

The Directors have pleasure in submitting to shareholders their annual report together with the audited financial statements 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, investment holding, infrastructure, department store operation, security guard services, hotel operation and information technology development.

An analysis of the Group's revenue and segment result by business segment and geographical segment is set out in note 6 to the financial statements on pages 58 to 63.

## Subsidiaries

Particulars of the principal subsidiaries of the Company as at 30th June, 2005 are set out on pages 84 to 89.

## Financial Statements

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 financial statements on pages 45 to 97.

## Dividends

An interim dividend of HK\$0.13 per share was paid on 21st April, 2005. The Directors have recommended the payment of a final dividend of HK\$0.15 per share to shareholders whose names appear on the Register of Members of the Company on 5th December, 2005.

## Property, Plant and Equipment

Particulars of the movements in property, plant and equipment during the year are set out in note 17 to the financial statements on pages 70 and 71.

## 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 28 to the financial statements on page 75.

## Reserves

Particulars of the movements in reserves during the year are set out in note 31 to the financial statements on pages 77 and 78.

## Share Capital

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 30 to the accounts on page 76.

## Group Financial Summary

The results, assets and liabilities of the Group for the last five years are summarized on page 41.

## Investment Properties

Particulars of investment properties of the Group are set out on pages 12 and 13.

## Directors' Remuneration

Particulars of the Directors' remuneration disclosed pursuant to Section 161 of the 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 11 to the financial statements on page 66. The Director's fees shall be subject to shareholders' approval at general meetings. Other emoluments are to be determined by the Board of Directors of the Company 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 Shau Kee (*Chairman and Managing Director*)  
 Lee Ka Kit (*Vice Chairman*)  
 Colin Lam Ko Yin (*Vice Chairman*)  
 Lee Ka Shing (*Vice Chairman*)  
 Lee Tat Man  
 Lee King Yue  
 Eddie Lau Yum Chuen  
 Li Ning  
 Patrick Kwok Ping Ho  
 Ho Wing Fun  
 Lau Chi Keung  
 Donald Cheung Ping Keung  
*(resigned on 18th March, 2005)*  
 Augustine Wong Ho Ming  
 Suen Kwok Lam  
 Sit Pak Wing

### 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:

Sir Po-shing Woo  
*(re-designated as Non-executive Director on  
 27th September, 2004)*  
 Philip Yuen Pak Yiu  
*(re-designated as Non-executive Director on  
 27th September, 2004)*  
 Leung Hay Man  
*(re-designated as Non-executive Director on  
 27th September, 2004)*  
 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. Eddie Lau Yum Chuen, Mr. Li Ning, Mr. Philip Yuen Pak Yiu and Mr. Suen Kwok Lam 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 1975 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 Land Development Company Limited ("Henderson Land"), 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, Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr. Lee is the brother of Mr. Lee Tat Man, the father of 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, the People's Republic of China, has been an Executive Director and Vice Chairman of the Company since 1993. He was educated in the United Kingdom and has been primarily responsible for the development of the business of Henderson Land Group in the People's Republic of China since 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 Land Development Company Limited ("Henderson Land"), 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 and Henderson Land 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 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, has been an Executive Director of the Company since 1988 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 Land Development Company Limited ("Henderson Land"), 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, Henderson Land, Banshing Investment

Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment 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 Land Development Company Limited ("Henderson Land"), 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, Henderson Land, Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment 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 Mr. Lee Ka Kit and the brother-in-law of Mr. Li Ning.

**LEE Tat Man**, aged 68, has been an Executive Director of the Company since 1972. He has been engaged in property development in Hong Kong for more than 30 years and is also a director of Henderson Land Development Company Limited ("Henderson Land"). Mr. Lee is a director of Rimmer (Cayman) Limited, Riddick (Cayman) Limited, Hopkins (Cayman) Limited, Henderson Development Limited, Henderson Land and Kingslee S.A. 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.

**LEE King Yue**, aged 79, has been an Executive Director of the Company since 1972. He joined Henderson Development Limited, the ultimate holding company of the Company on its incorporation in 1973 and has been engaged with the Chairman in property development for over 50 years. He is also an executive director of Henderson Land Development Company Limited (“Henderson Land”) and Henderson China Holdings Limited. Mr. Lee is a director of Henderson Land, Kingslee S.A., Banshing Investment Limited, Markshing Investment Limited, Covite Investment Limited and Gainwise Investment Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**LAU Yum Chuen, Eddie**, aged 59, has been an Executive Director of the Company since 1988. He has over 35 years’ experience in banking, finance and investment. Mr. Lau is also an executive director of Henderson Land Development Company Limited (“Henderson Land”) as well as a director of Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**LI Ning**, *B.Sc., M.B.A.*, aged 48, has been an Executive Director of the Company since 1990. 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 Land Development Company Limited (“Henderson Land”) as well as a director of Hong Kong Ferry (Holdings) Company Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the son-in-law of Dr. Lee Shau Kee 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, has been an Executive Director since 1988. 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 Land Development Company Limited (“Henderson Land”) and Henderson China Holdings Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**HO Wing Fun**, aged 72, has been an Executive Director of the Company since 1995. 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 Land Development Company Limited (“Henderson Land”) and Henderson China Holdings Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**LAU Chi Keung**, *M.H., J.P., F.R.I.C.S., F.H.K.I.S., A.C.I.Arb.*, aged 56, has been an Executive Director of the Company since 1995. He joined Henderson Land Group in 1981. 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 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.

**WONG Ho Ming, Augustine**, *M.Sc., F.H.K.I.S., M.R.I.C.S., M.C.I.Arb., R.P.S. (G.P.)*, aged 44, has been an Executive Director of the Company since 1997. He joined Henderson Land Group in 1996. He is a registered professional surveyor and has over 21 years' experience in property appraisal, dealing and development.

**SUEN Kwok Lam**, *M.H., F.H.I.R.E.A.*, aged 58, has been an Executive Director of the Company since July 1999. He joined Henderson Land Group in 1997. He is also an executive director of Henderson Land Development Company Limited ("Henderson Land"). 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. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**SIT Pak Wing**, *A.C.I.S., F.H.I.R.E.A.* aged 57, has been an Executive Director of the Company since May 2001. He joined Henderson Land Group in 1991. He is a Member of The Institute of Chartered Secretaries and Administrators, a Fellow Member of the Hong Kong Institute of Real Estate Administration and an individual Member of The Real Estate Developers Association of Hong Kong. He has over 25 years' experience in marketing development, leasing and property management.

#### 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 Land Development Company Limited ("Henderson Land"), Henderson China Holdings Limited and a number of other Hong Kong listed companies. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**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 an independent non-executive director of Henderson Land Development Company Limited, which has discloseable interests in the Company under the provisions of the Securities and Future Ordinance. He is also an independent non-executive director of Henderson Cyber Limited.

**WU King Cheong**, *B.B.S., J.P.*, aged 54, has been an Independent Non-executive Director of the Company since 17th January, 2005. Mr. Wu 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 Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and Miramar Hotel and Investment Company, Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

#### NON-EXECUTIVE DIRECTORS

**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 1972 and was re-designated as a 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 Land Development Company Limited ("Henderson Land") 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 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 Land and Henderson Development Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. He is the father of Mr. Woo Ka Biu, Jackson.

**YUEN Pak Yiu, Philip**, aged 69, 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 of The Supreme Court of

England and Wales and of Hong Kong and a partner of the firm of Yung, Yu, Yuen & Co. He has over 40 years' experience in legal practice in Hong Kong. Mr. Yuen is also a director of Henderson China Holdings Limited.

**LEUNG Hay Man**, *F.R.I.C.S., F.C.I.Arb., F.H.K.I.S.*, aged 71, has been a Director of the Company since 1977 and was re-designated as Non-executive Director on 27th September, 2004. He is a Chartered Surveyor. He is also a director of Henderson Land Development Company Limited ("Henderson Land"), Hong Kong Ferry (Holdings) Company Limited and The Hong Kong and China Gas Company Limited. Henderson Land has discloseable interests in the Company under the provisions of the Securities and Futures Ordinance.

**WOO Ka Biu, 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

**HUI Lee Wo**, *M.B.A., F.C.C.A., F.C.P.A.*, aged 47, joined the Henderson Land Group in 1986 and was appointed Qualified Accountant of the Company in March 2004. He graduated from Hong Kong Polytechnic and obtained a master degree in business administration from Heriot-Watt University. He is also a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

## 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 Investment Limited	Lee Chau Kee	1	34,779,936		2,075,859,007		2,110,638,943	74.92
	Lee Ka Kit	1				2,075,859,007	2,075,859,007	73.68
	Lee Ka Shing	1				2,075,859,007	2,075,859,007	73.68
	Li Ning	1		2,075,859,007			2,075,859,007	73.68
	Lee Tat Man	2	6,666				6,666	0.00
	Lee King Yue	3	1,001,739				1,001,739	0.04
	Ho Wing Fun	4	1,100				1,100	0.00
Henderson Land Development Company Limited	Lee Chau Kee	5			1,122,938,300		1,122,938,300	61.88
	Lee Ka Kit	5				1,122,938,300	1,122,938,300	61.88
	Lee Ka Shing	5				1,122,938,300	1,122,938,300	61.88
	Li Ning	5		1,122,938,300			1,122,938,300	61.88
	Lee Tat Man	6	498,000				498,000	0.03
	Lee King Yue	7	42,900		19,800		62,700	0.00
	Ho Wing Fun	8	100				100	0.00
	Lau Chi Keung	9	2,200				2,200	0.00
	Woo Ka Biu, Jackson	10			2,000		2,000	0.00
Henderson China Holdings Limited #	Lee Chau Kee	11			325,133,977		325,133,977	65.32
	Lee Ka Kit	11				325,133,977	325,133,977	65.32
	Lee Ka Shing	11				325,133,977	325,133,977	65.32
	Li Ning	11		325,133,977			325,133,977	65.32
	Woo Ka Biu, Jackson	12	544,802				544,802	0.11

# Henderson China Holdings Limited was privatised by and became a wholly-owned subsidiary of Henderson Land Development Company Limited 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
Henderson Cyber Limited	Lee Chau Kee	13	173,898		4,244,996,094		4,245,169,992	84.90
	Lee Ka Kit	13				4,244,996,094	4,244,996,094	84.90
	Lee Ka Shing	13				4,244,996,094	4,244,996,094	84.90
	Li Ning	13		4,244,996,094			4,244,996,094	84.90
	Lee Tat Man	14	33				33	0.00
	Lam Ko Yin, Colin	15	55				55	0.00
	Lee King Yue	16	5,383				5,383	0.00
	Ho Wing Fun	17	5				5	0.00
The Hong Kong and China Gas Company Limited	Lee Chau Kee	18	3,226,174		2,157,017,776		2,160,243,950	38.72
	Lee Ka Kit	18				2,157,017,776	2,157,017,776	38.66
	Lee Ka Shing	18				2,157,017,776	2,157,017,776	38.66
	Li Ning	18		2,157,017,776			2,157,017,776	38.66
Hong Kong Ferry (Holdings) Company Limited	Lee Chau Kee	19	7,799,220		111,636,090		119,435,310	33.52
	Lee Ka Kit	19				111,636,090	111,636,090	31.33
	Lee Ka Shing	19				111,636,090	111,636,090	31.33
	Li Ning	19		111,636,090			111,636,090	31.33
	Lam Ko Yin, Colin	20	150,000				150,000	0.04
	Leung Hay Man	21	2,250				2,250	0.00
Miramar Hotel and Investment Company, Limited	Lee Chau Kee	22			255,188,250		255,188,250	44.21
	Lee Ka Kit	22				255,188,250	255,188,250	44.21
	Lee Ka Shing	22				255,188,250	255,188,250	44.21
	Li Ning	22		255,188,250			255,188,250	44.21
	Woo Po Shing	23	2,705,000		2,455,000		5,160,000	0.89

**Megastrength Security Services Company Limited**

Wholly-owned by the Group, this company has been in operation for ten years. It is licensed to perform Type I (Guarding Services) and Type III (Security Consultancy Work) security services recognized by the Hong Kong Security and Guarding Services Industry Authority.





**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
Henderson Development Limited	Lee Chau Kee	24			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Lee Chau Kee	25			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Lee Chau Kee	26	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	24				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Kit	25				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Kit	26				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Lee Ka Shing	24				8,190 (Ordinary A Shares)	8,190 (Ordinary A Shares)	100.00
	Lee Ka Shing	25				3,510 (Non-voting B Shares)	3,510 (Non-voting B Shares)	100.00
	Lee Ka Shing	26				15,000,000 (Non-voting Deferred Shares)	15,000,000 (Non-voting Deferred Shares)	30.00
	Li Ning	24			8,190 (Ordinary A Shares)		8,190 (Ordinary A Shares)	100.00
	Li Ning	25			3,510 (Non-voting B Shares)		3,510 (Non-voting B Shares)	100.00
	Li Ning	26			15,000,000 (Non-voting Deferred Shares)		15,000,000 (Non-voting Deferred Shares)	30.00
China Investment Group Limited	Woo Ka Biu, Jackson	27			16,000		16,000	5.33
Drinkwater Investment Limited	Leung Hay Man	28			5,000		5,000	4.49
	Woo Po Shing	29			3,250		3,250	2.92

**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
Henfield Properties Limited	Lee Ka Kit	30			4,000	6,000	10,000	100.00
Heyield Estate Limited	Lee Chau Kee	31			100		100	100.00
	Lee Ka Kit	31				100	100	100.00
	Lee Ka Shing	31				100	100	100.00
	Li Ning	31		100			100	100.00
Pettystar Investment Limited	Lee Chau Kee	32			3,240		3,240	80.00
	Lee Ka Kit	32				3,240	3,240	80.00
	Lee Ka Shing	32				3,240	3,240	80.00
	Li Ning	32		3,240			3,240	80.00
Shellson International Limited	Lee Ka Kit	33			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.

**The Trend Plaza, Tuen Mun**

Total G.F.A.: Approx. 195,000 sq.ft.; 100% owned by the Group.

This shopping podium situates amidst numerous densely populated housing estates in Tuen Mun.



### Share Option Schemes

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 ("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 of the Henderson Cyber Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days preceding the Offer Date; and
- (iii) the nominal value per Henderson Cyber Share.

**(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 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.

**Block C, Hang Wai Industrial Centre, Tuen Mun**

Total G.F.A.: Approx. 292,000 sq.ft.; 100% owned by the Group.

This 17-storey industrial building is one of the Group's investment properties.



## Arrangements to Purchase Shares or Debentures

### (I) OPTIONS TO SUBSCRIBE FOR SHARES IN 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 Shau 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	—
Patrick Kwok Ping Ho	600,000	—	—	600,000	—
Li Ning	400,000 (Note 34)	—	—	400,000	—
Ho Wing Fun	400,000	—	—	400,000	—
Lau Chi Keung	400,000	—	—	400,000	—
Augustine Wong Ho Ming	400,000	—	—	400,000	—
Suen Kwok Lam	400,000	—	—	400,000	—
Sit Pak Wing	400,000	—	—	400,000	—
Donald Cheung Ping Keung	200,000 (Note 35)	—	—	200,000	—

The following were 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 particulars of share options of thirty six 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	16,450,000	—	—	16,450,000	—

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. Share options granted to the aforesaid Directors of the Company, employees of Henderson Cyber and other participants under 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.

#### iCare

iCare, a subsidiary of Henderson Cyber, has opened 11 retail stores, namely “iCare Hotspot” in different districts in Hong Kong to promote its brand identity.



**(II) OPTIONS TO SUBSCRIBE FOR SHARES IN HENDERSON CHINA HOLDINGS LIMITED**

The following Directors of the Company had interests in options to subscribe for shares in Henderson China Holdings Limited, an associated corporation of the Company:

Name of Director	Number of share options	Exercisable Period
Colin Lam Ko Yin	1,500,000	21/08/2001 – 20/08/2004
Lee Ka Kit	1,500,000	02/11/2001 – 01/11/2004

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.

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.

**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)	2,075,859,007	73.68
Riddick (Cayman) Limited (Note 1)	2,075,859,007	73.68
Hopkins (Cayman) Limited (Note 1)	2,075,859,007	73.68
Henderson Development Limited (Note 1)	2,070,243,859	73.48
Henderson Land Development Company Limited (Note 1)	2,070,243,859	73.48
Kingslee S.A. (Note 1)	2,070,243,859	73.48
Banshing Investment Limited (Note 1)	802,854,200	28.50
Markshing Investment Limited (Note 1)	602,168,418	21.37
Covite Investment Limited (Note 1)	363,328,900	12.90
<b>Person other than Substantial Shareholders:</b>		
Gainwise Investment Limited (Note 1)	217,250,000	7.71

## Notes:

- 1 Of these shares, Dr. Lee Shau Kee was the beneficial owner of 34,779,936 shares, and 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 was 100% held by Henderson Land Development Company Limited ("HL") which in turn was 61.87% held by Henderson Development Limited ("HD"); and (ii) 5,615,148 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 Mr. Lee King Yue was the beneficial owner of these shares.
- 4 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 5 Of these shares, (i) 570,743,800 shares were owned by 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 HL which in turn was 61.87% held by HD; and (v) 192,500 shares were owned by Fu Sang. Dr. Lee Shau Kee was taken to be interested in China Gas, HD and Fu Sang as set out in Notes 1 and 18 and HL 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.
- 6 Mr. Lee Tat Man was the beneficial owner of these shares.
- 7 Of these shares, 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.
- 8 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 9 Mr. Lau Chi Keung was the beneficial owner of these shares.
- 10 These shares were owned by the wife of Mr. Woo Ka Biu, Jackson.
- 11 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 5 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.



- 12 Mr. Woo Ka Biu, Jackson was the beneficial owner of these shares.
- 13 Of these shares, Dr. Lee Shau 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 Shau Kee was taken to be interested in China Gas, HI, HL and Fu Sang as set out in Notes 1, 5 and 18 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.
- 14 Mr. Lee Tat Man was the beneficial owner of these shares.
- 15 Mr. Lam Ko Yin, Colin was the beneficial owner of these shares.
- 16 Mr. Lee King Yue was the beneficial owner of these shares.
- 17 Mr. Ho Wing Fun was the beneficial owner of these shares.
- 18 Of these shares, Dr. Lee Shau 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 Shau Kee was taken to be interested in HI, HD and Fu Sang as set out in Note 1 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.
- 19 Of these shares, Dr. Lee Shau 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 Shau Kee was taken to be interested in HI as set out in Note 1 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.
- 20 Mr. Lam Ko Yin, Colin was the beneficial owner of these shares.
- 21 Mr. Leung Hay Man was the beneficial owner of these shares.
- 22 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 1 and Miramar Hotel and Investment Company, Limited ("Miramar") 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.

- 23 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.
- 24 These shares were held by Hopkins as trustee of the Unit Trust.
- 25 These shares were held by Hopkins as trustee of the Unit Trust.
- 26 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.
- 27 These shares were held by Pearl Assets Limited which was 60% owned by Mr. Woo Ka Biu, Jackson.
- 28 These shares were held by Gilbert Investment Inc. which was wholly-owned by Mr. Leung Hay Man.
- 29 These shares were held by Coningham Investment Inc. which was owned by Fong Fun Investment Inc. of which 50% was owned by Sir Po-shing Woo and 50% by his wife.
- 30 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.
- 31 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. 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.
- 32 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.
- 33 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.
- 34 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.
- 35 Mr. Donald Cheung Ping Keung resigned as a Director of the Company on 18th March, 2005.

### 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 on The Stock Exchange of Hong Kong Limited (the “Listing Rules”):

- (1) (i) Henderson Real Estate Agency Limited, a wholly-owned subsidiary of Henderson Land Development Company Limited made advances from time to time to Henderson Investment Finance Limited, a wholly-owned subsidiary of the Company, 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.
- (ii) The management agreements and the construction agreements for the management and development of the Group’s properties previously entered into

between the Company and certain subsidiaries of Henderson Land Development Company Limited still subsisted at the financial year end.

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

- (2) During the year, the Group made advances to Lucky Country Development Limited in which Mr. William Cheng Kai Man has a 50 per cent. interest. The remaining 50 per cent. interest is held by the Group. Dr. Lee Shau Kee, the Chairman of the Company, is the father-in-law of Mr. William Cheng Kai Man. Both the Group 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.
- (3) The material related party transactions set out in note 43 to the accounts on page 83 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. As those companies which might have competing businesses with the Group were involved in the investment and development 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**

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **Subsequent Event**

The Company 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. Henderson Land

Development Company Limited, the Company, 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 the Company and China Gas involving the cancellation and extinguishment of shares (other than those indirectly held by the Company 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 the Company will be approximately HK\$252.53 million. If the proposed privatisation becomes effective, the Company’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 14 to 17.

### Retirement Benefits Scheme

Details of the retirement benefits schemes participated by the Group’s employees are shown in note 39 to the financial statements on page 80.

### 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 Henderson Land Development Company Limited (“HL”) and a wholly-owned subsidiary of the

Company, 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 HL and the Company.

In connection with the Facility, it will be an event of default if HL ceases to own and control at least 51% of the issued equity share capital of the Company or if either the Company or HL 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.

### 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.

Mr. Philip Yuen Pak Yiu, Non-executive Director, was a member of the Audit Committee until his 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 Deloitte Touche Tohmatsu 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