunde, the PRC, were completed during the year, resulting in a gain on disposal of approximately HK\$496 million recognised by the Group. The consideration for the disposal of one of the jointly controlled entities and the amount due from this entity amounted to a total of HK\$823 million, of which HK\$583 million has been received by the Group. The remaining amount due from this entity of HK\$240 million is repayable by three annual instalments commencing from 31st December, 2005. Such amount is unsecured and carries interest at bank lending rate. However, the recoverability of the outstanding unsecured amount of HK\$240 million is dependent upon the financial position of the underlying entities which is uncertain. Accordingly, in determining the gain on disposal of this jointly controlled entity, the outstanding amount is regarded as impaired.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 12. GAIN ON DEEMED DISPOSAL OF INTERESTS IN SUBSIDIARIES

The gain on deemed disposal of interests in subsidiaries of the prior year arose from the listing of the shares in Hopewell Highway Infrastructure Limited (“HHI”), a subsidiary undertaking investments in highway projects in the PRC, on the Hong Kong Stock Exchange and the issuance of new shares by HHI to public investors, resulting in a reduction of the Company’s interest in HHI from 100% to 75%.

## 13. FINANCE COSTS

	2004 HK\$'000	2005 HK\$'000
Interests on:		
Bank loans and overdrafts wholly repayable within five years	20,531	14,647
Notes wholly payable within five years	145,227	18,197
Other interest expense (note 23(c))	37,847	37,860
Total interest	203,605	70,704
Note issue expenses amortised	6,199	356
Loan arrangement fees and bank charges	23,833	21,122
	233,637	92,182

## 14. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

Included in the share of profits of jointly controlled entities is profit from disposal of development property by a jointly controlled entity amounted to HK\$83 million (2004: Nil).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 15. INCOME TAX EXPENSE

	2004 HK\$'000	2005 HK\$'000
Hong Kong Profits Tax		
Current year	8,987	<b>8,633</b>
Overprovision in respect of prior years	(16,612)	–
	(7,625)	<b>8,633</b>
Taxation elsewhere		
Current year	2,106	<b>8,306</b>
	(5,519)	<b>16,939</b>
Deferred tax (note 37)	8,574	<b>10,158</b>
Tax attributable to the Company and its subsidiaries	3,055	<b>27,097</b>
Jointly controlled entities		
Taxation elsewhere	–	<b>42,253</b>
Deferred taxation	38,255	<b>28,602</b>
	38,255	<b>70,855</b>
Associates		
Hong Kong Profits Tax	515	<b>554</b>
Taxation elsewhere	8,986	<b>114</b>
	9,501	<b>668</b>
	50,811	<b>98,620</b>

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

Taxes on profits assessable elsewhere are calculated at the tax rates prevailing in the countries in which the Group operates.

Details of deferred taxation are set out in note 37.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 15. INCOME TAX EXPENSE (continued)

The income tax expense can be reconciled to the profit from ordinary activities before taxation per the income statement as follows:

	2004 HK\$'000	2005 HK\$'000
Profit from ordinary activities before taxation	1,815,418	<b>2,097,833</b>
Tax at the domestic income tax rate of 17.5% (2004: 17.5%)	317,698	<b>367,121</b>
Tax effect of expenses not deductible for tax purposes	88,113	<b>52,331</b>
Tax effect of income not taxable for tax purposes	(117,220)	<b>(109,066)</b>
Overprovision in respect of prior years	(16,612)	–
Tax effect of tax losses not recognised	5,359	<b>6,535</b>
Tax effect of utilisation of tax losses not previously recognised	(16,887)	<b>(19,787)</b>
Tax effect of utilisation of deductible temporary differences not previously recognised	(101,573)	<b>(78,613)</b>
Tax effect of share of results of jointly controlled entities and associates	(116,657)	<b>(128,227)</b>
Effect of different tax rates of subsidiaries operating in other jurisdictions	(110)	<b>730</b>
Others	8,700	<b>7,596</b>
Income tax expense	50,811	<b>98,620</b>

## 16. DIVIDENDS

	2004 HK\$'000	2005 HK\$'000
Dividends paid		
Interim: HK12 cents (2004: HK10 cents) per share	88,408	<b>107,768</b>
Special interim: HK30 cents (2004: HK30 cents) per share	265,225	<b>269,421</b>
Final dividend on shares issued subsequent to approval of financial statements	270	<b>300</b>
Dividend proposed		
Final: HK38 cents (2004: HK30 cents) per share	268,631	<b>341,229</b>
	622,534	<b>718,718</b>

The final dividend of HK38 cents per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these financial statements.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 17. EARNINGS PER SHARE

	2004 HK\$'000	2005 HK\$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic earnings per share		
Net profit for the year	1,453,990	<b>1,662,411</b>
Effect of dilutive potential ordinary shares of HHI (note 32)		
Adjustment to the Group's results arising from a dilution of HHI's earnings attributable to warrants and share options issued	(2,046)	<b>(4,109)</b>
Earnings for the purposes of diluted earnings per share	1,451,944	<b>1,658,302</b>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	879,187,585	<b>895,900,603</b>
Effect of dilutive potential ordinary shares		
Share options	5,667,337	<b>1,364,784</b>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	884,854,922	<b>897,265,387</b>

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 18. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES

### (a) Directors' emoluments

The emoluments paid or payable to the Company's directors are as follows:

	Year ended 30th June, 2005				Total HK\$'000
	Directors' fees HK\$'000	Basic salaries, allowances and benefits- in-kind HK\$'000	Performance related bonus HK\$'000	Contributions to provident fund schemes HK\$'000	
Sir Gordon Ying Sheung Wu	600	4,500	-	-	5,100
Mr. Eddie Ping Chang Ho	500	3,600	-	-	4,100
Mr. Josiah Chin Lai Kwok	200	3,000	-	12	3,212
Mr. Thomas Jefferson Wu	400	3,354	-	24	3,778
Mr. Henry Hin Moh Lee	200	1,000	-	-	1,200
Mr. Robert Van Jin Nien	200	1,430	-	12	1,642
Mr. Guy Man Guy Wu	200	-	-	-	200
Lady Ivy Sau Ping Kwok Wu	200	-	-	-	200
Ms. Linda Lai Chuen Loke	200	-	-	-	200
Mr. Albert Kam Yin Yeung	200	1,638	126	12	1,976
Mr. Colin Henry Weir	200	2,096	-	12	2,308
Mr. David Yau-gay Lui	200	-	-	-	200
Mr. Carmelo Ka Sze Lee	200	-	-	-	200
Mr. Andy Lee Ming Cheung	200	1,573	121	12	1,906
Mr. Eddie Wing Chuen Ho Junior	200	819	63	12	1,094
Mr. Lee Yick Nam	363	-	-	-	363
	4,263	23,010	310	96	27,679



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 18. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES (continued)

### (a) Directors' emoluments (continued)

	Year ended 30th June, 2004				Total HK\$'000
	Directors' fees HK\$'000	Basic salaries, allowances and benefits- in-kind HK\$'000	Performance related bonus HK\$'000	Contributions to provident fund schemes HK\$'000	
Sir Gordon Ying Sheung Wu	330	4,250	-	-	4,580
Mr. Eddie Ping Chang Ho	130	3,400	-	-	3,530
Mr. Josiah Chin Lai Kwok	30	3,000	-	12	3,042
Mr. Thomas Jefferson Wu	130	3,136	-	23	3,289
Mr. Henry Hin Moh Lee	30	1,000	-	-	1,030
Mr. Robert Van Jin Nien	30	1,430	-	12	1,472
Mr. Guy Man Guy Wu	30	-	-	-	30
Lady Ivy Sau Ping Kwok Wu	30	-	-	-	30
Ms. Linda Lai Chuen Loke	30	-	-	-	30
Mr. Albert Kam Yin Yeung	30	1,602	-	12	1,644
Mr. Colin Henry Weir	30	2,062	-	12	2,104
Mr. David Yau-gay Lui	30	-	-	-	30
Mr. Carmelo Ka Sze Lee	30	-	-	-	30
Mr. Andy Lee Ming Cheung	29	1,499	1,000	11	2,539
Mr. Eddie Wing Chuen Ho Junior	27	746	-	11	784
Mr. Lawrence Sai Kit Miao	9	-	-	-	9
Mr. Chi Hung Chan	2	-	-	-	2
	957	22,125	1,000	93	24,175

Other than fees of HK\$763,000 (2004: HK\$99,000) paid or payable to the independent non-executive directors which have been included above, no remuneration was paid or is payable to such directors.

### (b) Highest paid employees' emoluments

The five individuals in the Group with the highest emoluments are the directors of the Company and details of their emoluments have been disclosed above.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 19. INVESTMENT PROPERTIES

	<i>The Group</i>	
	2004	2005
	HK\$'000	HK\$'000
<b>Investment properties at valuation</b>		
At beginning of the year	5,655,400	<b>5,890,800</b>
Additions during the year	20,523	<b>274,080</b>
Reclassified from property, plant and equipment	–	<b>13,692</b>
Revaluation increase	214,877	<b>298,728</b>
<b>At end of the year</b>	<b>5,890,800</b>	<b>6,477,300</b>

The net book value of the Group's investment properties comprises:

	2004	2005
	HK\$'000	HK\$'000
<b>Land and buildings in Hong Kong on</b>		
Long leases	2,980,000	<b>3,255,000</b>
Medium-term leases	2,910,800	<b>3,222,300</b>
	<b>5,890,800</b>	<b>6,477,300</b>

The Group's investment properties were revalued on an open market value basis by FPDSavills (Hong Kong) Limited, an independent firm of professional property valuers. The increase in value of HK\$298,728,000 (2004: HK\$214,877,000) arising on revaluation has been dealt with in the investment property revaluation reserve (note 33).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 20. PROPERTY, PLANT AND EQUIPMENT

	<i>Land and buildings in Hong Kong on medium-term leases</i>			<i>Total</i> HK\$'000
	<i>Hotel property</i>	<i>Other properties</i>	<i>Other assets</i>	
	HK\$'000	HK\$'000	HK\$'000	
<b>THE GROUP</b>				
<b>COST</b>				
At 1st July, 2004	474,872	29,012	292,871	796,755
Additions	–	–	15,360	15,360
Reclassified to investment properties	–	–	(13,692)	(13,692)
Disposals	–	–	(11,872)	(11,872)
<b>At 30th June, 2005</b>	<b>474,872</b>	<b>29,012</b>	<b>282,667</b>	<b>786,551</b>
<b>DEPRECIATION</b>				
At 1st July, 2004	–	9,004	235,303	244,307
Provided for the year	–	556	15,130	15,686
Eliminated on disposals	–	–	(11,820)	(11,820)
<b>At 30th June, 2005</b>	<b>–</b>	<b>9,560</b>	<b>238,613</b>	<b>248,173</b>
<b>NET BOOK VALUES</b>				
At 30th June, 2004	474,872	20,008	57,568	552,448
<b>At 30th June, 2005</b>	<b>474,872</b>	<b>19,452</b>	<b>44,054</b>	<b>538,378</b>

## 21. INTERESTS IN SUBSIDIARIES

	<i>The Company</i>	
	<i>2004</i> HK\$'000	<i>2005</i> HK\$'000
Unlisted shares		
At cost less impairment	26,252	<b>24,568</b>
At directors' 1972 valuation less amounts written off	3,245	<b>3,245</b>
	29,497	<b>27,813</b>
Amounts due from subsidiaries less allowances	12,744,643	<b>13,396,525</b>
	12,774,140	<b>13,424,338</b>

The amounts due from subsidiaries are unsecured, interest free and have no fixed repayment terms.

Details of the principal subsidiaries are set out in note 43.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 22. PROPERTIES FOR OR UNDER DEVELOPMENT

	<i>The Group</i>	
	2004 HK\$'000	2005 HK\$'000
<b>COST</b>		
At beginning of the year	1,308,336	<b>932,135</b>
Additions	71,994	<b>313,411</b>
Disposals	(448,195)	–
Reclassified to properties for sale under current assets (note 29)	–	<b>(95,570)</b>
At end of the year	932,135	<b>1,149,976</b>
<b>IMPAIRMENT</b>		
At beginning of the year	290,000	<b>24,444</b>
Provided for the year	24,444	–
Eliminated on disposals	(290,000)	–
At end of the year	24,444	<b>24,444</b>
<b>NET BOOK VALUE</b>	907,691	<b>1,125,532</b>

Included in the cost of properties for or under development is net interest capitalised totalling HK\$55.4 million (2004: HK\$55.4 million).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 23. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	<i>The Group</i>	
	2004 HK\$'000	2005 HK\$'000
Road and property projects in the PRC		
Unlisted investments, at cost	5,526,819	<b>5,411,604</b>
Share of post acquisition reserves	970,781	<b>1,505,102</b>
Loans to jointly controlled entities	1,652,723	<b>782,225</b>
Less: Accumulated amortisation	(344,025)	<b>(442,446)</b>
	7,806,298	<b>7,256,485</b>
Property development project in Macau		
Unlisted investment, at cost	4,850	<b>4,850</b>
Share of post acquisition reserves	(39,736)	<b>47,104</b>
Loan to the jointly controlled entity	412,062	<b>427,578</b>
	377,176	<b>479,532</b>
Other unlisted investments	3,799	–
	8,187,273	<b>7,736,017</b>
Less: Loans due within one year included in current assets	(12,878)	<b>(10,870)</b>
	8,174,395	<b>7,725,147</b>

Notes:

Details of the principal jointly controlled entities at the balance sheet date are as follows:

(a) **Phase I of the Guangzhou-Shenzhen-Zhuhai Superhighway (“GS Superhighway”)**

The GS Superhighway is undertaken by Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (“GS Superhighway JV”), a joint venture company established in the PRC. The operation period is 30 years from the GS Superhighway’s official opening date. The Group’s entitlement to the profit of the toll operations of the GS Superhighway is 50% for the initial ten years, 48% for the next ten years and 45% for the last ten years of the operation period. The Group is also entitled to a share of 80% of the rentals and other income, after deduction of operating and financial expenses, arising from the development of commercial centres and shop spaces along and underneath the GS Superhighway for a period of 30 years commencing on the date of completion of the GS Superhighway. At the end of the operation period, all the immovable assets and facilities of GS Superhighway JV will revert to the PRC partner without compensation.

GS Superhighway JV has also been granted the rights to develop parcels of land within certain interchanges of the GS Superhighway for sale or rental with certain land premium to be waived. Detailed terms of such grant have yet to be finalised.

The registered capital contributed and advances made to GS Superhighway JV by the Group totalling approximately HK\$811 million (2004: HK\$770 million) are unsecured, carry interest at commercial lending rates and are repayable out of the net cash surplus from the operations of GS Superhighway JV. The GS Superhighway was officially opened in July 1997.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 23. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

- (a) **Phase I of the Guangzhou-Shenzhen-Zhuhai Superhighway (“GS Superhighway”)** (continued)  
Financial information regarding GS Superhighway JV is set out below:

<i>Operating results</i>	<i>Year ended 30th June,</i>	
	<i>2004</i>	<i>2005</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Toll revenue, net of business tax	2,399,639	<b>2,825,666</b>
Depreciation	283,785	<b>326,411</b>
Profit from ordinary activities before taxation	1,671,465	<b>2,021,304</b>
Profit from ordinary activities before taxation attributable to the Group	835,732	<b>1,010,652</b>

<i>Assets and liabilities</i>	<i>At 30th June,</i>	
	<i>2004</i>	<i>2005</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets		
Toll roads and other assets	11,381,192	<b>11,167,329</b>
Non-current liabilities		
Loans from joint venture partners	(135,022)	<b>(177,948)</b>
Bank borrowings	(7,723,741)	<b>(7,306,040)</b>
Other long-term liabilities	(203,466)	<b>(203,466)</b>
Registered capital contributed by a joint venture partner	(745,223)	<b>(745,223)</b>
Current assets	739,503	<b>779,572</b>
Current liabilities	(1,258,507)	<b>(1,239,760)</b>

- (b) **Phases II and III of the Guangzhou-Shenzhen-Zhuhai Superhighway (“Western Delta Route”)**  
The Western Delta Route, comprising a major transportation route in western Pearl River Delta to be developed in three phases, is undertaken by Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (“West Route JV”), a joint venture company established in the PRC. The co-operation period of phase I of the project (“Phase I West”) is 30 years commencing from 17th September, 2003. The Group is entitled to 50% of the profits from the operation of West Route JV arising from Phase I West. At the end of the co-operation period, all the immovable assets and facilities in relation to Phase I West will revert to the PRC government without compensation. Phase I West was opened in April, 2004.

During the year, the Group entered into agreements for the development of Phase II of the Western Delta Route (“Phase II West”) to be undertaken by West Route JV. The co-operation period of Phase II West shall be 30 years commencing on the date on which the new business licence of West Route JV is issued. During the co-operation period, the Group is entitled to 50% of the profits from operation of West Route JV arising from Phase II West. At the end of the co-operation period, all the immovable assets and facilities in relation to Phase II West will revert to the PRC government without compensation. The aforementioned agreements are subject to approval by the relevant PRC government authorities.

Detailed terms for development of Phase III of the project have yet to be finalised.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 23. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

### (c) Ring Road project in Guangzhou

The construction, operation and management of the Guangzhou East-South-West Ring Road are undertaken by Guangzhou E-S-W Ring Road Company Limited ("Ring Road JV"), a joint venture company established in the PRC for this purpose. The operation period is 30 years commencing from January 2002.

The Group is entitled to 45% of the net cash surplus of Ring Road JV for the initial ten years of the operation period and thereafter the Group's net cash entitlement will be reduced to 37.5% for the subsequent ten years and 32.5% for the remaining ten years of the operation period. At the end of the operation period, all the immovable assets and facilities of Ring Road JV will revert to the PRC joint venture partner without compensation. The Guangzhou East-South-West Ring Road was officially opened in January 2002.

The advances made to Ring Road JV by the Group totalling approximately HK\$631 million (2004: HK\$753 million) are unsecured and interest free and are repayable out of the net cash surplus from the operations of Ring Road JV.

Ring Road JV has in the past raised bank loans to finance the development of its road project. The interests of such bank loans were reimbursed by the Hong Kong joint venture partners in accordance with their proportionate interest in the joint venture. During the year, interest reimbursed by the Group to Ring Road JV under such arrangement amounted to approximately HK\$38 million (2004: HK\$38 million).

### (d) Property development project in Macau

The investment represents the Group's 50% interest in Nova Taipa-Urbanizacoes Limitada ("Nova Taipa"), a company incorporated and operating in Macau engaging principally in property development. The advances made to Nova Taipa by the Group are unsecured with no fixed repayment terms. Such amount to the extent of approximately HK\$428 million (2004: HK\$412 million) carries interest at 6% per annum with the remaining balance interest free.

## 24. INTERESTS IN ASSOCIATES

	<i>The Group</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	18,946	<b>14,164</b>
Amounts due from associates	480	-
	<b>19,426</b>	<b>14,164</b>

	<i>The Company</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares and investments, at cost	401	<b>401</b>

The amounts due from associates are unsecured and interest free with no fixed repayment terms.

Details of the principal associate are set out in note 44.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 25. OTHER INVESTMENT PROJECT

A subsidiary, Hopewell (Thailand) Limited (“HTL”), entered into a concession agreement with The Ministry of Transport and Communications of Thailand (“MOTC”) and The State Railway of Thailand (“SRT”) for the construction and operation of an elevated road and train system within the Bangkok Metropolitan area known as the Bangkok Elevated Road and Train System (“BERTS”) and for the development of commercial and residential properties along the concession area. The Group has received notices of termination of the concession agreement from MOTC and SRT which has been disputed by HTL. Details of the disputes are set out in note 41(b).

Full provision had been made by the Group against the cost of development incurred for the BERTS project in prior years amounted to HK\$5,313 million (2004: HK\$5,313 million).

## 26. INVESTMENTS IN SECURITIES

	<i>The Group</i>		<i>The Company</i>	
	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Held-to-maturity debt securities listed overseas (Note)	1,757,592	<b>737,591</b>	–	–
Investment securities				
Unlisted equity investments, at cost	88,776	<b>92,403</b>	3,000	<b>3,000</b>
Less: Impairment loss recognised	(68,231)	<b>(70,289)</b>	–	–
	20,545	<b>22,114</b>	3,000	<b>3,000</b>
	1,778,137	<b>759,705</b>	3,000	<b>3,000</b>
Carrying amount analysed for reporting purposes:				
Non-current	731,942	<b>22,114</b>	3,000	<b>3,000</b>
Current	1,046,195	<b>737,591</b>	–	–
	1,778,137	<b>759,705</b>	3,000	<b>3,000</b>

*Note:* During the year, held-to-maturity debt securities with aggregate carrying amounts of approximately HK\$1,116 million (2004: HK\$244 million) and HK\$162 million (2004: Nil) were respectively redeemed upon maturity and disposed of. The held-to-maturity debt securities carried interests ranging from 1.6% to 7.6% per annum. The market value of the held-to-maturity debt securities at the balance sheet date approximates the carrying amount of these securities.



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 27. LONG-TERM RECEIVABLES

	<i>The Group</i>	
	2004 HK\$'000	2005 HK\$'000
Proceeds on disposal of a jointly controlled entity and property receivable	233,528	<b>147,290</b>
Interest on defeasance deposits receivable	139,005	–
	372,533	<b>147,290</b>
Less: Amounts due within one year included in trade and other receivables under current assets		
Proceeds on disposal of a jointly controlled entity and property receivable	(86,748)	<b>(129,740)</b>
Interest on defeasance deposits receivable	(139,005)	–
	146,780	<b>17,550</b>

## 28. INVENTORIES

	<i>The Group</i>	
	2004 HK\$'000	2005 HK\$'000
Hotel and restaurant inventories	8,871	<b>9,333</b>

The cost of inventories recognised as an expense during the year amounted to HK\$90,646,000 (2004: HK\$75,834,000).

## 29. PROPERTIES FOR SALE

	<i>The Group</i>	
	2004 HK\$'000	2005 HK\$'000
Properties		
Under development (note 22)	–	<b>95,570</b>
Completed	3,762	<b>3,762</b>
	3,762	<b>99,332</b>

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 30. TRADE AND OTHER RECEIVABLES

Other than rentals receivable, which are payable upon presentation of invoices, the Group allows an average credit period of 15 to 60 days to its trade customers.

The following is an analysis of trade and other receivables outstanding at the balance sheet date:

	<i>The Group</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Receivables aged		
0 – 30 days	13,574	<b>16,301</b>
31 – 60 days	3,446	<b>4,353</b>
Over 60 days	18,221	<b>5,889</b>
Interest on defeasance, bank and other deposits receivable	179,549	<b>19,598</b>
Proceeds on disposal of investment and property, plant and equipment receivable	357,179	<b>152,586</b>
Retentions receivable	17,238	<b>314</b>
Dividend from a jointly controlled entity receivable	365,400	<b>323,016</b>
	954,607	<b>522,057</b>

## 31. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables outstanding at the balance sheet date:

	<i>The Group</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payables due		
0 – 30 days	152,677	<b>246,308</b>
31 – 60 days	58,822	<b>3,348</b>
Over 60 days	146,784	<b>148,215</b>
Retentions payable	16,395	<b>1,943</b>
Development expenditure payable (Note)	382,078	<b>359,808</b>
	756,756	<b>759,622</b>

*Note:* The development expenditure payable mainly represents construction and plant costs incurred by subsidiaries of the Company in connection with an overseas infrastructure project, the development of which has been suspended.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 32. SHARE CAPITAL

	<i>Number of shares</i>		<i>Nominal value</i>	
	<i>2004</i> <i>'000</i>	<i>2005</i> <i>'000</i>	<i>2004</i> <i>HK\$'000</i>	<i>2005</i> <i>HK\$'000</i>
<b>The Group and the Company</b>				
Ordinary shares of HK\$2.50 each				
Authorised	1,200,000	<b>1,200,000</b>	3,000,000	<b>3,000,000</b>
Issued and fully paid				
At beginning of the year	875,982	<b>884,082</b>	2,189,955	<b>2,210,205</b>
Issued during the year	8,100	<b>14,955</b>	20,250	<b>37,388</b>
Repurchased during the year	–	<b>(1,067)</b>	–	<b>(2,668)</b>
At end of the year	884,082	<b>897,970</b>	2,210,205	<b>2,244,925</b>

During the year, the Company issued a total of 14,955,000 (2004: 8,100,000) ordinary shares of HK\$2.50 each for a total cash consideration of HK\$127,441,000 (2004: HK\$70,215,000) pursuant to the exercise of the share options granted by the Company. These shares rank pari passu in all respects with the other shares in issue.

During the year, the Company repurchased 1,067,000 ordinary shares of the Company on the Hong Kong Stock Exchange, all of which have been cancelled, as follows:

<i>Month</i>	<i>Number of ordinary shares of HK\$2.50 each '000</i>	<i>Purchase price</i>		<i>Total consideration paid HK\$'000</i>
		<i>Highest HK\$</i>	<i>Lowest HK\$</i>	
2005				
January	717	19.10	17.75	13,209
February	250	19.60	19.55	4,903
March	100	17.95	17.95	1,800
	1,067			19,912

These repurchases were effected by the directors pursuant to the mandate from the shareholders with a view to benefiting the shareholders as a whole by the enhancement of the earnings per share of the Company.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 32. SHARE CAPITAL (continued)

### Share option schemes

#### (a) The Company

In 1994, the Company adopted a share option scheme (“HHL 1994 Scheme”) which was effective for a period of 10 years. Pursuant to an ordinary resolution passed on 21st October, 2003, a new share option scheme (“HHL 2003 Scheme”) was adopted with effect from 1st November, 2003 to replace the HHL 1994 Scheme. The principal purpose of these schemes are to provide incentives to directors and eligible employees. The Board is authorised under the share option scheme adopted to grant options to executive directors and employees of the Company or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in the Company.

Under the HHL 1994 Scheme and HHL 2003 Scheme, options granted must be taken up within 28 days and 14 days respectively from the date of the offer letter upon the payment of HK\$1 per each grant of option, payable as consideration on acceptance, which is recognised in the income statement when received. Save as aforementioned, no credit or charge was recognised in the financial statements in respect of the value of options granted.

Upon termination of the HHL 1994 Scheme on 1st November, 2003, no further options may be granted thereunder. However, all options granted under the HHL 1994 Scheme shall continue to be subject to the provisions of this scheme.

The following table discloses details of share options which were granted by the Company at nominal consideration and movements in such holdings:

Date of grant	Subscription price per share HK\$	Outstanding at 1st July, 2003	Number of shares under options granted				Outstanding at 30th June, 2004	Closing prices at the date of exercise HK\$
			Granted	Exercised	Reclassified	Cancelled/ lapsed		
<i>Directors</i>								
HHL 1994 Scheme								
28th March, 2002	6.15	3,000,000	-	(2,000,000)	-	-	1,000,000	9.40, 11.95, 15.15
1st April, 2002	6.15	1,000,000	-	-	-	-	1,000,000	N/A
2nd April, 2002	6.15	1,000,000	-	-	(1,000,000)	-	-	N/A
3rd April, 2002	6.15	2,500,000	-	(100,000)	-	-	2,400,000	11.75
9th September, 2003	9.55	-	14,000,000	(6,000,000)	-	-	8,000,000	15.00
		7,500,000	14,000,000	(8,100,000)	(1,000,000)	-	12,400,000	
<i>Employees</i>								
HHL 1994 Scheme								
2nd April, 2002	6.15	800,000	-	-	1,000,000	-	1,800,000	
		8,300,000	14,000,000	(8,100,000)	-	-	14,200,000	

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 32. SHARE CAPITAL (continued)

### Share option schemes (continued)

#### (a) The Company (continued)

Date of grant	Subscription price per share HK\$	Outstanding at 1st July, 2004	Number of shares under options granted			Outstanding at 30th June, 2005	Closing prices at the date of exercise HK\$
			Granted	Exercised	Cancelled/ lapsed		
<i>Directors</i>							
HHL 1994 Scheme							
28th March, 2002	6.15	1,000,000	-	(1,000,000)	-	-	16.05
1st April, 2002	6.15	1,000,000	-	(1,000,000)	-	-	16.80, 17.15
3rd April, 2002	6.15	2,400,000	-	(2,400,000)	-	-	16.40, 17.15
9th September, 2003	9.55	8,000,000	-	(8,000,000)	-	-	16.40
HHL 2003 Scheme							
8th September, 2004	17.10	-	2,700,000	(755,000)	-	1,945,000	18.35, 18.45, 18.15
		12,400,000	2,700,000	(13,155,000)	-	1,945,000	
<i>Employees</i>							
HHL 1994 Scheme							
2nd April, 2002	6.15	1,800,000	-	(1,800,000)	-	-	16.40, 17.15
		14,200,000	2,700,000	(14,955,000)	-	1,945,000	

The dates of grant of options referred to above represent the dates on which the options were accepted by the grantees.

During the year, the Company granted options under the HHL 2003 Scheme at nominal consideration to certain directors to subscribe for a total of 2,700,000 shares in the Company.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 32. SHARE CAPITAL (continued)

### Share option schemes (continued)

#### (a) *The Company* (continued)

The options granted on 9th September, 2003 are exercisable within a period of four and a half years from 9th March, 2004, the date after the expiry of 6 months from the date of grant. The share options granted during the current year are exercisable within a period of three years from the date of grant. The other options granted were exercisable in the following manner:

<i>Maximum proportion of options exercisable including the proportion of options previously exercised</i>	<i>Exercisable period</i>
1/3	From the expiry of 6 months from the date of grant of option up to 18 months from the date of grant
2/3	From the expiry of 18 months from the date of grant of option up to 30 months from the date of grant
3/3	From the expiry of 30 months from the date of grant of option up to 42 months from the date of grant

Save as disclosed above, no options were granted, exercised, cancelled or lapsed during either of the years presented.

#### (b) *HHI*

A share option scheme ("HHI Scheme") was adopted by HHI pursuant to the written resolutions of the shareholder of HHI passed on 16th July, 2003 and approved by the shareholders of the Company at an extraordinary general meeting held on 16th July, 2003. The HHI Scheme shall be valid and effective for a period of 10 years and the principal purpose of which is to provide incentives to directors and eligible employees. The Board of HHI is authorised to grant options under the HHI Scheme to executive directors and employees of the Company, HHI or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in HHI.

Options granted must be taken up within 28 days from the date of the offer letter upon payment of HK\$1 per each grant of option, payable as consideration on acceptance, which is recognised in the income statement when received.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 32. SHARE CAPITAL (continued)

### Share option schemes (continued)

#### (b) HHI (continued)

No options were granted under the HHI Scheme in the prior years. The following table discloses details of share options granted under the HHI Scheme by HHI during the year to its directors and employees, who are not directors of the Company, at nominal consideration and movements in such holdings:

Date of grant	Subscription price per share HK\$	Number of shares under options granted				Outstanding at 30th June, 2005	Closing prices at the date of exercise HK\$
		Outstanding at 1st July, 2004	Movements during the year		Cancelled/ lapsed		
			Granted	Exercised			
8th September, 2004	4.875	-	2,800,000	(400,000)	-	2,400,000	6.00
13th September, 2004	4.880	-	2,000,000	(2,000,000)	-	-	4.9, 5.15, 4.8
		-	4,800,000	(2,400,000)	-	2,400,000	

The options granted during the year are exercisable during the period of three years from the dates of grant of the options.

#### HHI Warrants

In connection with the listing of the shares in HHI in the prior year, HHI issued warrants to the Company's shareholders which entitle the holders thereof to subscribe for shares in HHI at a subscription price of HK\$4.18 per share subject to adjustment during the three-year period commencing on 6th August, 2003.

During the year, 5,392,715 (2004: 590,046) HHI warrants carrying an aggregate subscription price of HK\$22,541,549 (2004: HK\$2,466,392) were exercised by the warrant holders resulting in the issuance of 5,392,715 (2004: 590,046) ordinary shares in HHI. A total of 81,550,875 HHI warrants remained outstanding at the balance sheet date.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 33. SHARE PREMIUM AND RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Exchange translation reserve HK\$'000	PRC statutory reserves (Note) HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE GROUP</b>									
At 1st July, 2003	8,508,890	-	83,010	1,916,968	9,432	56,464	157,677	730,761	11,463,202
Final dividend for year ended 30/6/2003 paid	-	-	-	-	-	-	(157,947)	-	(157,947)
Revaluation increase	-	-	-	214,877	-	-	-	-	214,877
Issue of shares	49,965	-	-	-	-	-	-	-	49,965
Share issue expenses	(38)	-	-	-	-	-	-	-	(38)
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	-	-	-	-	10,266	-	-	-	10,266
Share of reserves of jointly controlled entities and associates	-	-	-	-	(25,380)	-	-	-	(25,380)
Net profit for the year	-	-	-	-	-	-	-	1,453,990	1,453,990
Realised on deemed disposal of interests in subsidiaries	-	-	-	-	-	(14,116)	-	14,116	-
Transfers between reserves	-	-	-	-	-	15,073	-	(15,073)	-
Amounts set aside for dividend payments (note 16)	-	-	-	-	-	-	622,534	(622,534)	-
Interim dividend paid	-	-	-	-	-	-	(353,633)	-	(353,633)
At 30th June, 2004	8,558,817	-	83,010	2,131,845	(5,682)	57,421	268,631	1,561,260	12,655,302
Final dividend for year ended 30/6/2004 paid	-	-	-	-	-	-	(268,931)	-	(268,931)
Revaluation increase	-	-	-	298,728	-	-	-	-	298,728
Issue of shares	90,053	-	-	-	-	-	-	-	90,053
Share issue expenses	(52)	-	-	-	-	-	-	-	(52)
Repurchase of shares	-	2,668	-	-	-	-	-	(19,912)	(17,244)
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	-	-	-	-	1,485	-	-	-	1,485
Share of reserves of jointly controlled entities and associates	-	-	-	24,000	(5,956)	-	-	-	18,044
Realised on disposal of interests in jointly controlled entities	-	-	-	-	2,839	-	-	-	2,839
Net profit for the year	-	-	-	-	-	-	-	1,662,411	1,662,411
Transfers between reserves	-	-	-	-	-	6,321	-	(6,321)	-
Amounts set aside for dividend payments (note 16)	-	-	-	-	-	-	718,718	(718,718)	-
Interim dividend paid	-	-	-	-	-	-	(377,189)	-	(377,189)
At 30th June, 2005	8,648,818	2,668	83,010	2,454,573	(7,314)	63,742	341,229	2,478,720	14,065,446
Included above are the Group's share of the post-acquisition reserves of jointly controlled entities as follows:									
At 30th June, 2004	-	-	-	-	6,532	57,421	-	535,480	599,433
At 30th June, 2005	-	-	-	24,000	2,561	63,742	-	1,082,538	1,172,841
Included above are the Group's share of the post-acquisition reserves of associates as follows:									
At 30th June, 2004	-	-	-	22,975	-	-	-	2,695	25,670
At 30th June, 2005	-	-	-	22,975	-	-	-	483	23,458

*Note:* The PRC jointly controlled entities are required, under the local regulations, to provide for statutory reserves, comprising general and development funds, which are not distributable until the end of the joint venture periods.



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 33. SHARE PREMIUM AND RESERVES (continued)

	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Capital reserve</i>	<i>Dividend reserve</i>	<i>Retained profits</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>THE COMPANY</b>						
At 1st July, 2003	8,508,890	–	9,872	157,677	707,283	9,383,722
Final dividend for year ended 30/6/2003 paid	–	–	–	(157,947)	–	(157,947)
Issue of shares	49,965	–	–	–	–	49,965
Share issue expenses	(38)	–	–	–	–	(38)
Net profit for the year	–	–	–	–	1,621,284	1,621,284
Amounts set aside for dividend payments (note 16)	–	–	–	622,534	(622,534)	–
Interim dividend paid	–	–	–	(353,633)	–	(353,633)
<b>At 30th June, 2004</b>	<b>8,558,817</b>	<b>–</b>	<b>9,872</b>	<b>268,631</b>	<b>1,706,033</b>	<b>10,543,353</b>
Final dividend for year ended 30/6/2004 paid	–	–	–	(268,931)	–	(268,931)
Issue of shares	90,053	–	–	–	–	90,053
Share issue expenses	(52)	–	–	–	–	(52)
Repurchase of shares	–	2,668	–	–	(19,912)	(17,244)
Net profit for the year	–	–	–	–	1,418,790	1,418,790
Amounts set aside for dividend payments (note 16)	–	–	–	718,718	(718,718)	–
Interim dividend paid	–	–	–	(377,189)	–	(377,189)
<b>At 30th June, 2005</b>	<b>8,648,818</b>	<b>2,668</b>	<b>9,872</b>	<b>341,229</b>	<b>2,386,193</b>	<b>11,388,780</b>

The Company's total distributable reserves at 30th June, 2005 represent retained profits and dividend reserve of HK\$2,386,193,000 (2004: HK\$1,706,033,000) and HK\$341,229,000 (2004: HK\$268,631,000) respectively.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 34. BANK AND OTHER BORROWINGS

	<i>The Group</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured notes payable (Note a)		
Principal amount	1,474,200	–
Less: Unamortised note issue expenses	(356)	–
	1,473,844	–
Unsecured bank loans repayable (Note b)		
Within one year	233,555	–
Between two and five years	1,000,000	55,000
	1,233,555	55,000
	2,707,399	55,000
Less: Portion due within one year included in current liabilities		
Unsecured notes payable less unamortised note issue expenses	(1,473,844)	–
Unsecured bank loans	(233,555)	–
	(1,707,399)	–
	1,000,000	55,000

Notes:

- (a) The unsecured notes (“2004 Notes”), which were issued by a subsidiary, Guangzhou-Shenzhen Superhighway (Holdings) Ltd., carried interest at 9.875% per annum.

A covenant defeasance had been effected by the Group by placing a sum with the trustee of the notes sufficient for the repayment of the principal on the outstanding notes together with interest payable on the notes. The 2004 Notes were fully redeemed during the year on their maturity date.

- (b) The bank loans carry interest at commercial lending rates.

## 35. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured and interest free without fixed repayment terms. Repayment of the amounts will not be demanded within one year from the balance sheet date, accordingly the amounts are classified as non-current.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 36. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates are unsecured and interest free without fixed repayment terms. Repayment of the amounts will not be demanded within one year from the balance sheet date, accordingly the amounts are classified as non-current.

## 37. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	<i>Accelerated tax depreciation</i> HK\$'000	<i>Tax losses</i> HK\$'000	<i>Others</i> HK\$'000	<i>Total</i> HK\$'000
At 1st July, 2003	77,710	(38,888)	7,261	46,083
Charge (credit) to income statement	26,188	(18,369)	755	8,574
At 30th June, 2004	103,898	(57,257)	8,016	54,657
Charge (credit) to income statement	30,590	(19,531)	(901)	10,158
<b>At 30th June, 2005</b>	<b>134,488</b>	<b>(76,788)</b>	<b>7,115</b>	<b>64,815</b>

The deferred tax assets and liabilities have been offset for the purposes of balance sheet presentation.

At the balance sheet date, the Group had available unused tax losses and other deductible temporary differences of HK\$1,621 million (2004: HK\$1,571 million) and HK\$206 million (2004: HK\$670 million) respectively for offset against future profits. A deferred tax asset of HK\$77 million (2004: HK\$57 million) in respect of tax losses has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$1,180 million (2004: HK\$1,244 million) and the other deductible temporary differences of HK\$206 million (2004: HK\$670 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

In addition, the Group had potential deductible temporary differences in respect of the losses incurred on an overseas infrastructure project which has been unilaterally terminated. Since the grounds for termination are disputed, it is not practicable at this stage to quantify the amount of deductible temporary differences which have yet to be agreed with the local tax authority.

Temporary differences arising in connection with the interests in associates and jointly controlled entities are insignificant.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 38. DISPOSAL OF SUBSIDIARIES

	2004 HK\$'000	2005 HK\$'000
Net assets disposed:		
Properties under development	158,195	–
Trade and other receivables	4,519	–
Bank balances and cash	248	–
Trade and other payables	(12,299)	–
Long-term bank and other loans	(133,881)	–
	16,782	–
Gain on disposal of a development property (note 9)	16,388	–
	33,170	–
Sales consideration recognised	33,170	–
Net cash inflow arising on disposal:		
Cash consideration received	7,820	–
Bank balances and cash disposed of	(248)	–
	7,572	–

The subsidiaries disposed of during the year ended 30th June, 2004 did not contribute significantly to the Group's cash flows, turnover and profit from operations for the year.

## 39. PROJECT COMMITMENTS

### (a) Road and highway projects in the PRC

Pursuant to the agreements as referred to in note 23(b) entered into with a PRC party for the investment in and the construction and operation of Phase II West, which is undertaken by West Route JV, the estimated total development cost of Phase II West is RMB4,900 million, of which RMB1,715 million is to be funded by an increase in the registered capital of West Route JV to be contributed by the Group and the PRC joint venture partner in equal shares. The outstanding registered capital of West Route JV to be contributed by the Group as at the balance sheet date amounted to approximately RMB858 million.

The total development cost for Phase III of the Western Delta Route, which will be developed by a joint venture company, is estimated to be in the region of RMB3,600 million, of which RMB1,260 million in total will be provided by the Group and the PRC joint venture partner in equal shares by way of contribution to the registered capital of the joint venture company undertaking the project. At 30th June, 2005, no contribution to the registered capital of the joint venture company had been made by the Group in this respect as the detailed terms for the development of this project have yet to be finalized.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 39. PROJECT COMMITMENTS (continued)

### (b) Power station project

The Group had entered into a co-operation agreement with a PRC enterprise for the joint development of a 2X600 MW power station in Guangdong Province of the PRC. The development cost of the project is estimated to be in the region of RMB5,300 million. The project, which is at a preliminary planning stage, is subject to approval by the relevant PRC authority and no development expenditure in this respect has been contracted for up to 30th June, 2005.

### (c) Property development

#### (i) Projects undertaken by the Group

	2004 HK\$'000	2005 HK\$'000
Authorised but not yet contracted for	344,147	193,166
Contracted but not provided for	24,140	161,428
	368,287	354,594

#### (ii) Project undertaken by a jointly controlled entity

	2004 HK\$'000	2005 HK\$'000
Group's share of property development expenditure		
Authorised but not yet contracted for	235,000	312,635
Contracted but not provided for	11,555	153,578
	246,555	466,213

The Group has agreed to provide funds to finance the development of the property project of this jointly controlled entity to the extent of HK\$300 million (2004: HK\$300 million).

### (d) Property renovation

	2004 HK\$'000	2005 HK\$'000
Property renovation expenditure		
Contracted but not provided for	3,885	40,539

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 40. OPERATING LEASE COMMITMENTS

### The Group as lessor

Rental income from investment properties earned during the year is approximately HK\$283 million (2004: HK\$283 million). At the balance sheet date, the investment properties of the Group with an aggregate carrying amount of approximately HK\$4,326 million (2004: HK\$4,187 million) were rented out under operating leases. These properties have committed tenants for the next one to three years without termination options granted to the tenants.

At the balance sheet date, the Group had contracted with tenants for the following future minimum payments under non-cancellable operating leases:

	<i>The Group</i>	
	<i>2004</i>	<i>2005</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	136,421	<b>139,368</b>
In the second to fifth years inclusive	120,943	<b>117,398</b>
	257,364	<b>256,766</b>

## 41. CONTINGENCIES

### (a) Disposal of CEPA

In connection with the disposal by the Group of its interests in Consolidated Electric Power Asia Limited ("CEPA") in prior years, the Group entered into an agreement with the purchaser under which the purchaser and its affiliates agreed to release and discharge the Group from all claims whatsoever they may have against the Group arising under the sale agreement. The Group has also agreed to release and discharge the purchaser and its affiliates from all claims whatsoever the Group may have against them. In this connection, the Group has agreed to give certain performance undertakings and indemnities to the purchaser and its affiliates, for which provisions totalling approximately HK\$164 million had been made in the financial statements in prior years. The provisions represent management's best estimate of the costs and expenses required to discharge the Group's obligations and liabilities under such agreement. The directors are of the opinion that the provisions are not expected to be payable within one year from the balance sheet date and accordingly, are classified as non-current.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 41. CONTINGENCIES (continued)

### (b) Transport system in Thailand

The Ministry of Transport and Communications of Thailand (“MOTC”) has issued termination notices to Hopewell (Thailand) Limited (“HTL”) to terminate the concession agreement entered into with HTL and reserved the right to claim for any damages arising from such termination. MOTC has also issued a letter to seize all the concession payments made by HTL and the performance bond of approximately HK\$94 million (2004: HK\$95 million) issued by a bank on behalf of HTL which was secured by the pledge of the Group’s bank deposits of the same amount. However, the Government party has been unable to seize the bond since grounds for termination are disputed. In 1998, MOTC confirmed the termination of the concession agreement and stated that HTL will be informed of the amount of damages in future. On the other hand, HTL contended that the concession has been confiscated or expropriated by MOTC outside the terms of the concession agreement and is claiming against MOTC for damages of the revised sum of approximately Baht 60 billion arising from the termination of the concession agreement and demanded MOTC to release the aforesaid performance bond. During the year, HTL has commenced arbitration proceedings, however, the directors consider it impracticable at this stage to assess the outcome of the actions taken.

### (c) Other project

During the year, the legal action taken by a supplier against a subsidiary claiming, inter alia, compensation for alleged breach of contract of approximately HK\$33 million in connection with the construction of a road project in prior years was settled, resulting in no loss to the Group as the amount of settlement has been previously provided for.

### (d) Guarantees

- (i) The bank loan facility of a jointly controlled entity of HK\$691 million (2004: HK\$698 million) utilised as at the balance sheet date is guaranteed by the Group.
- (ii) The credit facilities of the Company’s subsidiaries to the aggregate extent of HK\$5,579 million (2004: HK\$4,725 million), of which HK\$66 million (2004: HK\$1,246 million) was utilised at the balance sheet date, are guaranteed by the Company.

## 42. RETIREMENT BENEFIT SCHEME

The Group has established a Mandatory Provident Fund Scheme (the “MPF Scheme”) for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to the income statement represent contributions payable by the Group to the scheme at 5% of each of the employees’ monthly relevant income capped at HK\$20,000. At the balance sheet date, there were no forfeited contributions available to reduce future obligations. The contributions made by the Group to the MPF Scheme for the year are HK\$6,486,000 (2004: HK\$6,841,000).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 43. PRINCIPAL SUBSIDIARIES

The following list contains only the details of the subsidiaries which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. Except as otherwise indicated, all the subsidiaries are private companies incorporated and are operating principally in the place of incorporation and all issued shares are ordinary shares. None of the subsidiaries had any loan capital outstanding during the year or at the end of the year.

Name of company	Paid up issued capital	Proportion of nominal value of issued ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in Hong Kong:</i>				
Goldhill Investments Limited	2 shares of HK\$100 each and 60,600 non-voting deferred shares of HK\$100 each	–	100	Property investment
Hopewell China Development (Superhighway) Limited (ii)	2 shares of HK\$1 each and 4 non-voting deferred shares of HK\$1 each	–	72.91	Investment in super-highway project
Hopewell Construction Company, Limited	200,000 shares of HK\$100 each	–	100	Construction, project management and investment holding
HH Finance Limited	100,000 shares of HK\$10 each	100	–	Loan financing
HITEC Management Limited (formerly known as Primory Company Limited)	2 shares of HK\$1 each	–	100	Property management
Hopewell Food Industries Limited	1,000,000 shares of HK\$1 each	–	100	Restaurant operation
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (ii)	2 shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	–	74.78	Investment in super-highway project
Hopewell Housing Limited	30,000 shares of HK\$100 each	100	–	Property agents and investment holding
Hopewell Huang Gang Development Limited (ii)	2 shares of HK\$1 each	–	100	Property investment



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 43. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in Hong Kong: (continued)</i>				
Hopewell Property Management Company Limited	2 shares of HK\$100 each	100	–	Building and carpark management
Hopewell Shunde Roads Limited (ii)	2 shares of HK\$1 each	–	100	Investment in highway system project
Hopewell Slipform Engineering Limited	2,000,000 shares of HK\$1 each	–	100	Construction specialist sub-contractor
Hopewell 108 Limited	1,000 shares of HK\$100 each	–	100	Property investment
Hopewell Centre Management Limited (formerly known as Hopewell 109 Limited)	209,200 shares of HK\$100 each	100	–	Property management
Hopewell 110 Limited	10,000 shares of HK\$100 each	–	100	Property investment and development
International Trademart Company Limited	2 shares of HK\$1 each and 10,000 non-voting deferred shares of HK\$1 each	–	100	Property investment and operation of a trademart
Kowloon Panda Hotel Limited	2 shares of HK\$100 each and 20,000 non-voting deferred shares of HK\$100 each	–	100	Hotel ownership and operations
Lok Foo Company Limited	52,000 shares of HK\$100 each	100	–	Investment holding
Mega Hotels Management Limited	3,000,000 shares of HK\$1 each	–	100	Hotel management and investment holding
Panda Place Management Limited (formerly known as HH Secretarial Limited)	2 shares of HK\$1 each	–	100	Property management
Slipform Engineering Limited	1,000,001 shares of HK\$1 each	–	100	Construction, project consultant and investment holding

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 43. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in Hong Kong: (continued)</i>				
Wetherall Investments Limited	2 shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	–	100	Property investment and investment holding
Yuba Company Limited	10,000 shares of HK\$1 each	–	100	Property investment
<i>Incorporated in Macau:</i>				
Slipform Engineering (Macau) Limited	500,000 shares of MOP 1 each	–	100	Construction
<i>Established in the PRC:</i>				
廣州市合和(花都)置業發展有限公司 (iii)	RMB99,200,000 (registered capital)	–	95	Property development
<i>Incorporated in the British Virgin Islands:</i>				
Anber Investments Limited	1 share of US\$1 each	–	100	Investment holding
Goldvista Properties Limited (i)	1 share of US\$1 each	–	100	Property investment
Guangzhou-Shenzhen Superhighway (Holdings) Ltd. (i)	20,000 shares of US\$1 each	–	100	Investment holding
Hopewell (Huadu) Estate Investment Company Limited (i)	1 share of US\$1 each	–	100	Investment holding
Hopewell Guangzhou Ring Road Limited (ii)	1 share of US\$1 each	–	74.78	Investment in highway system project
Kammer Investment Limited (i)	1 share of US\$1 each	100	–	Investment holding
Primax Investment Limited (i)	1 share of US\$1 each	100	–	Investment holding
Procelain Properties Ltd. (i)	1 share of US\$1 each	–	100	Property investment
Singway (B.V.I.) Company Limited (i)	1 share of US\$1 each	–	100	Property investment
Tubanan Power Limited (i)	100 shares of US\$1 each	–	100	Investment holding

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 43. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued ordinary capital held by the Company		Principal activities
		Directly	Indirectly	
		%	%	
<i>Incorporated in the Cayman Islands:</i>				
Delta Roads Limited (i)	46,422 shares of HK\$10 each	-	100	Investment holding
Hopewell Highway Infrastructure Limited (iv)	2,888,382,761 shares of HK\$0.1 each	-	74.78	Investment holding
<i>Incorporated in Thailand:</i>				
Hopewell (Thailand) Limited	1,500,000,000 shares of Baht 10 each	100	-	Investment in an elevated road and train system
<i>Incorporated in Indonesia:</i>				
P.T. Hi Power Tubanan I	179,125 shares of US\$100 each	-	80	Development of a power station project

*Notes:*

- (i) Operating principally in Hong Kong
- (ii) Operating principally in the PRC
- (iii) Sino foreign cooperative joint venture registered in the PRC
- (iv) Hopewell Highway Infrastructure Limited, a company listed on the Hong Kong Stock Exchange, is operating in Hong Kong and in the PRC through its subsidiaries and jointly controlled entities.

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participation in any distribution on winding up.

Particulars of the subsidiaries, including those subsidiaries not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Companies Ordinance.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 44. PRINCIPAL ASSOCIATE

Particulars regarding the principal associate, which is incorporated and operating in Hong Kong, are as follows:

<i>Name of company</i>	<i>Proportion of nominal value of issued capital held by the Company %</i>	<i>Principal activities</i>
Granlai Company Limited	46	Property investment

This associate adopts 31st December as its financial year end date.

The directors are of the opinion that a complete list of all the associates will be of excessive length. Particulars of the associates, including those associates not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Companies Ordinance.

## 45. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 59 to 113 were approved and authorised for issue by the Board of Directors on 1st September, 2005.

# List of Major Properties

## A. Completed investment properties and hotel property (unless otherwise specified, these properties are held under long-term leases):

<i>Property/land</i>	<i>Location</i>	<i>Use</i>	<i>Site area (sq.m.)</i>	<i>Gross floor area (sq.m.)</i>	<i>Group's interest (%)</i>
Hongkong International Trade & Exhibition Centre (medium-term lease)	1 Trademart Drive Kowloon Bay, Kowloon.	Conference, exhibition, restaurant, office, commercial and carparks	22,280	163,702*	100
Hopewell Centre	183 Queen's Road East, Wanchai, Hong Kong.	Commercial, office and carparks	5,207	78,102*	100
Panda Hotel (medium-term lease)	3 Tsuen Wah Street, Tsuen Wan, New Territories.	Commercial and carparks		22,689*	100
- Shopping arcade & carparks				49,073	100
- Hotel property		Hotel operation			
			5,750	71,762	
Allway Gardens Shopping Arcade (medium-term lease)	9 On Yuk Road, Tsuen Wan, New Territories.	Commercial	N/A	20,742	100
125 carparking spaces at Allway Gardens (medium-term lease)	9 On Yuk Road, Tsuen Wan, New Territories.	Carparks	N/A	N/A	100
80 carparking spaces at Wu Chung House (medium-term lease)	3/F-5/F, 213 Queen's Road East, Hong Kong.	Carparks	N/A	N/A	100
22/F-24/F and carparking spaces V1-V15, Hing Wai Centre (medium-term lease)	No. 7 Tin Wan Praya Road, Aberdeen, Hong Kong.	Industrial, commercial and carparks	N/A	7,551*	100

\* Excluding carparking spaces.

## List of Major Properties (continued)

### B. Properties for/under development:

<i>Property/land</i>	<i>Location</i>	<i>Use</i>	<i>Site area</i> (sq.m.)	<i>Gross floor area</i> (sq.m.)	<i>Group's interest</i> (%)
Mega Tower Hotel	Kennedy Road, Ship Street, Hau Fung Lane, Wanchai, Hong Kong.	Hotel complex with recreation, shopping, restaurant and other commercial facilities (Development at planning stage)	7,301 <sup>#</sup>	172,731	100
196-206 Queen's Road East	196-206 Queen's Road East, Wanchai, Hong Kong.	For development (Commercial use)	464	about 7,000	100
214-224 Queen's Road East & 9-19 Sam Pan Street	214-224 Queen's Road East & 9-19 Sam Pan Street, Wanchai, Hong Kong.	For development (Residential and commercial use)	1,082	Under planning	100
Nova Taipa Gardens/ Nova City	North shore of Taipa Island, Macau.	Residential, commercial, hotel and carparks (5 residential blocks are under construction with gross floor area of approximately 105,000 sq.m. expected to be completed in 2nd quarter of 2006)	70,000	516,000	50
Hopewell New Town	Huadu district, Guangzhou, China.	Residential, commercial, logistic and social facilities (Initial Phase with gross floor area of approximately 109,000 sq.m. expected to be completed by end of year 2005)	797,000	1,782,000	95

*Note:*

<sup>#</sup> Total development site area of the land required for the property development is about 11,500 sq.m. of which a total of 7,301 sq.m. are held by the Group and the remaining will be acquired by the Group mainly by way of land exchange with the government at a premium yet to be finalised.

# Corporate Information

## Honorary Chairman

Dr. James Man Hon WU  
OBE, JP, LLD (Hon), Dr Eng(Hon), BSc(Eng)

## Board of Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE

*Chairman*

Mr. Eddie Ping Chang HO\*

*Vice Chairman & Managing Director*

Mr. Josiah Chin Lai KWOK

*Deputy Managing Director*

Mr. Thomas Jefferson WU

*Deputy Managing Director*

Mr. Henry Hin Moh LEE#

Mr. Robert Van Jin NIEN

Mr. Guy Man Guy WU##

Lady Ivy Sau Ping KWOK WU JP#

Ms. Linda Lai Chuen LOKE##

Mr. Albert Kam Yin YEUNG

Mr. Colin Henry WEIR

Mr. David Yau-gay LUI

Mr. Carmelo Ka Sze LEE#

Mr. Andy Lee Ming CHEUNG

Mr. Eddie Wing Chuen HO Junior

Mr. Lee Yick NAM##

Mr. Barry Chung Tat MOK

\* Also as Alternate director to Sir Gordon Ying Sheung WU  
and Lady Ivy Sau Ping KWOK WU

# Non-Executive directors

## Independent Non-Executive directors

## Audit Committee

Mr. Lee Yick NAM *Chairman*

Ms. Linda Lai Chuen LOKE

Mr. Guy Man Guy WU

## Remuneration Committee

Mr. Eddie Ping Chang HO *Chairman*

Mr. Lee Yick NAM

Ms. Linda Lai Chuen LOKE

## Company Secretary

Mr. Peter Yip Wah LEE

## Registered Office

64th Floor, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong  
Tel : (852) 2528 4975  
Fax : (852) 2861 2068

## Solicitors

Woo, Kwan, Lee & Lo

## Auditors

Deloitte Touche Tohmatsu

## Principal Bankers<sup>+</sup>

Bank of China (Hong Kong) Limited  
Bank of Communications  
Bank of East Asia, Limited  
The Bank of Tokyo-Mitsubishi, Limited  
BNP Paribas  
China Construction Bank Corporation  
Chiyu Banking Corporation Limited  
Citibank, N.A.  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Hua Nan Commercial Bank, Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Industrial and Commercial Bank of China,  
Guangzhou Huadu Branch  
Liu Chong Hing Bank Limited  
Mizuho Corporate Bank, Limited  
Nanyang Commercial Bank, Limited  
Sumitomo Mitsui Banking Corporation  
Tai Fung Bank Limited

<sup>+</sup> names arranged in alphabetical order

## Registrars and Transfer Office

Computershare Hong Kong Investor Services Limited  
Rooms 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong  
Tel : (852) 2862 8628  
Fax : (852) 2529 6087

## Listing Information

The Stock Exchange of Hong Kong Limited  
Ordinary Shares (Stock Code : 54)

## American Depositary Receipt

CUSIP No.	439555301
Trading Symbol	HOWWY
ADR to share ratio	1:1
Depositary Bank	Citibank, N.A., U.S.A.

## Investor Relations

ir@hopewellholdings.com

## Web Page

www.hopewellholdings.com

(as at 1st September, 2005)







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