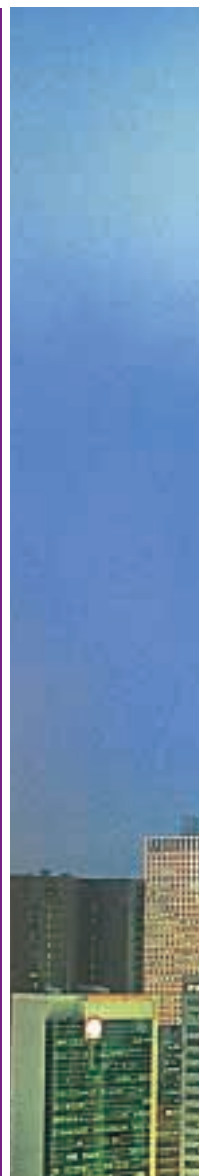


Operations Review

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.

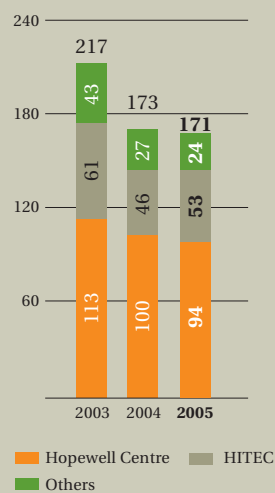
Hopewell Centre and HITEC, the Group's two major rental properties, remain the principal contributors to the turnover of the property business. For the year ended 30th June, 2005, turnover of the property business amounted to HK\$290 million, compared with HK\$291 million of the last financial year, 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.



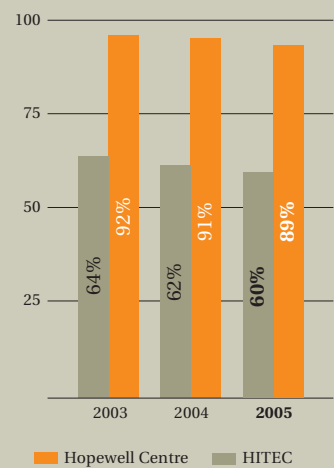
Hopewell Centre fitted with LED lighting



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.

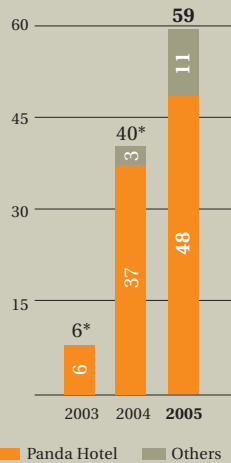


Panda Hotel lobby

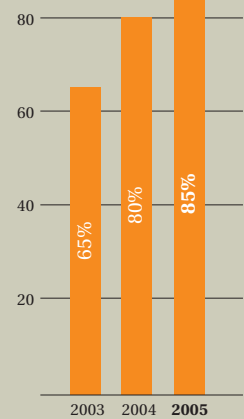


Panda Café at Panda Hotel

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

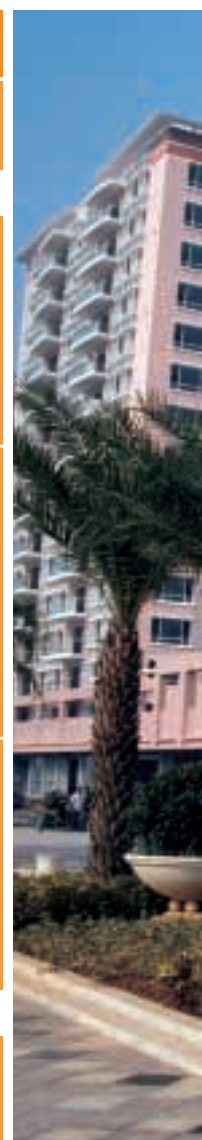


Panda Café, Panda Hotel

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
HONG KONG SAR			
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.
GUANGZHOU CITY – GUANGDONG PROVINCE, PRC			
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.
MACAU SAR			
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



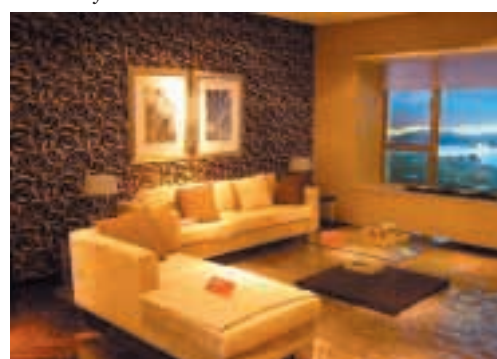
Nova Taipa Gardens, Taipa Island, Macau

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.

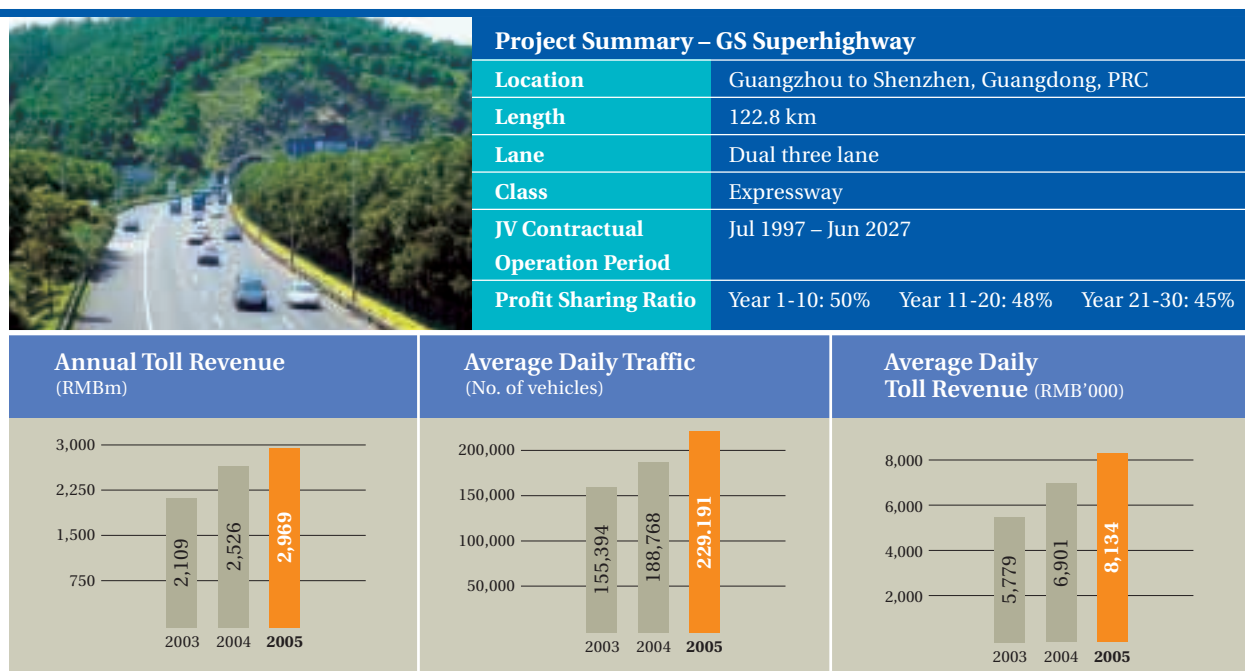
The opening of new airport and seaports, the implementation of the Closer Economic Partnership Arrangements and the formation of the Pan-PRD programmes are the key favourable factors to drive the economic growth in the PRD. The growth of the gross domestic product and private car ownership in the PRD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

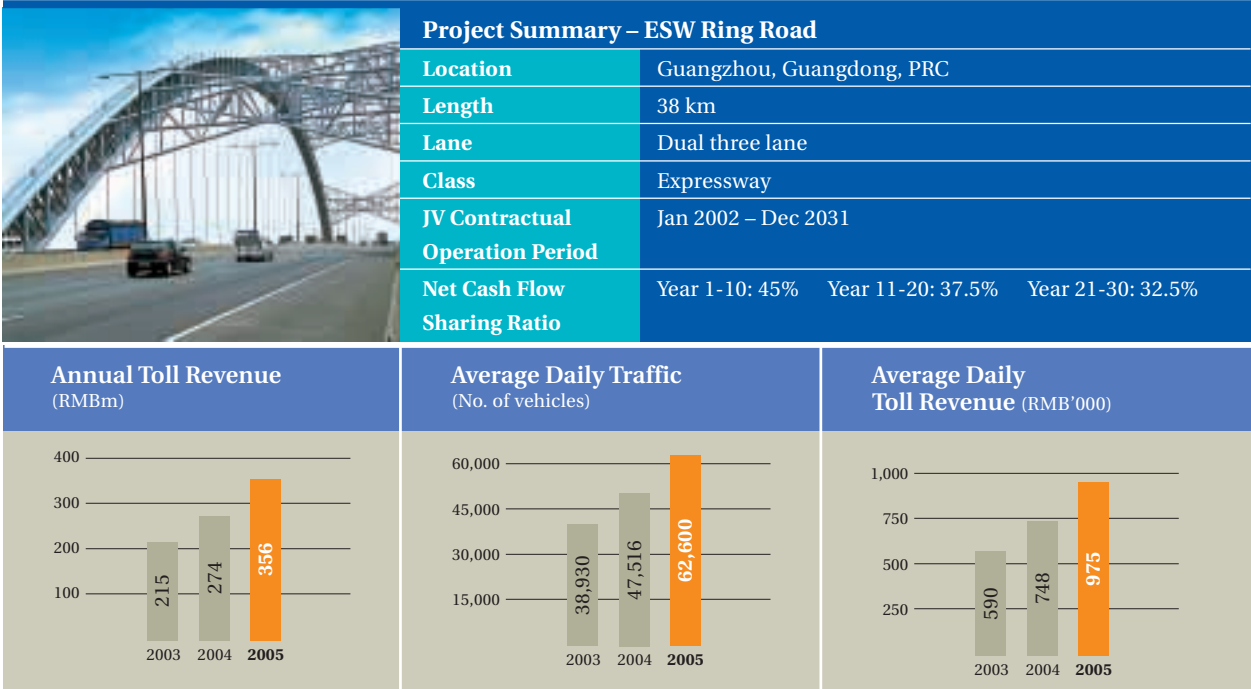
Being the main artery in the expressway network of the PRD, it closely connects to the major cities, airports, ports and the expressways including Jihe Expressway, Humen Bridge, Guangzhou Second Ring Road Northern Section and Guangzhou Ring Road. It will further connect to the Nanping Expressway in Shenzhen, 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”)

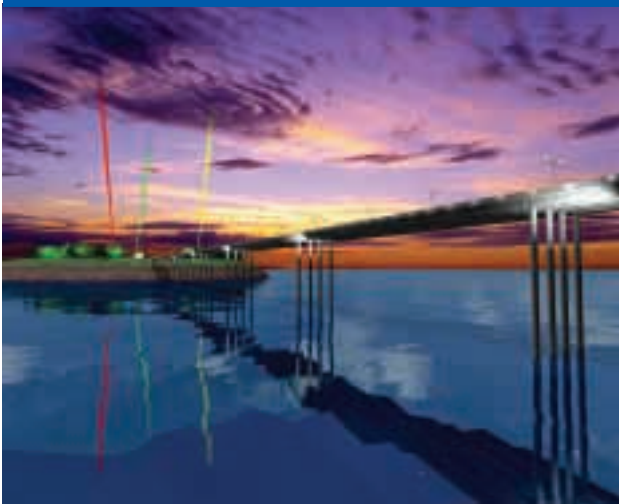


Project Summary – Phase II West	
Location	Shunde to Zhongshan, Guangdong, PRC
Length	Approx. 46 km
Lane	Dual three lane
Class	Expressway
JV Contractual Co-operation Period	Proposed 30 years from date of issue of new business licence; subject to the approval of the relevant PRC authorities
Profit Sharing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

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

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

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")

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, which is interlinked with the listed subsidiary HHI's website (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.



Results Announcement presentation



Web Page: 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