

The Directors have pleasure in submitting to shareholders their annual report together with the audited statement of accounts for the year ended 30th June, 2005.

## Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries during the year were property development and investment, finance, building construction, infrastructure business, hotel operation, department store operation, project management, investment holding and property management.

An analysis of the Group's turnover and contribution from operations by business segment and geographical segment, is set out in note 13 to the accounts on pages 116 to 119.

## Subsidiaries

Particulars of the principal subsidiaries of the Company as at 30th June, 2005 are set out on pages 137 to 145.

## Group Profit

The profit of the Group for the year ended 30th June, 2005 and the state of affairs of the Company and the Group at that date are set out in the accounts on pages 87 to 147.

## Dividends

An interim dividend of HK\$0.40 per share was paid on 22nd April, 2005. The Directors have recommended the payment of a final dividend of HK\$0.60 per share to shareholders whose names appear on the Register of Members of the Company on 5th December, 2005.

## Charitable Donations

Charitable donations made by the Group during the year amounted to HK\$10,098,000 (2004-HK\$1,830,000).

## Fixed assets

Particulars of the movements in fixed assets during the year are set out in note 14 to the accounts on pages 120 to 121.

## Bank Loans, Overdrafts and Other Borrowings

Particulars of bank loans, overdrafts and other borrowings of the Company and the Group as at 30th June, 2005 are set out in note 29 to the accounts on page 126.

## Guaranteed Convertible Notes

In February 2004, Henson International Finance Limited ("Henson"), a wholly-owned subsidiary of the Company, issued HK\$5,750,000,000 1% guaranteed convertible notes due 2006 ("Convertible Notes"). The Convertible Notes are convertible into ordinary shares of the Company at any time from 9th March, 2004 to 10th January, 2006 at a conversion price of HK\$48.96 per share (subject to adjustment). Henson effected, by private arrangement, the redemption of the Convertible Notes on 14th February, 2005 at the option of holders of the Convertible Notes in the aggregate principal amount of HK\$5,561,300,000 at 92% of their principal amount in accordance with the terms and conditions of the Convertible Notes. As at 30th June, 2005, the principal amount of the remaining Convertible Notes after the redemption was HK\$188,700,000. The remaining Convertible Notes will be redeemed on 9th February, 2006, the maturity date, at 82% of their principal amount together with accrued interest, unless previously redeemed, converted or purchased and cancelled.

## Interest Capitalised

The amount of interest capitalised by the Group during the year ended 30th June, 2005 is set out in note 7(a) to the accounts on page 111.

## Reserves

Particulars of the movements in reserves during the year are set out in note 35 to the accounts on pages 128 to 130.

## Share Capital

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 34 to the accounts on page 128.

## Group Financial Summary

The results, assets and liabilities of the Group for the last five years are summarized on page 83.

## Development and Investment Properties

Particulars of development and investment properties of the Group are set out on pages 26 to 41.

## Directors' Remuneration

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited are set out in note 41 to the accounts on page 135. The Directors' fee shall be subject to shareholders' approval at general meetings. Other emoluments shall from time to time be determined by the Board of Directors with reference to Directors' duties and responsibilities.

## Directors

The Directors of the Company during the financial year and up to the date of this report are:

### EXECUTIVE DIRECTORS:

Dr. Lee Chau Kee (*Chairman and Managing Director*)  
Lee Ka Kit (*Vice Chairman*)  
Colin Lam Ko Yin (*Vice Chairman*)

Lee Ka Shing (*Vice Chairman*)

Lee King Yue  
Fung Lee Woon King  
Leung Sing  
Eddie Lau Yum Chuen  
Li Ning  
Patrick Kwok Ping Ho  
Ho Wing Fun  
John Yip Ying Chee  
Suen Kwok Lam

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Gordon Kwong Che Keung  
(*appointed on 19th August, 2004*)  
Dr. Alex Wu Shu Chih  
(*appointed on 19th August, 2004 and passed away on 10th January, 2005*)  
Professor Ko Ping Keung  
(*appointed on 27th September, 2004*)  
Wu King Cheong  
(*appointed on 17th January, 2005*)

### NON-EXECUTIVE DIRECTORS:

The Hon. Lo Tak Shing (*Vice Chairman*)  
(*re-designated as Non-executive Director on 27th September, 2004*)  
Sir Po-shing Woo  
(*re-designated as Non-executive Director on 27th September, 2004*)  
Leung Hay Man  
(*re-designated as Non-executive Director on 27th September, 2004*)  
Angelina Lee Pui Ling  
(*re-designated as Non-executive Director on 27th September, 2004*)  
Lee Tat Man  
Kan Fook Yee  
Vincent Liang  
(*Alternate Director to The Hon. Lo Tak Shing*)  
Jackson Woo Ka Biu  
(*Alternate Director to Sir Po-shing Woo*)

Mr. Wu King Cheong will retire in accordance with Article 99 of the Company's Articles of Association at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

Mr. Lee Ka Kit, Mr. Lee Ka Shing, Mr. Lee King Yue, Mr. Patrick Kwok Ping Ho, Mr. Suen Kwok Lam, Mrs. Angelina Lee Pui Ling and Mr. Lee Tat Man will retire by rotation in accordance with Article 116 of the Company's Articles of Association at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received confirmation of independence from Mr. Gordon Kwong Che Keung, Professor Ko Ping Keung and Mr. Wu King Cheong, and considers them to be independent.

## Biographical Details of Directors and Senior Management

### EXECUTIVE DIRECTORS

**Dr. LEE Shau Kee**, *D.B.A.(Hon.), D.S.Sc.(Hon.), LL.D.(Hon.)*, aged 76, is the founder of the Company. He has been the Chairman and Managing Director of the Company since 1976 and has been engaged in property development in Hong Kong for more than 50 years. He is also the founder and the chairman and managing director of Henderson Investment Limited, the chairman of The Hong Kong and China Gas Company Limited, Miramar Hotel and Investment Company, Limited and Henderson Cyber Limited, the vice chairman of Sun Hung Kai Properties Limited as well as a director of Henderson China Holdings Limited, Hong Kong Ferry (Holdings) Company Limited and The Bank of East Asia, Limited. Dr. Lee is a director of Henderson Development Limited, Believegood Limited and Cameron Enterprise Inc. which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Mr. Lee Tat Man and Madam Fung Lee Woon King, the father of Ms. Lee Pui Man, Margaret, Mr. Lee Ka Kit and Mr. Lee Ka Shing and the father-in-law of Mr. Li Ning.

**LEE Ka Kit**, aged 42, National Committee Member of Political Consultative Conference, PRC, has been an Executive Director of the Company since 1985 and Vice Chairman since 1993. He was educated in the United Kingdom and has been primarily responsible for the development of the PRC business of Henderson Land Group since he joined the Company in 1985. Mr. Lee is also the chairman and president of Henderson China Holdings Limited, the vice chairman of Henderson Development Limited ("Henderson Development") and Henderson Investment Limited, an executive director of Henderson Cyber Limited as well as a director of The Hong Kong and China Gas Company Limited. Mr. Lee is a director of Henderson Development which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr. Lee Shau Kee, the brother of Ms. Lee Pui Man, Margaret and Mr. Lee Ka Shing and the brother-in-law of Mr. Li Ning.

**LAM Ko Yin, Colin**, *B.Sc., A.C.I.B., M.B.I.M., F.C.I.L.T.*, aged 54, joined the Company in 1982 and has been an Executive Director since 1985 and Vice Chairman since 1993. He holds a B.Sc. (Honours) degree from the University of Hong Kong and has over 32 years' experience in banking and property development. He is also the chairman of Hong Kong Ferry (Holdings) Company Limited, the vice chairman of Henderson Investment Limited, an executive director of Henderson China Holdings Limited and Henderson Cyber Limited as well as a director of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited. Mr. Lam was appointed a Director of The University of Hong Kong Foundation for Educational Development and Research Limited in October 2003. Mr. Lam is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Believegood Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**LEE Ka Shing**, aged 34, a Committee Member of the 9th Guangxi Zhuangzu Zizhiqu Committee and of the 9th Foshan Committee of Political Consultative Conference, PRC, has been an Executive Director of the Company since 1993 and Vice Chairman since 2005. He was educated in Canada. He is also the vice chairman of Henderson Development Limited (“Henderson Development”) and Henderson Investment Limited, an executive director of Henderson China Holdings Limited and Henderson Cyber Limited as well as a director of The Hong Kong and China Gas Company Limited and Miramar Hotel and Investment Company, Limited. Mr. Lee is a director of Henderson Development and Believegood Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son of Dr. Lee Shau Kee, the brother of Ms. Lee Pui Man, Margaret and Mr. Lee Ka Kit and the brother-in-law of Mr. Li Ning.

**LEE King Yue**, aged 79, has been an Executive Director of the Company since 1976. He joined Henderson Development Limited, the parent company of the Company on its incorporation in 1973 and has been engaged with Chairman in property development for over 50 years. He is also an executive director of Henderson Investment Limited and Henderson China Holdings Limited. Mr. Lee is a director of Yamina Investment Limited, Believegood Limited, Cameron Enterprise Inc. and South Base Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**FUNG LEE Woon King**, aged 67, has been an Executive Director of the Company since 1976. She joined Henderson Development Limited (“Henderson Development”), the parent company of the Company as treasurer in 1974 and has been

an executive director of Henderson Development since 1979. She is also the treasurer of Henderson Development Group, Henderson Land Group, Henderson Investment Group and Henderson China Group. Madam Fung is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development, Yamina Investment Limited, Believegood Limited, Cameron Enterprise Inc. and South Base Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. She is the sister of Dr. Lee Shau Kee and Mr. Lee Tat Man.

**LEUNG Sing**, aged 68, has been an Executive Director of the Company since 1985. He has over 40 years’ experience in property development. Mr. Leung is also an executive director of Henderson China Holdings Limited.

**LAU Yum Chuen, Eddie**, aged 59, has been an Executive Director of the Company since 1987. He has over 35 years’ experience in banking, finance and investment. Mr. Lau is also an executive director of Henderson Investment Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited.

**LI Ning, B.Sc., M.B.A.**, aged 48, has been an Executive Director of the Company since 1992. He holds a B.Sc. degree from Babson College and a M.B.A. degree from the University of Southern California. Mr. Li is also an executive director of Henderson Investment Limited as well as a director of Hong Kong Ferry (Holdings) Company Limited. He is the son-in-law of Dr. Lee Shau Kee, the spouse of Ms. Lee Pui Man, Margaret and the brother-in-law of Mr. Lee Ka Kit and Mr. Lee Ka Shing.

**KWOK Ping Ho, Patrick**, *B.Sc., M.Sc., Post-Graduate Diploma in Surveying, A.C.I.B.*, aged 53, joined the Company in 1987 and has been an Executive Director since 1993. He holds a B.Sc. (Engineering) degree as well as a M.Sc. (Administrative Sciences) degree and he is also a holder of the Post-Graduate Diploma in Surveying (Real Estate Development). Mr. Kwok is an Associate Member of The Chartered Institute of Bankers of the United Kingdom and he had worked in the international banking field for more than 11 years with postings in London, Chicago, Kuala Lumpur, Singapore as well as in Hong Kong before joining the Company. He is also an executive director of Henderson Investment Limited and Henderson China Holdings Limited.

**HO Wing Fun**, aged 72, has been an Executive Director of the Company since 1997. He joined Henderson Development Limited in 1975 and has over 50 years' experience in operational management of property investment and development, specializing in accounting, auditing and taxation. Mr. Ho is also an executive director of Henderson Investment Limited and Henderson China Holdings Limited.

**YIP Ying Chee, John**, *LL.B., F.C.I.S.*, aged 56, has been an Executive Director of the Company since 1997. He graduated from the University of Hong Kong and the London School of Economics and is a solicitor and a certified public accountant. He has over 25 years' experience in corporate finance, and corporate and investment management.

**SUEN Kwok Lam**, *M.H., F.H.I.R.E.A.*, aged 58, joined the Company in 1997 and has been an Executive Director of the Company since January 2002. He is also an executive director of Henderson Investment Limited. He is the President of Hong Kong Association of Property Management Companies, a Council Member of Hong Kong Institute of Real Estate Administration and an individual Member of The Real Estate Developers

Association of Hong Kong. He has over 35 years' experience in property management. He was awarded the Medal of Honour by the Government of the Hong Kong Special Administrative Region in 2005.

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**KWONG Che Keung, Gordon**, *F.C.A.*, aged 56, has been an Independent Non-executive Director of the Company since 19th August, 2004. He graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1972 and qualified as a chartered accountant in England in 1977. He was a partner of Pricewaterhouse from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong from 1992 to 1997. He is a non-executive director of COSCO Pacific Limited and also serves as an independent non-executive director of Henderson Investment Limited, Henderson China Holdings Limited and a number of other Hong Kong listed companies.

**Professor KO Ping Keung**, *Ph.D., F.I.E.E.E., F.H.K.I.E., J.P.*, aged 54, has been an Independent Non-executive Director of the Company since 27th September, 2004. Professor Ko holds a Bachelor of Science (Honours) degree from the University of Hong Kong, a Doctor of Philosophy degree and a Master of Science degree from the University of California at Berkeley. He is an Adjunct Professor of University of California at Berkeley and Beijing University and Professor of Electrical & Electronic Engineering and the former Dean of the School of Engineering of The Hong Kong University of Science and Technology. He was the Vice Chairman of Electrical Engineering and Computer Science Department of the University of California at Berkeley in 1991 – 1993 and a member of Technical staff, Bell Labs, Holmdel, in 1982 – 1984. Professor Ko is also an independent non-executive director of Henderson Investment Limited and Henderson Cyber Limited.

**WU King Cheong**, *BBS, JP.*, aged 54, has been an Independent Non-executive Director of the Company since 17th January, 2005. He is a Councillor of the Eastern District Council of the Hong Kong Special Administrative Region, Assistant Treasurer of the Chinese General Chamber of Commerce, Member of Hong Kong Housing Authority, Member of Statistics Advisory Board of the HKSAR, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Stockbrokers Association. He is an executive director of Lee Cheong Gold Dealers Limited. He is also an independent non-executive director of Yau Lee Holdings Limited, Chevalier iTech Holdings Limited, Henderson Investment Limited, Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited.

#### NON-EXECUTIVE DIRECTORS

**The Hon. LO Tak Shing**, *G.B.M., J.P.*, aged 70, was awarded the Grand Bauhinia Medal in July 1997, has been a Director and Vice Chairman of the Company since 1981 and was re-designated as Non-executive Director on 27th September, 2004. He is a solicitor. He was the vice chairman of the Basic Law Consultative Committee, a committee member of the Preliminary Committee of the Preparatory Committee from July 1993 and a committee member of The Preparatory Committee of the Hong Kong Special Administrative Region from December 1995.

**Sir Po-shing WOO**, *Hon. LL.D., F.C.I.Arb., F.I.Mgt., F.Inst.D., F.H.K.M.A.*, aged 76, has been a Director of the Company since 1981 and was re-designated as Non-executive Director on 27th September, 2004. He is a solicitor and a Consultant of Jackson Woo & Associates. He is also a director of Henderson Investment Limited and Sun Hung Kai Properties

Limited. He was admitted to practice as solicitor in England and Hong Kong and is also a Fellow of The Chartered Institute of Arbitrators, The Institute of Management and The Institute of Directors of England. He was awarded Hon. LL.D. by the City University of Hong Kong and is a Fellow of the King's College of London as well as Honorary Professor of Nankai University of Tianjin. Sir Po-shing Woo became Fellow of The Hong Kong Management Association in 2000. He is also the founder of Woo Po Shing Medal in Law and Woo Po Shing Overseas Summer School Travelling Scholarship, both at the University of Hong Kong. Sir Po-shing Woo is also the founder of the Woo Po Shing Professor (Chair) of Chinese and Comparative Law in City University. Sir Po-shing Woo is a director of Henderson Development Limited which has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the father of Mr. Woo Ka Biu, Jackson.

**LEUNG Hay Man**, *FR.I.C.S., F.C.I.Arb., F.H.K.I.S.*, aged 71, has been a Director of the Company since 1981 and was re-designated as Non-executive Director on 27th September, 2004. He is a Chartered Surveyor. He is also a director of Henderson Investment Limited, Hong Kong Ferry (Holdings) Company Limited and The Hong Kong and China Gas Company Limited.

**LEE Pui Ling, Angelina**, *J.P., LL.B., F.C.A.*, aged 56, has been a Director of the Company since 1996 and was re-designated as Non-executive Director on 27th September, 2004. She is a practising solicitor and is also a Fellow of the Institute of Chartered Accountants in England and Wales. She is active in public services and currently serves on a number of statutory, advisory and appeal committees. She is also a director of a number of other listed companies in Hong Kong.

**LEE Tat Man**, aged 68, has been a Director of the Company since 1976. He has been engaged in property development in Hong Kong for more than 30 years and is also an executive director of Henderson Investment Limited. Mr. Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited and Cameron Enterprise Inc. which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the brother of Dr. Lee Shau Kee and Madam Fung Lee Woon King.

**KAN Fook Yee**, *S.B.S., F.H.K.I.S., F.C.I.Arb.*, aged 69, has been a Director of the Company since 1997. He was an Executive Director of Henderson China Holdings Limited from June 1997 until February 2003, when he became a Non-executive Director of Henderson China Holdings Limited. In addition to his being a barrister-at-law, Mr. Kan is also a fellow member of The Hong Kong Institute of Surveyors and The Chartered Institute of Arbitrators. He has many years' experience in the field of property surveying.

**Vincent LIANG**, *J.P.*, aged 60, has been the Alternate Director to The Hon. Lo Tak Shing, Director of the Company, since 1986 and was re-designated as Non-executive Director on 27th September, 2004, following the re-designation of The Hon. Lo Tak Shing as Non-executive Director. He is a solicitor and a former Vice President of the Law Society of Hong Kong.

**WOO Ka Bui, Jackson**, *M.A.(Oxon)*, aged 44, has been the Alternate Director to Sir Po-shing Woo, Director of the Company since July 2000 and was re-designated as Non-executive Director on 27th September, 2004, following the re-designation of Sir Po-shing Woo as Non-executive Director. Mr. Woo is also a Non-Executive Director of Henderson Cyber Limited. He is a director of Kailey Group of Companies. He holds a MA degree in Jurisprudence

from the Oxford University and is a qualified solicitor in England and Wales, Hong Kong Special Administrative Region and Australia. He was a director of N. M. Rothschild & Sons (Hong Kong) Limited ("Rothschild"). Prior to joining Rothschild, Mr. Woo was a partner in the corporate finance department of Woo, Kwan, Lee & Lo. He is the son of Sir Po-shing Woo.

#### SENIOR MANAGEMENT

**LAU Chi Keung**, *M.H., J.P., F.R.I.C.S., F.H.K.I.S., A.C.I.Arb.*, aged 56, joined the Company in 1981 and is presently the General Manager of Project Management Department. He is a Fellow Member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors. He is also an Authorised Person (List III) under the Buildings Ordinance and has over 33 years' experience in property development. Mr. Lau is an executive director of Henderson Investment Limited. He was appointed as Justice of the Peace in 2001, and was awarded the Medal of Honour in 2005, by the Government of the Hong Kong Special Administrative Region.

**LEE Pui Man, Margaret**, *B.Hum. (Hons)*, aged 44, joined the Company in 1984 and is presently the General Manager of Portfolio Leasing Department since 1988. She holds a B.Hum. (Honours) degree from the University of London and has over 21 years' experience in marketing development. She is the eldest daughter of Dr. Lee Shau Kee, the spouse of Mr. Li Ning and the sister of Mr. Lee Ka Kit and Mr. Lee Ka Shing.

**CHAO Lung Yu**, *F.C.C.A., C.P.A.*, aged 45, joined the Henderson Land Group in 1990 and was appointed Qualified Accountant of the Company in March 2004. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years' experience in accounting and auditing.

## Disclosure of Interests

### DIRECTORS' INTERESTS IN SHARES

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

#### Ordinary Shares (unless otherwise specified)

##### Long Positions

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Henderson Land Development Company Limited	Lee Chau Kee	1			1,122,938,300		1,122,938,300	61.88
	Lee Ka Kit	1				1,122,938,300	1,122,938,300	61.88
	Lee Ka Shing	1				1,122,938,300	1,122,938,300	61.88
	Li Ning	1		1,122,938,300			1,122,938,300	61.88
	Lee Tat Man	2	498,000				498,000	0.03
	Lo Tak Shing	3	11,000				11,000	0.00
	Lee Pui Ling, Angelina	4	30,000				30,000	0.00
	Kan Fook Yee	5		24,000			24,000	0.00
	Lee King Yue	6	42,900		19,800		62,700	0.00
	Fung Lee Woon King	7	1,000,000				1,000,000	0.06
Leung Sing	8	85,600				85,600	0.00	
Ho Wing Fun	9	100				100	0.00	
Woo Ka Biu, Jackson	10			2,000			2,000	0.00
Henderson Investment Limited	Lee Chau Kee	11	34,779,936		2,075,859,007		2,110,638,943	74.92
	Lee Ka Kit	11				2,075,859,007	2,075,859,007	73.68
	Lee Ka Shing	11				2,075,859,007	2,075,859,007	73.68
	Li Ning	11		2,075,859,007			2,075,859,007	73.68
	Lee Tat Man	12	6,666				6,666	0.00
	Lo Tak Shing	13	404,375				404,375	0.01
	Lee King Yue	14	1,001,739				1,001,739	0.04
	Leung Sing	15	150,000				150,000	0.01
Ho Wing Fun	16	1,100				1,100	0.00	
Henderson China Holdings Limited#	Lee Chau Kee	17			325,133,977		325,133,977	65.32
	Lee Ka Kit	17				325,133,977	325,133,977	65.32
	Lee Ka Shing	17				325,133,977	325,133,977	65.32
	Li Ning	17		325,133,977			325,133,977	65.32
Woo Ka Biu, Jackson	18	544,802				544,802	0.11	
Henderson Cyber Limited	Lee Chau Kee	19	173,898		4,244,996,094		4,245,169,992	84.90
	Lee Ka Kit	19				4,244,996,094	4,244,996,094	84.90
	Lee Ka Shing	19				4,244,996,094	4,244,996,094	84.90
	Li Ning	19		4,244,996,094			4,244,996,094	84.90
	Lee Tat Man	20	33				33	0.00
	Lo Tak Shing	21	2,021				2,021	0.00
	Lam Ko Yin, Colin	22	55				55	0.00
	Lee King Yue	23	5,383				5,383	0.00
	Leung Sing	24	750				750	0.00
	Ho Wing Fun	25	5				5	0.00
The Hong Kong and China Gas Company Limited	Lee Chau Kee	26	3,226,174		2,157,017,776		2,160,243,950	38.72
	Lee Ka Kit	26				2,157,017,776	2,157,017,776	38.66
	Lee Ka Shing	26				2,157,017,776	2,157,017,776	38.66
	Li Ning	26		2,157,017,776			2,157,017,776	38.66

# Henderson China Holdings Limited was privatised by and became a wholly-owned subsidiary of the Company on 12th August, 2005.



**Ordinary Shares (unless otherwise specified) (cont'd)**
**Long Positions**

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Hong Kong Ferry (Holdings) Company Limited	Lee Chau Kee	27	7,799,220		111,636,090		119,435,310	33.52
	Lee Ka Kit	27				111,636,090	111,636,090	31.33
	Lee Ka Shing	27				111,636,090	111,636,090	31.33
	Li Ning	27		111,636,090			111,636,090	31.33
	Lam Ko Yin, Colin	28	150,000				150,000	0.04
	Fung Lee Woon King	29	465,100				465,100	0.13
	Leung Hay Man	30	2,250				2,250	0.00
Miramar Hotel and Investment Company, Limited	Lee Chau Kee	31			255,188,250		255,188,250	44.21
	Lee Ka Kit	31				255,188,250	255,188,250	44.21
	Lee Ka Shing	31				255,188,250	255,188,250	44.21
	Li Ning	31		255,188,250			255,188,250	44.21
	Kan Fook Yee	32		20,000			20,000	0.00
	Woo Po Shing	33	2,705,000		2,455,000		5,160,000	0.89
Henderson Development Limited	Lee Chau Kee	34			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Chau Kee	35			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Chau Kee	36	35,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)		50,000,000 (Non-voting Deferred Shares)	100.00
	Lee Ka Kit	34				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	35				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	36				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	34				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	35				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	36				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	34			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Li Ning	35			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Li Ning	36			15,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)	30.00

**Ordinary Shares (unless otherwise specified) (cont'd)****Long Positions**

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Best Homes Limited	Lee Chau Kee	37			26,000		26,000	100.00
	Lee Ka Kit	37				26,000	26,000	100.00
	Lee Ka Shing	37				26,000	26,000	100.00
	Li Ning	37		26,000			26,000	100.00
China Investment Group Limited	Woo Ka Biu, Jackson	38			16,000		16,000	5.33
Drinkwater Investment Limited	Leung Hay Man	39			5,000		5,000	4.49
	Woo Po Shing	40			3,250		3,250	2.92
Feswin Investment Limited	Lee Ka Kit	41			5,000	5,000	10,000	100.00
Fordley Investment Limited	Fung Lee Woon King	42	2,000				2,000	20.00
Gain Base Development Limited	Fung Lee Woon King	43	50				50	5.00
Henfield Properties Limited	Lee Ka Kit	44			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Chau Kee	45			100		100	100.00
	Lee Ka Kit	45				100	100	100.00
	Lee Ka Shing	45				100	100	100.00
	Li Ning	45		100			100	100.00
Maxfine Development Limited	Lee Ka Kit	46			3,050*	3,050*	3,050	33.33
Perlin Development Limited	Lee Ka Kit	47			5	5	10	100.00

\* relate to the same shares

**Casa Marina I & II, Tai Po**

Total G.F.A.: Approx. 409,000 sq.ft; 100% owned by the Group.  
This completed project consists of a total number of 204 luxury houses with comprehensive clubhouse facility.



**Ordinary Shares** (unless otherwise specified) (cont'd)

**Long Positions**

Name of Company	Name of Director	Note	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	% Interest
Pettystar Investment Limited	Lee Chau Kee	48			3,240		3,240	80.00
	Lee Ka Kit	48				3,240	3,240	80.00
	Lee Ka Shing	48				3,240	3,240	80.00
	Li Ning	48		3,240			3,240	80.00
Quickcentre Properties Limited	Lee Ka Kit	49			1	1	2	100.00
Shellson International Limited	Lee Ka Kit	50			25	75	100	100.00

Save as disclosed above, none of the Directors or Chief Executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

**King's Park Hill, Kowloon**

Total G.F.A.: Approx. 241,000 sq.ft.; 62.28% owned by the Group. This completed project provides 42 luxurious garden houses and 7 low-rise apartment blocks situate in one of the rare elite residential areas right at the heart of Kowloon.



## Share Option Schemes

### (I) HENDERSON CYBER LIMITED

At an extraordinary general meeting held on 4th December, 2000, the shareholders of the Company approved the Pre-IPO Share Option Plan ("Henderson Cyber Option Plan") and the Share Option Scheme ("Henderson Cyber Share Option Scheme") (collectively referred to as the "Henderson Cyber Schemes") of Henderson Cyber Limited ("Henderson Cyber"), a subsidiary of the Company. A summary of the Henderson Cyber Schemes is as below:

#### (1) Purpose

The purpose of the Henderson Cyber Option Plan is to recognise the contribution of the participants of the Henderson Cyber Option Plan to the growth of the Henderson Cyber Group and/or to the listing of shares of Henderson Cyber ("Henderson Cyber Shares") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The purpose of the Henderson Cyber Share Option Scheme is to assist in the recruitment and retention of high calibre executives and employees by providing them with incentives of share options.

#### (2) Participants

Options to subscribe for 32,000,000 Henderson Cyber Shares under the Henderson Cyber Option Plan were granted on 28th June, 2000, immediately prior to the listing of the

Henderson Cyber Shares on GEM on 14th July, 2000 ("IPO Date").

Henderson Cyber may grant options to subscribe for Henderson Cyber Shares under the Henderson Cyber Share Option Scheme to any executive directors and full time employees of the Henderson Cyber Group.

### (3) Maximum number of Henderson Cyber Shares available for subscription

Pursuant to the Henderson Cyber Option Plan, options to subscribe for the maximum number of 32,000,000 Henderson Cyber Shares were granted and all options had lapsed. No further options may be granted under the Henderson Cyber Option Plan after the IPO Date.

The maximum number of Henderson Cyber Shares in respect of which options may be granted under the Henderson Cyber Share Option Scheme and any other share option schemes of Henderson Cyber in issue shall not exceed 30 per cent. of the total number of Henderson Cyber Shares in issue from time to time (excluding (i) any Henderson Cyber Shares issued pursuant to the Henderson Cyber Share Option Scheme and any other share option schemes of Henderson Cyber; and (ii) any pro rata entitlements to further Henderson Cyber Shares issued in respect of those Henderson Cyber Shares mentioned in (i)).

**(4) Maximum entitlement of each participant**

Pursuant to the Henderson Cyber Schemes, no participant may be granted an option which, if exercised in full, would result in such person's maximum entitlement exceeding 25 per cent. of the aggregate number of Henderson Cyber Shares for the time being issued and issuable under the Henderson Cyber Schemes.

**(5) Minimum and maximum periods for the exercise of options**

Pursuant to the Henderson Cyber Schemes, an option may be exercised in accordance with the terms of the respective Henderson Cyber Schemes at any time during such period or periods to be notified by the Board of Directors of Henderson Cyber to each grantee provided that the period within which the option may be exercised shall be not less than 3 years and not more than 10 years from the date on which an offer of the grant of the option is accepted.

**(6) Payment on acceptance of option**

Pursuant to the Henderson Cyber Schemes, HK\$1.00 is payable to Henderson Cyber by the grantee on acceptance of the grant of an option within 28 days from the date of offer of the grant of the option (the "Offer Date").

**(7) Basis of determining the subscription price**

The subscription price per Henderson Cyber Share under the Henderson Cyber Option Plan is HK\$1.25, being the price per Henderson Cyber Share at which the Henderson Cyber Shares were offered for subscription by the public at the initial public offering of the Henderson Cyber Shares.

The subscription price per Henderson Cyber Share under the Henderson Cyber Share Option Scheme is determined by the Board of Directors of Henderson Cyber and shall be the highest of:

- (i) the closing price per Henderson Cyber Share as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date, which must be a business day;
- (ii) the average closing price per Henderson Cyber Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and
- (iii) the nominal value per Henderson Cyber Share.

**210 Fangcun Avenue, Fangcun District, Guangzhou**

Total Planned G.F.A.: approx. 2,520,000 sq.ft.; 52.26% owned by the Group. This development project is planned to build nine residential towers on a shopping podium. Foundation work will soon be completed.



**(8) Remaining life of the Henderson Cyber Schemes**

No further options shall be granted under the Henderson Cyber Option Plan after the IPO Date. Share options granted under the Henderson Cyber Option Plan on or prior to the IPO Date lapsed on 14th July, 2004.

The Henderson Cyber Share Option Scheme shall be valid and effective for a period of 10 years commencing on 28th June, 2000. No further options will be granted under the revised Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. All share options granted under the Share Option Scheme had lapsed.

**(II) HENDERSON CHINA HOLDINGS LIMITED**

Henderson China Holdings Limited ("Henderson China") once adopted a share option scheme on 15th March, 1996 ("Henderson China Share Option Scheme"). Henderson China by ordinary resolution passed at its special general meeting held on 1st December, 2003 adopted a new share option scheme (the "New Scheme") and terminated Henderson China Share Option

Scheme in order to comply with the new requirements under the revised Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). No further options may be offered under Henderson China Share Option Scheme. No share options have been granted under the New Scheme to any persons since its adoption. A summary of the Henderson China Share Option Scheme and the New Scheme is as below:

**(1) Purpose**

The purpose of the Henderson China Share Option Scheme is to provide the executive directors and employees of the Henderson China Group with incentives of share options.

The purpose of the New Scheme is to provide the Henderson China Group with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the executive directors, non-executive directors, employees and consultants of the Henderson China Group and for such other purposes as the Board of Directors of Henderson China may approve from time to time.

**(2) Participants**

Henderson China may grant:

- (i) options to subscribe for shares in Henderson China (“Henderson China Shares”) under the Henderson China Share Option Scheme to executive directors and employees of the Henderson China Group; and
- (ii) options to subscribe for Henderson China Shares under the New Scheme to executive directors, non-executive directors, employees and consultants of the Henderson China Group.

**(3) Maximum number of Henderson China Shares available for subscription**

The maximum number of Henderson China Shares in respect of which options may be granted (including Henderson China Shares issued pursuant to options exercised and Henderson China Shares in respect of which any options remain outstanding) under the Henderson China Share Option Scheme and any other share option schemes of Henderson China shall not exceed 10 per cent. of the issued share capital of Henderson China from time to time excluding Henderson China Shares issued pursuant to the Henderson China Share Option Scheme.

The total number of Henderson China Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of Henderson China shall not in aggregate exceed

10% of the total number of Henderson China Shares in issue as at the date of approval of the New Scheme unless Henderson China obtains a fresh approval from its shareholders.

Notwithstanding the above, the maximum number of Henderson China Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share options schemes of Henderson China (including Henderson China Share Option Scheme) shall not exceed 30% of the total number of Henderson China Shares in issue from time to time. No options may be granted under any schemes of Henderson China (or the subsidiary of the Henderson China) if this will result in the limit being exceeded.

**(4) Maximum entitlement of each participant**

No participant may be granted an option which, if exercised in full, would result in such person’s maximum entitlement exceeding 25 per cent. of the aggregate number of Henderson China Shares for the time being issued and issuable under the Henderson China Share Option Scheme.

The maximum entitlement for any one participant is that the total number of Henderson China Shares issued and to be issued upon exercise of the options granted to each participant under the New Scheme and any other option schemes (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Henderson China Shares in issue.

**(5) Minimum and Maximum periods for the exercise of options**

An option may be exercised in accordance with the terms of the Henderson China Share Option Scheme at any time during such period or periods to be notified by the Board of Directors of Henderson China to each grantee. The option may be exercised on the expiry of 6 months after the date on which the grant of an option is accepted (the "Commencement Date") and not later than a period of 3 years after the Commencement Date or 14th March, 2006, whichever is the earlier.

In respect of any particular option granted under the New Scheme, the period during which an option may be exercised, and unless the Board of the Directors of Henderson China shall otherwise resolve in relation to any particular option at the time of the grant, is (i) the period commencing after the expiry of 1 year after the date of grant in respect of the first 30% of an option granted at any time to any grantee; and (ii) the period commencing after the expiry of 2 years after the date of grant in respect of a further 30% of such option; and (iii) the period commencing after the expiry of 3 years from the date of grant in respect of the remaining 40% of

such option; and in any event each of such periods shall expire after 6 years from the date of grant. The Board of the Directors of Henderson China may also provide restrictions on the exercise of such option during the period an option may be exercised.

**(6) Payment on acceptance of option**

HK\$1.00 is payable to Henderson China by the grantee on acceptance of an option under the Henderson China Share Option Scheme and the New Scheme within 28 days from the date of offer of the grant of an option (the "Offer Date").

**(7) Basis of determining the subscription price**

The subscription price per Henderson China Share under the Henderson China Share Option Scheme is determined by the Board of Directors of Henderson China and shall be the higher of:

- (i) a price being not less than 80 per cent. of the average closing price per Henderson China Share as stated in The Stock Exchange of Hong Kong Limited's daily quotation sheets for the five business days immediately preceding the Offer Date; and

**Yau Tong Bay Marine Lots & Associated Areas**

Total G.F.A.: Approx. 9,700,000 sq.ft.; 19.01% owned by the Group. The environmental impact assessments of both the reclamation and the proposed development of this site were approved by the Director of Environment Protection Department in April 2002. The site is planned for the development of 38 residential towers.





- (ii) the nominal value per Henderson China Share.

The subscription price per Henderson China Share under the New Scheme shall be a price solely determined by the Board of the Directors of Henderson China and shall be at least the higher of:

- (i) the closing price of the Henderson China Shares as stated in The Stock Exchange of Hong Kong Limited's daily quotations sheet on the Offer Date;
- (ii) a price being the average closing price of the Henderson China Shares as stated in The Stock Exchange of Hong Kong Limited's daily quotations sheets for the five business days immediately preceding the Offer Date; and

- (iii) the nominal value of a Henderson China Share.

**(8) Remaining life**

The Henderson China Share Option Scheme was terminated on 1st December, 2003 and no further options may be offered under the Henderson China Share Option Scheme. As at 30th June, 2005, no share options granted under the Henderson China Share Scheme remained outstanding.

The New Scheme shall remain in force for a period of 10 years commencing on 1st December, 2003, after which period no further options will be issued but in all other respects the provisions of the New Scheme shall remain in full force and effect.

**AIA Tower, North Point**

Total G.F.A.: Approx. 512,000 sq.ft.; 94.56% owned by the Group.  
This 44-storey commercial building is owned by the Group for rental purpose.



## Arrangements to Purchase Shares or Debentures

### OPTIONS TO SUBSCRIBE FOR SHARES IN SUBSIDIARIES

#### (i) Henderson Cyber Limited

The following Directors of the Company had interests in options to subscribe for shares in Henderson Cyber Limited ("Henderson Cyber"), a subsidiary of the Company, which were granted on 28th June, 2000 under the Pre-IPO Share Option Plan of Henderson Cyber ("Henderson Cyber Option Plan"):

Name of Director	Number of share options at 1st July, 2004	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Number of share options outstanding at 30th June, 2005
Lee Chau Kee	2,400,000	—	—	2,400,000	—
Colin Lam Ko Yin	1,200,000	—	—	1,200,000	—
Lee Ka Kit	1,200,000	—	—	1,200,000	—
Lee Ka Shing	1,200,000	—	—	1,200,000	—
John Yip Ying Chee	1,200,000	—	—	1,200,000	—
Patrick Kwok Ping Ho	600,000	—	—	600,000	—
Li Ning	400,000 (Note 51)	—	—	400,000	—
Ho Wing Fun	400,000	—	—	400,000	—
Suen Kwok Lam	400,000	—	—	400,000	—

The following were the particulars of share options of four employees of Henderson Cyber under the Henderson Cyber Option Plan:

Date of Grant	Aggregate number of share options at 1st July, 2004	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Aggregate number of share options outstanding at 30th June, 2005
28/06/2000	1,850,000	—	—	1,850,000	—

The following were the particulars of share options of thirty nine other participants under the Henderson Cyber Option Plan:

Date of Grant	Aggregate number of share options at 1st July, 2004	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Aggregate number of share options outstanding at 30th June, 2005
28/06/2000	16,650,000	—	—	16,650,000	—

Subject to the terms and conditions of the Henderson Cyber Option Plan, each of the above Directors, employees and other participants was entitled to exercise at the price of HK\$1.25 per share (i) thirty per cent. of the share options so granted at any time after the expiry of 12 months from 14th July, 2000, (ii) a further thirty per cent. of the share options so granted at any time after the expiry of 24 months from 14th July, 2000 and (iii) the remaining share options at any time after the expiry of 36 months from 14th July, 2000 and, in each case, not later than four years from 14th July, 2000. All share options granted to the aforesaid Directors of the Company, employees of Henderson Cyber and other participants under the Henderson Cyber Option Plan lapsed on 14th July, 2004.

The following were the particulars of share options of the employee of Henderson Cyber under the Share Option Scheme of Henderson Cyber (“Henderson Cyber Share Option Scheme”):

Date of Grant	Aggregate number of share options at 1st July, 2004	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Aggregate number of share options outstanding at 30th June, 2005
04/10/2000	100,000	—	—	100,000	—

Subject to the terms and conditions of the Henderson Cyber Share Option Scheme, the employee of Henderson Cyber was entitled to exercise at the price of HK\$0.89 per share (i) thirty per cent. of the share options so granted at any time after the expiry of 12 months from 16th October, 2000 (the date of acceptance of the share options), (ii) a further thirty per cent. of the share options so granted at any time after the expiry of 24 months from 16th October, 2000 and (iii) the remaining share options at any time after the expiry of 36 months from 16th October, 2000 and in each case, not later than four years from 16th October, 2000. Share options granted to the aforesaid employee of Henderson Cyber under the Henderson Cyber Share Option Scheme lapsed on 30th September, 2004.

As at 30th June, 2005, there were no outstanding share options under the Henderson Cyber Option Plan and the Henderson Cyber Share Option Scheme.

Save as disclosed above, no share options under the Henderson Cyber Option Plan and the Henderson Cyber Share Option Scheme had been granted, exercised, cancelled or lapsed during the year ended 30th June, 2005.



**Shatin Plaza, Shatin**

Total G.F.A.: Approx. 148,000 sq.ft.; 77.55% owned by the Group. This shopping podium situates at the prime location at the city centre of Shatin, providing a shopping and recreational concourse for the residents in the district. After recent refurbishment, this shopping podium becomes more attractive to the tenants and recorded satisfactory increment in rental.

**(ii) Henderson China Holdings Limited**

The following Directors of the Company had interests in options to subscribe for shares in Henderson China Holdings Limited (“Henderson China”), a subsidiary of the Company, under the Share Option Scheme of Henderson China (“Henderson China Share Option Scheme”):

Name of Director	Date of Grant	Number of share options at 1st July, 2004	Exercisable Period	Number of share options granted during the year	Number of share options exercised during the year	Number of share options lapsed during the year	Number of share options outstanding at 30th June, 2005
Colin Lam Ko Yin	21/02/2001	1,500,000	21/08/2001 - 20/08/2004	—	—	1,500,000	—
Lee Ka Kit	02/05/2001	1,500,000	02/11/2001 - 01/11/2004	—	—	1,500,000	—

Subject to the terms and conditions of the Henderson China Share Option Scheme, the above Directors were entitled to exercise the share options in whole or in part at the price of HK\$4.00 per share at any time during the respective exercisable periods. The share options granted to Mr. Colin Lam Ko Yin and Mr. Lee Ka Kit lapsed on 21st August, 2004 and 2nd November, 2004 respectively.

As at 30th June, 2005, there were no outstanding share options under Henderson China Share Option Scheme.

Save as disclosed above, no share options under the Henderson China Share Option Scheme had been granted, exercised, cancelled or lapsed during the year ended 30th June, 2005.

Except for the above, at no time during the year was the Company or any of its holding companies, subsidiary companies or fellow subsidiaries a party to any arrangement 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.

**Sunshine City Plaza, Ma On Shan**

Total G.F.A.: Approx. 533,000 sq.ft; 100% owned by the Group. This completed project located at the centre of the new township of Ma On Shan and close to the Ma On Shan Station of the newly completed Ma On Shan Rail with heavy pedestrian traffic. It is one of the major large-scale shopping podiums of the Group.



## Substantial Shareholders' and Others' Interests

As at 30th June, 2005, the interests and short positions of every person, other than Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Long Positions

	No. of shares in which interested	%
		Interest
<b>Substantial Shareholders:</b>		
Rimmer (Cayman) Limited (Note 1)	1,122,938,300	61.88
Riddick (Cayman) Limited (Note 1)	1,122,938,300	61.88
Hopkins (Cayman) Limited (Note 1)	1,122,938,300	61.88
Henderson Development Limited (Note 1)	1,122,745,800	61.87
Yamina Investment Limited (Note 1)	538,437,300	29.67
Believegood Limited (Note 1)	222,045,300	12.24
South Base Limited (Note 1)	222,045,300	12.24
<b>Person other than Substantial Shareholders:</b>		
Cameron Enterprise Inc. (Note 1)	145,090,000	8.00

### Notes:

1 Of these shares, (i) 570,743,800 shares were owned by Henderson Development Limited ("HD"); (ii) 7,962,100 shares were owned by Sandra Investment Limited which was a wholly-owned subsidiary of HD; (iii) 145,090,000 shares were owned by Cameron Enterprise Inc.; 222,045,300 shares were owned by Believegood Limited which was wholly-owned by South Base Limited; 61,302,000 shares were owned by Prosglass Investment Limited which was wholly-owned by Jayasia Investments Limited; 55,000,000 shares were owned by Fancy Eye Limited which was wholly-owned by Mei Yu Ltd.; 55,000,000 shares were owned by Spreadral Limited which was wholly-owned by World Crest Ltd.; and Cameron Enterprise Inc., South Base Limited, Jayasia Investments Limited, Mei Yu Ltd. and World Crest Ltd. were wholly-owned subsidiaries of Yamina Investment Limited which in turn was 100% held by HD; (iv) 5,602,600 shares were owned by Superfun Enterprises Limited, a wholly-owned subsidiary of The Hong Kong and China Gas Company Limited ("China Gas") which was 37.15% held by Henderson Investment Limited ("HI"). HI

was 73.48% held by Henderson Land Development Company Limited ("HL") which in turn was 61.87% held by HD; and (v) 192,500 shares were owned by Fu Sang Company Limited ("Fu Sang"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of HD and Fu Sang. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by Dr. Lee Shau Kee. Dr. Lee Shau Kee was taken to be interested in these shares by virtue of the Securities and Futures Ordinance ("SFO"). As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.

- 2 Mr. Lee Tat Man was the beneficial owner of these shares.
- 3 The Hon. Lo Tak Shing was the beneficial owner of these shares.
- 4 Mrs. Lee Pui Ling, Angelina was the beneficial owner of these shares.
- 5 These shares were owned by the wife of Mr. Kan Fook Yee.
- 6 Mr. Lee King Yue was the beneficial owner of 42,900 shares, and the remaining 19,800 shares were held by Ngan Hei Development Company Limited which was 50% each owned by Mr. Lee King Yue and his wife.
- 7 Madam Fung Lee Woon King was the beneficial owner of these shares.
- 8 Mr. Leung Sing was the beneficial owner of these shares.
- 9 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 10 These shares were owned by the wife of Mr. Woo Ka Bui, Jackson.
- 11 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 34,779,936 shares, and for the remaining 2,075,859,007 shares, (i) 802,854,200 shares, 602,168,418 shares, 363,328,900 shares, 217,250,000 shares and 84,642,341 shares were respectively owned by Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by HL; and (ii) 5,615,148 shares were owned by Fu Sang. Dr. Lee Shau Kee was taken to be interested in HL and Fu Sang as set out in Note 1 and HI by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO.
- 12 Mr. Lee Tat Man was the beneficial owner of these shares.
- 13 The Hon. Lo Tak Shing was the beneficial owner of these shares.
- 14 Mr. Lee King Yue was the beneficial owner of these shares.
- 15 Mr. Leung Sing was the beneficial owner of these shares.
- 16 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 17 Of these shares, 175,000,000 shares, 75,233,977 shares and 74,900,000 shares were respectively owned by Primeford Investment Limited, Timsland Limited and Quantum Overseas Limited, all of which were wholly-owned subsidiaries of Brightland Enterprises Limited which in turn was 100% held by HL. Dr. Lee Shau Kee was taken to be interested in HL as set out in Note 1 and Henderson China Holdings Limited ("HC") by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.
- 18 Mr. Woo Ka Bui, Jackson was the beneficial owner of these shares.

- 19 Of these shares, Dr. Lee Chau Kee was the beneficial owner of 173,898 shares, and for the remaining 4,244,996,094 shares, (i) 902,700,000 shares were owned by Technology Capitalization Limited, a wholly-owned subsidiary of Towngas Investment Company Limited which in turn was 100% held by China Gas; (ii) 3,333,213,616 shares were owned by Felix Technology Limited, a wholly-owned subsidiary of Best Selection Investments Limited which in turn was 100% held by HI; (iii) 4,014,271 shares, 1,816,644 shares, 1,714,027 shares, 1,086,250 shares and 423,211 shares were respectively owned by Banshing Investment Limited, Covite Investment Limited, Markshing Investment Limited, Gainwise Investment Limited and Darnman Investment Limited, all of which were wholly-owned subsidiaries of Kingslee S.A. which in turn was 100% held by HL; and (iv) 28,075 shares were owned by Fu Sang. Dr. Lee Chau Kee was taken to be interested in China Gas, HI, HL and Fu Sang as set out in Notes 1, 11 and 26 and Henderson Cyber Limited by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.
- 20 Mr. Lee Tat Man was the beneficial owner of these shares.
- 21 The Hon. Lo Tak Shing was the beneficial owner of these shares.
- 22 Mr. Lam Ko Yin, Colin was the beneficial owner of these shares.
- 23 Mr. Lee King Yue was the beneficial owner of these shares.
- 24 Mr. Leung Sing was the beneficial owner of these shares.
- 25 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 26 Of these shares, Dr. Lee Chau Kee was the beneficial owner of 3,226,174 shares, and for the remaining 2,157,017,776 shares, (i) 1,159,024,597 shares and 484,225,002 shares were respectively owned by Disralei Investment Limited and Medley Investment Limited, both of which were wholly-owned subsidiaries of Timpani Investments Limited which was 100% held by HI; (ii) 429,321,946 shares were owned by Macrostar Investment Limited, a wholly-owned subsidiary of HI; (iii) 3,966,472 shares were owned by Boldwin Enterprises Limited, a wholly-owned subsidiary of Yamina Investment Limited which was 100% held by HD; and (iv) 80,479,759 shares were owned by Fu Sang. Dr. Lee Chau Kee was taken to be interested in HI, HD and Fu Sang as set out in Notes 1 and 11 and China Gas by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.
- 27 Of these shares, Dr. Lee Chau Kee was the beneficial owner of 7,799,220 shares, and for the remaining 111,636,090 shares, (i) 23,400,000 shares each were respectively owned by Graf Investment Limited, Mount Sherpa Limited and Paillard Investment Limited, all of which were wholly-owned subsidiaries of Pataca Enterprises Limited which in turn was 100% held by HI; and (ii) 41,436,090 shares were held by Wiselin Investment Limited, a wholly-owned subsidiary of Max-mercan Investment Limited which in turn was 100% held by HI. Dr. Lee Chau Kee was taken to be interested in HI as set out in Note 11 and Hong Kong Ferry (Holdings) Company Limited by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.

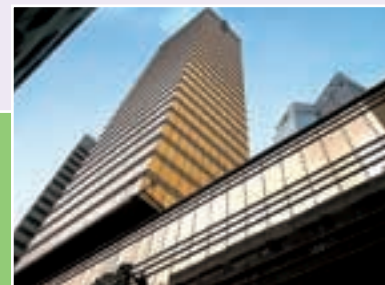
- 28 Mr. Lam Ko Yin, Colin was the beneficial owner of these shares.
- 29 Madam Fung Lee Woon King was the beneficial owner of these shares.
- 30 Mr. Leung Hay Man was the beneficial owner of these shares.
- 31 Of these shares, 100,612,750 shares, 79,121,500 shares and 75,454,000 shares were respectively owned by Higgins Holdings Limited, Multiglade Holdings Limited and Threadwell Limited, all of which were wholly-owned subsidiaries of Aynbury Investments Limited which in turn was 100% held by HI. Dr. Lee Shau Kee was taken to be interested in HI as set out in Note 11 and Miramar Hotel and Investment Company, Limited by virtue of the SFO. As directors of the Company and discretionary beneficiaries of two discretionary trusts holding units in the Unit Trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in these shares by virtue of the SFO. As director of the Company and the spouse of a discretionary beneficiary of two discretionary trusts holding units in the Unit Trust, Mr. Li Ning was taken to be interested in these shares by virtue of the SFO.
- 32 These shares were owned by the wife of Mr. Kan Fook Yee.
- 33 Of these shares, Sir Po-shing Woo was the beneficial owner of 2,705,000 shares, and the remaining 2,455,000 shares were held by Fong Fun Company Limited which was 50% owned by Sir Po-shing Woo.
- 34 These shares were held by Hopkins as trustee of the Unit Trust.
- 35 These shares were held by Hopkins as trustee of the Unit Trust.
- 36 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 35,000,000 shares, and the remaining 15,000,000 shares were owned by Fu Sang.
- 37 Of these shares, (i) 10,400 shares were owned by HL; (ii) 2,600 shares were owned by HD; and (iii) 13,000 shares were owned by Manifest Investments Limited which was 50% held by Wealth Sand Limited which in turn was 70% held by Firban Limited. Firban Limited was 50% held by each of Perfect Bright Properties Inc. and Furnline Limited, both of which were wholly-owned subsidiaries of Jetwin International Limited. Triton (Cayman) Limited as trustee of a unit trust owned all the issued share capital of Jetwin International Limited. Triumph (Cayman) Limited and Victory (Cayman) Limited, as trustees of respective discretionary trusts, held units in the unit trust. The entire share capital of Triton (Cayman) Limited, Triumph (Cayman) Limited and Victory (Cayman) Limited were owned by Dr. Lee Shau Kee who was taken to be interested in such shares by virtue of the SFO. As discretionary beneficiaries of the discretionary trusts holding units in such unit trust, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in such shares by virtue of the SFO. As the spouse of a discretionary beneficiary of the discretionary trusts holding units in such unit trust, Mr. Li Ning was taken to be interested in such shares by virtue of the SFO.
- 38 These shares were held by Pearl Assets Limited which was 60% owned by Mr. Woo Ka Biu, Jackson.
- 39 These shares were held by Gilbert Investment Inc. which was wholly-owned by Mr. Leung Hay Man.
- 40 These shares were held by Coningham Investment Inc. which was wholly-owned by Fong Fun Investment Inc. of which 50% was owned by Sir Po-shing Woo and 50% by his wife.



- 41 Of these shares, (i) 5,000 shares were owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 5,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 42 Madam Fung Lee Woon King was the beneficial owner of these shares.
- 43 Madam Fung Lee Woon King was the beneficial owner of these shares.
- 44 Of these shares, (i) 4,000 shares were owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 6,000 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 45 Of these shares, (i) 80 shares were owned by Tactwin Development Limited, a wholly-owned subsidiary of HL; (ii) 10 shares were owned by Henderson Finance Company Limited, a wholly-owned subsidiary of HD; and (iii) 5 shares each were owned by Perfect Bright Properties Inc. and Furnline Limited, both of which were wholly-owned subsidiaries of Jetwin International Limited.
- 46 These shares were owned by Quickcentre Properties Limited which was 50% each owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit and Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 47 Of these shares, (i) 5 shares were owned by Heleken Development Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 5 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 48 Of these shares, (i) 3,038 shares were owned by HL; and (ii) 202 shares were owned by Allied Best Investment Limited which was 50% held by each of Perfect Bright Properties Inc. and Furnline Limited, both of which were wholly-owned subsidiaries of Jetwin International Limited.
- 49 Of these shares, (i) 1 share was owned by Applecross Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 1 share was owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 50 Of these shares, (i) 25 shares were owned by Shine King International Limited which was wholly-owned by Mr. Lee Ka Kit; and (ii) 75 shares were owned by Henderson (China) Investment Company Limited, a wholly-owned subsidiary of Andco Limited which was wholly-owned by HC.
- 51 The number of share options offered and accepted included the option to subscribe for 200,000 shares in Henderson Cyber Limited granted to the spouse of Mr. Li Ning and such options lapsed on 14th July, 2004.

**Golden Centre, Sheung Wan**

Total G.F.A.: Approx. 156,000 sq.ft; 100% owned by the Group.  
This commercial office building is one of the Group's major investment properties.



### Interests in Contracts and Connected Transactions

During the year under review, the Group has entered into the following transactions and arrangements as described below with persons who are “connected persons” for the purposes of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”):

- (1) (i) Under the terms of an agreement dated 15th March, 1996, the Group agreed to provide Henderson China Holdings Limited (“Henderson China”) with finance, administration and accounting services as may be requested by Henderson China from time to time and the Group would be reimbursed by Henderson China in respect of such services at cost. For the year ended 30th June, 2005, payment made to the Group for the above services amounted to approximately HK\$2 million.
- (ii) In relation to the spin-off of the Group’s property development and property investment businesses in the PRC and the transfer of the Group’s direct or indirect interests in certain PRC properties to Henderson China, the Group agreed to indemnify Henderson China in respect of any diminution in the value of Henderson China arising from, inter alia, PRC income tax and Land Appreciation Tax in accordance with an indemnity deed dated 15th March, 1996 between the Group and Henderson China. The maximum value of the tax indemnities in respect of PRC income tax and Land Appreciation Tax had been estimated to be approximately HK\$2,583 million and HK\$1,921 million respectively. As at 30th June, 2005, approximately HK\$291.6 million and HK\$1.43 million in respect of the indemnities on income tax and Land Appreciation Tax respectively were accrued.
- (iii) Henderson Real Estate Agency Limited, a wholly-owned subsidiary of the Company made advances from time to time to Henderson Investment Finance Limited, a wholly-owned subsidiary of Henderson Investment Limited, with interest chargeable on the balances outstanding from time to time based on Hong Kong Inter-bank Offer Rate (“HIBOR”) quoted by banks. As at 30th June, 2005, an amount of approximately HK\$301.2 million was due by Henderson Investment Finance Limited to Henderson Real Estate Agency Limited.
- (iv) Henderson Finance Company Limited made advances from time to time to Henderson Real Estate Agency Limited, Choiform Limited, Jetkey Development Limited and Perfect Grand Development Limited, subsidiaries of the Company, with interest chargeable on the balances outstanding from time to time based on HIBOR quoted by banks. As at 30th June, 2005, the amounts of approximately HK\$905.4 million, HK\$41.7 million, HK\$26.1 million and HK\$125.3 million were due by Henderson Real Estate Agency Limited, Choiform Limited, Jetkey Development Limited and Perfect Grand Development Limited respectively to Henderson Finance Company Limited, which have been included in the accounts under “Amount due to a fellow subsidiary”.

- (v) Henderson Real Estate Agency Limited made advances from time to time to Henderson (China) Finance Limited, a wholly-owned subsidiary of Henderson China, with interest chargeable on the balances outstanding from time to time based on HIBOR quoted by banks. As at 30th June, 2005, an amount of approximately HK\$431.4 million was due by Henderson (China) Finance Limited to Henderson Real Estate Agency Limited.
  - (vi) Henderson Real Estate Agency Limited made advances from time to time to Shellson International Limited, a non-wholly owned subsidiary of Henderson China, with interest chargeable on the balances outstanding from time to time based on HIBOR quoted by banks. As at 30th June, 2005, an amount of approximately HK\$181.4 million was due by Shellson International Limited to Henderson Real Estate Agency Limited.
  - (vii) Henderson Finance Company Limited made advances from time to time to Shellson International Limited with interest chargeable on the balances outstanding from time to time based on HIBOR quoted by banks except for an interest free loan of HK\$200 million. As at 30th June, 2005, an amount of approximately HK\$222.6 million was due by Shellson International Limited to Henderson Finance Company Limited, which has been included in the accounts under "Amount due to a fellow subsidiary".
  - (viii) The management agreements and the construction agreements for the management and development of the properties of the Henderson Development Limited Group and the Henderson Investment Limited Group entered into by both Henderson Development Limited and Henderson Investment Limited with each of Henderson Real Estate Agency Limited and E Man Construction Company Limited, two wholly-owned subsidiaries of the Company, still subsisted at the financial year end.
- (2) At the extraordinary general meeting of the Company held on 22nd June, 1998, an ordinary resolution was passed by the independent shareholders of the Company to approve, inter alia, the provision of leasing agency and property management services by the Group (the "Agency and Management Services") in respect of the commercial development and carparks of Metro City Plaza and Sheung Shui Centre, the property interests of which are represented by shares held by Champion York Limited which was a wholly-owned subsidiary of Henderson Development Limited. The aggregate amount of the Agency and Management Services as approved by the independent shareholders shall not exceed HK\$45 million per annum. For the year ended 30th June, 2005, the aggregate amount received by the Group in respect of the Agency and Management Services which were based on normal commercial terms was approximately HK\$32 million.

The Hong Kong Stock Exchange has granted a waiver to the Company from strict compliance with the connected transaction requirements under the Listing Rules applicable to the Agency and Management Services on the basis that:

- (i) (a) the Agency and Management Services are entered into by the Group in the ordinary and usual course of its business and the aggregate amount received per annum by the Group thereunder will not exceed HK\$45 million (the "Aggregate Amount");
  - (b) the Agency and Management Services are entered into on normal commercial terms that are fair and reasonable so far as the Independent Shareholders are concerned; and
  - (c) details of the Agency and Management Services are to be disclosed in the Company's next and subsequent published annual report in accordance with the Listing Rules;
- (ii) a Committee of the Independent Non-executive Directors of the Company shall review annually the Agency and Management Services and confirm in the Company's annual report whether the Agency and Management Services are conducted in the manner as stated in paragraph (i) above; and
  - (iii) the Auditors of the Company shall review annually the Agency and Management Services and provide the Directors with a letter, with a copy to the Hong Kong Stock Exchange,

confirming that the Agency and Management Services (a) have received approval from the Board; (b) have been transacted in accordance with the pricing policies as stated in the Company's annual report for the period; and (c) have been entered into in accordance with the terms of the agreement(s) governing the Agency and Management Services or, where there is no agreement, on terms no less favourable than terms available to (or from, as appropriate) independent third parties.

A Committee of Independent Non-executive Directors of the Company has reviewed and confirmed that the Agency and Management Services have been entered into by the Group in accordance with the waiver conditions granted by the Hong Kong Stock Exchange as stated in paragraph (i) above.

The Auditors of the Company have also confirmed that the Agency and Management Services have been conducted in the manner as stated in paragraph (iii) above and have not exceeded the Aggregate Amount.

Dr. Lee Shau Kee, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in the transactions and contracts referred to in (1) and (2) above as a director (and as more particularly described in the section "Disclosure of Interests" above) of the Company's subsidiaries, Henderson Investment Limited and Henderson China and the Company's ultimate holding company, Henderson Development Limited. Mr. Li Ning was taken to be interested in the transactions and contracts referred to in (1) and (2) above as a director (and as more particularly described in the section "Disclosure of Interests" above) of the Company's subsidiaries, Henderson Investment Limited. Mr.

Lee Ka Kit was further interested in the transactions referred to in (1)(vi) and (vii) above as a director and indirect shareholder of Shellson International Limited.

- (3) Mr. Lee Ka Kit, through companies owned or controlled by him, has interests in five companies in which Henderson China is interested and through which Henderson China holds interests in five projects. Mr. Lee has 25 per cent. interest in Shellson International Limited holding the Beijing Henderson Centre, 50 per cent. interest in Perlin Development Limited holding the Shanghai Skycity, 50 per cent. interest in Quickcentre Properties Limited holding Lot 433 of Yanan Road West, 50 per cent. interest in Feswin Investment Limited holding Lot 470 of Wanping Road South and 40 per cent. interest in Henfield Properties Limited holding Lots 406-2, 406-3 and 406-4 of Hengfeng Road, with the remaining interests owned by members of the Henderson China Group. Mr. Lee Ka Kit is a Director of the Company.

Mr. Lee Ka Kit agreed to provide and has provided finance in the form of advances to these companies in proportion to his equity interests in these companies. An agreement entered into between Henderson China and Mr. Lee Ka Kit on 15th March, 1996 provided that all existing and future advances made by Henderson China and Mr. Lee Ka Kit to these companies would be unsecured, on the same basis and at the same interest rate or without interest. As at 30th June, 2005, the advances made by Mr. Lee Ka Kit to the Henderson China Group's non wholly-owned subsidiaries and associates amounted to approximately HK\$472.1 million and HK\$537.1 million respectively and from 1st January, 2003 to 30th June, 2005, no interest

on the advances made by Mr. Lee Ka Kit to the associates was charged.

- (4) During the year, a subsidiary of Henderson Investment Limited made advances to Lucky Country Development Limited in which Mr. William Cheng Kai Man has a 50% interest. The remaining 50% interest is held by a subsidiary of Henderson Investment Limited. Dr. Lee Shau Kee, the Chairman of the Company, is the father-in-law of Mr. William Cheng Kai Man. Both the said subsidiary of Henderson Investment Limited and Mr. William Cheng Kai Man made advances in proportion to their equity interests in the company. All advances to the company were unsecured, repayable on demand and with interest on normal commercial terms. As at 30th June, 2005, there were no outstanding balances in respect of the above advances.
- (5) As disclosed in the Company's announcement dated 2nd April, 2004 (the "Announcement"), Beijing Henderson Properties Co., Ltd., in which Henderson China, a subsidiary of the Company, had an attributable 75% interest, had on 30th March, 2004 entered into a Tenancy Agreement with Beijing Henderson Yansha Development Store Limited Company (the "Tenant"), in which Mr. Li Siu Nam had an 80% interest, for the leasing of certain shop premises from 1st floor to 3rd floor of the shopping mall of Henderson Centre in Beijing, the People's Republic of China, for a term of three years at the monthly rent being an amount equal to 8% of the Tenant's monthly turnover. Under the tenancy agreement, the Tenant was entitled to a rent-free period of 6 months. Mr. Li Siu Nam is the brother of Dr. Lee Shau Kee, the chairman of the Company. As Mr. Li Siu Nam is a connected person of the Company, the Tenancy Agreement constitutes a continuing

connected transaction of the Company under the Listing Rules. For the year ended 30th June, 2005, Beijing Henderson Properties Co., Ltd. received a total rental income of HK\$636,000 in respect of the tenancy of the said premises.

The Directors (including Independent Non-executive Directors) of the Company considered that the Tenancy Agreement was negotiated on an arm's length basis and was entered into on normal commercial terms and in the ordinary course of business of Beijing Henderson Properties Co., Ltd. and Beijing Henderson Yansha Department Store Limited Company and the terms of the Tenancy Agreement were fair and reasonable for Beijing Henderson Properties Co., Ltd..

A Committee of Independent Non-executive Directors of the Company has reviewed and confirmed that the transaction referred to above is (a) in accordance with the terms of the agreement relating to the transaction in question; (b) in the ordinary and usual course of business of the Group; (c) on normal commercial terms or on terms no less favourable than terms available to (or from, as appropriate) independent third parties; and (d) fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company have also confirmed that the transaction (a) has received the approval of the Board; (b) is in accordance with the pricing policies of the Group; (c) has been entered into in accordance with the relevant agreements governing the continuing connected transactions; and (d) has not exceeded the estimated maximum annual rental as stated in the Announcement.

- (6) During the year, the Group made advances to the following non wholly-owned subsidiaries, associates and jointly controlled entity as unsecured working capital repayable on demand:

Best Homes Limited  
 Choiform Limited  
 Crown Truth Limited  
 Feswin Investment Limited  
 Gain Base Development Limited  
 Hang Seng Quarry Company Limited  
 Harvest Development Limited  
 Harvest Ocean Investment Limited  
 Henfield Properties Limited  
 Heyield Estate Limited  
 Lane Success Development Limited  
 Lucky Country Development Limited  
 Perlin Development Limited  
 Pettystar Investment Limited  
 Primeland Investment Limited  
 Quickcentre Properties Limited  
 Riunite Enterprises Inc.  
 Shellson International Limited  
 Yieldway International Limited

Certain Directors of the Company or its subsidiaries have interests in the above companies. Both the Group and such Directors' associates made advances in proportion to their equity interests in the companies. The advances by the Group and the Directors' associates to the individual companies listed above were either both interest-bearing on identical normal commercial terms or both without interest.

- (7) The material related party transactions set out in note 40 to the accounts on pages 133 and 134 include transactions that constitute continuing connected transactions for which the disclosure requirements under the Listing Rules have been met.

Save as disclosed above, no other contracts of significance to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the year end or at any time during the year.

### Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the interests of Directors of the Company in businesses which might compete with the Group during the year ended 30th June, 2005 and as at 30th June, 2005 were as follows:

Dr. Lee Shau Kee, the Chairman of the Company, and Mr. Lee Ka Kit, Mr. Lee Ka Shing and Mr. Li Ning, Directors of the Company, have deemed interests and/or held directorships in companies engaged in the businesses of property investment and development in Hong Kong and Mainland China. As those companies which might have competing businesses with the Group were involved in the development and investment of properties of different types and/or in different locations, the Group has been operating independently of, and at arm's length from, the businesses of those companies.

### Service Contracts

None of the Directors has a service contract with the Company or any of its subsidiaries which is of a duration exceeding three years or which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### Purchase, Sale or Redemption of the Company's Listed Securities

Save and except for the redemption by Henson of certain Convertible Notes as mentioned under section headed "Guaranteed Convertible Notes", neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

### Subsequent Events

As disclosed in the joint announcement made by the Company and Henderson China Holdings Limited ("Henderson China") dated 12th August, 2005, the privatisation of Henderson China by the Company by way of a scheme of arrangement involving the cancellation and extinguishment of scheme shares in Henderson China at the cancellation price of HK\$8.00 per share became effective on 12th August, 2005 (Bermuda time). Henderson China (a 65.32% owned subsidiary of the Company prior to its privatisation) has now become a wholly-owned subsidiary of the Company and the listing of the shares in Henderson China on The Stock Exchange of Hong Kong Limited was withdrawn on 15th August, 2005. The aggregate amount for the cancellation price paid by the Company was approximately HK\$1,381 million.

The Company's subsidiary, Henderson Investment Limited ("Henderson Investment") has a 66.67% equity interest in Henderson Cyber Limited ("Henderson Cyber"). Henderson Cyber has been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since July 2000. The Company, Henderson Investment, The Hong Kong and China Gas Company Limited ("China Gas") and Henderson Cyber issued a joint announcement on 16th August, 2005 regarding a proposed privatisation of Henderson Cyber by Henderson Investment and China Gas involving the cancellation and extinguishment of shares (other than those indirectly held by Henderson Investment and China Gas) in Henderson Cyber at the cancellation price of HK\$0.42 in cash per share. The aggregate amount of cancellation price payable by Henderson Investment will be approximately HK\$252.53 million. If the proposed privatisation becomes effective, Henderson Investment's indirect equity interest in Henderson Cyber will be increased to approximately 78.69%.

### Major Customers and Suppliers

For the financial year ended 30th June, 2005:

- (1) the aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30 per cent. of the Group's total purchases.
- (2) the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30 per cent. of the Group's total turnover.

### Management Discussion and Analysis

A management discussion and analysis of the Group's annual results is shown on pages 42 to 47.

### Retirement Benefits Scheme

The Group's Hong Kong employees participate in the Henderson Staff Provident Fund (the "Fund"), a defined contribution provident fund scheme as defined in the Occupational Retirement Schemes Ordinance or in another defined contribution scheme (the "Scheme") as mentioned below or in schemes (the "MPF Schemes") registered under the Mandatory Provident Fund Scheme Ordinance ("MPFO").

Contributions to the Fund are made by the participating employers at rates ranging from 4% to 6%, and by the employees at 2%, of the employees' basic monthly salaries. The portion of employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

As for the Scheme, contributions are made by both the employers and the employees at the rate of 5% of the employees' basic monthly salaries. Forfeited contributions can be applied towards reducing the amount of future contributions payable by the employers. The amount of forfeited contributions of the Scheme utilised during the year was HK\$571,000 (2004: HK\$429,000). As at 30th June, 2005, the amount of forfeited contributions that could be utilised to reduce the Group's contributions to the Scheme totalled HK\$30,000 (2004: HK\$86,000).

No employees of the Group were eligible to join the Fund or the Scheme on or after 1st December, 2000.

Employees of the Group who are not members of the Fund and the Scheme participate in the MPF Schemes. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Schemes. The portion of employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. The total amount so utilised in the year ended 30th June, 2005 was HK\$861,000 (2004: HK\$797,000) and the balance available to be utilised as at 30th June, 2005 was HK\$54,000 (2004: HK\$35,000).

The Group also participates in the state-organised pension scheme operated by the Government of the PRC for its PRC employees and contributes a certain percentage of the employees' covered payroll to fund the benefits.

The Group's retirement costs charged to the profit and loss account for the year ended 30th June, 2005 were HK\$32,522,000 (2004: HK\$31,516,000).



### Revolving Credit Agreement with Covenants of the Controlling Shareholders

As disclosed in the Company's announcement dated 17th September, 2004, a wholly-owned subsidiary of the Company and a wholly-owned subsidiary of Henderson Investment Limited ("HI"), as several borrowers, have obtained a HK\$10,000,000,000 revolving credit facility that consists of a 5-year and a 7-year tranche in equal amount (the "Facility") from a syndicate of banks under the respective several guarantees given by the Company and HI.

In connection with the Facility, it will be an event of default if the Company ceases to own and control at least 51 per cent. of the issued equity share capital of HI or if either the Company or HI ceases to be ultimately controlled by Dr. Lee Shau Kee and/or his family and/or companies controlled by any of them or any trust in which Dr. Lee Shau Kee and/or his family and/or companies controlled by any of them are beneficiaries. If any event of default occurs, the Facility may become due and payable on demand.

### Financial Assistance to Affiliated Companies

As at 30th June, 2005, the issued share capital of the Company comprised 1,814,580,000 shares. Based on the average closing price of the Company's shares of HK\$36.96 per share by reference to The Stock Exchange of Hong Kong Limited's daily quotation sheets for the trading days from 23rd June, 2005 to 29th June, 2005 (both days inclusive) being the five business days immediately preceding 30th June, 2005, the total market capitalisation of the Company was approximately HK\$67,067 million (the "Market Capitalisation") as at 30th June, 2005.

As at 30th June, 2005, the Group had provided financial assistance to, and guarantees for certain affiliated companies amounting to HK\$13,443 million in aggregate exceeding 8% of the Market Capitalisation. In accordance with Rule 13.22 of the Listing Rules, the proforma combined balance sheet of and the Group's attributable interest in these affiliated companies as at 30th June, 2005 are set out as follows:

	Proforma Combined HK\$ million	The Group's attributable interest HK\$ million
Non-current assets	45,717	14,808
Current assets	11,325	4,639
Current liabilities	(7,585)	(3,195)
Net current assets	3,740	1,444
Total assets less current liabilities	49,457	16,252
Non-current liabilities	(39,619)	(12,332)
Net assets	9,838	3,920

### Audit Committee and Remuneration Committee

The Audit Committee was established in December 1998 and reports to the Board of Directors. The members of the Audit Committee are Mr. Gordon Kwong Che Keung (Chairman), Independent Non-executive Director, Professor Ko Ping Keung, Independent Non-executive Director, Mr. Wu King Cheong, Independent Non-executive Director and Mr. Leung Hay Man, Non-executive Director. The written terms of reference include the authority and duties of the Audit Committee and amongst its principal duties are the review and supervision of the Company's financial reporting process and internal control procedures. The Audit Committee members have reviewed the interim and annual reports of the Group for the financial year under review and Audit Committee meetings were held in March 2005 and September 2005.

Mrs. Angelina Lee Pui Ling, Non-executive Director, was a member of the Audit Committee until her re-designation as a Non-executive Director on 27th September, 2004. Dr. Alex Wu Shu Chih, Independent Non-executive Director, was a member of the Audit Committee until he passed away on 10th January, 2005.

The Remuneration Committee which was established in January 2005 comprises Dr. Lee Shau Kee, Chairman, Mr. Colin Lam Ko Yin, Executive Director, Mr. Gordon Kwong Che Keung, Independent Non-executive Director, Professor Ko Ping Keung, Independent Non-executive Director and Mr. Wu King Cheong, Independent Non-

executive Director. The written terms of reference include the specific duties of making recommendations to the board of Directors of the Company on the Company's policy and structure for all remuneration of directors and senior management.

### Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

### Auditors

A resolution for the re-appointment of KPMG as Auditors of the Company is to be proposed at the forthcoming annual general meeting.

### Corporate Governance

The Company had complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which was in force until 1st January, 2005, except that Non-executive Directors of the Company were not appointed for a specific term but were subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with Article 116 of the Company's Articles of Association. On 3rd January, 2005, the term of office of all Non-executive Directors (including Independent Non-executive Directors) was fixed for a specific term until 31st December, 2007.

As the Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by Code on Corporate Governance Practices (the "CGP Code") which subject to transitional arrangements became effective on 1st January, 2005, the Company has taken actions to comply with the code provisions of the CGP Code. The Company considers that it has complied with the code provisions of the CGP Code, except that the roles of the chairman and the chief executive officer of the Company have not been separate under code provision A.2.1 of the CGP Code. The Company is of the view that it is in the best interest of the Company that Dr. Lee Shau Kee, with his profound expertise in the property business, shall continue in his dual capacity as the Chairman and Managing Director.

The Company has adopted the Model Code of the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Having made specific enquiry, the Company confirms that all Directors have complied with the required standard as set out in the Model Code.

On behalf of the Board

**Lee Shau Kee**  
Chairman

Hong Kong, 28th September, 2005

#### **Citygate, Tung Chung**

Total G.F.A.: Approx. 624,000 sq.ft.; 20% owned by the Group. Forming as a part of the Tung Chung Station Development (Package One), this shopping centre and office building of the Group is situated in the Tung Chung new town near the Hong Kong International Airport, providing commercial and recreational convenience to residents there.

