

Other Information

Review of Interim Results

The unaudited interim results of the Group for the six months ended 31st December, 2005 have been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31st December, 2005, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

(A) the Company⁽ⁱ⁾

Directors	Shares				Underlying shares of equity derivatives ^(iv) (i.e. share option)	Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests ⁽ⁱⁱⁱ⁾			
Gordon Ying Sheung WU	71,744,032	21,910,000 ^(v)	111,250,000 ^(vi)	30,680,000	-	235,584,032 ^(ix)	26.22%
Eddie Ping Chang HO	24,240,462	1,365,538	2,050,000	-	-	27,656,000	3.08%
Josiah Chin Lai KWOK	1,005,000	-	-	-	-	1,005,000	0.11%
Thomas Jefferson WU	27,130,000	-	820,000	-	-	27,950,000	3.11%
Henry Hin Moh LEE	5,345,322	-	-	-	-	5,345,322	0.59%
Robert Van Jin NIEN	720,000	-	-	-	-	720,000	0.08%
Guy Man Guy WU	2,645,650	-	-	-	-	2,645,650	0.29%
Ivy Sau Ping KWOK WU	21,910,000	121,804,032 ^(vii)	61,190,000 ^(viii)	30,680,000	-	235,584,032 ^(ix)	26.22%
Linda Lai Chuen LOKE	-	1,308,981	-	-	-	1,308,981	0.15%
David Yau-gay LUI	8,537	-	-	-	-	8,537	0.00%
Albert Kam Yin YEUNG	250,000	-	-	-	950,000	1,200,000	0.13%
Andy Lee Ming CHEUNG	500,000	-	-	-	500,000	1,000,000	0.11%
Eddie Wing Chuen HO Junior	500,000	-	-	-	-	500,000	0.06%
Lee Yick NAM	90,000	-	-	-	-	90,000	0.01%
Barry Chung Tat MOK	-	-	-	-	2,500,000	2,500,000	0.28%

Notes:

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

Other Information (continued)

(B) Associated Corporations

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

Directors	HHI shares	Underlying shares of equity derivatives ⁽ⁱ⁾ (i.e. HHI warrants)				Total interests	% of issued share capital
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests		
Gordon Ying Sheung WU	300,000 ⁽ⁱⁱⁱ⁾	6,249,403	2,191,000 ⁽ⁱⁱⁱ⁾	11,124,999 ^(iv)	3,068,000 ^(v)	22,933,402 ^(xi)	0.79%
Eddie Ping Chang HO	2,165,600 ^(vi)	–	–	–	–	2,165,600	0.07%
Thomas Jefferson WU	550,000 ^(vii)	4,480,500	–	82,000	–	5,112,500	0.18%
Henry Hin Moh LEE	–	279,530	–	–	–	279,530	0.01%
Robert Van Jin NIEN	–	10,000	–	–	–	10,000	0.00%
Ivy Sau Ping KWOK WU	300,000 ^(viii)	2,191,000	11,255,403 ^(ix)	6,118,999 ^(x)	3,068,000 ^(v)	22,933,402 ^(xi)	0.79%
David Yau-gay LUI	–	853	–	–	–	853	0.00%

Notes:

- (i) These represented warrants of HHI, which conferred rights to subscribe for HHI shares at HK\$4.18 per HHI share (subject to adjustments) exercisable during a period of 3 years from 6th August, 2003 to 5th August, 2006.
- (ii) These HHI warrants were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The interests in 300,000 HHI shares and 2,191,000 underlying shares of HHI warrants were interests held by Lady Ivy Sau Ping KWOK WU (“Lady Ivy WU”), the wife of Sir Gordon Ying Sheung WU (“Sir Gordon WU”). The former interests represented the same block of shares in Note (viii).
- (iv) The corporate interests in 11,124,999 underlying shares of HHI warrants held by Sir Gordon WU included the corporate interests in 6,118,999 underlying shares of HHI warrants referred to in Note (x).
- (v) The other interests in 3,068,000 underlying shares of HHI warrants represented the interests held jointly by Sir Gordon WU and Lady Ivy WU.
- (vi) The interests in 2,165,600 HHI shares held by Mr. Eddie Ping Chang HO included personal interests of 1,824,046 HHI shares, family interests of 136,554 HHI shares and corporate interests of 205,000 HHI shares.
- (vii) The interests in 550,000 HHI shares represented beneficial interests of Mr. Thomas Jefferson WU.
- (viii) The interests in 300,000 HHI shares were personal interests beneficially owned by Lady Ivy WU and represented the same block of shares in Note (iii).
- (ix) The family interests in 11,255,403 underlying shares of HHI warrants represented the interests of Sir Gordon WU, the husband of Lady Ivy WU. This figure included 5,006,000 underlying shares of HHI warrants held by Sir Gordon WU through corporations.
- (x) The corporate interests in 6,118,999 underlying shares of HHI warrants were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (xi) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

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

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

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

Save as aforesaid, as at 31st December, 2005, none of the Directors or chief executives had any other interests or short positions in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information (continued)

Share Options of the Company

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

(A) 1994 Share Option Scheme

The 1994 Share Option Scheme was terminated on 1st November, 2003 and no further options was granted under the 1994 Share Option Scheme. As at 31st December, 2005, there was no outstanding share option under the 1994 Share Option Scheme.

(B) 2003 Share Option Scheme

(1) The 2003 Share Option Scheme will expire on 31st October, 2013, but any options then outstanding will continue to be exercisable.

(2) Details of the movement of share options under the 2003 Share Option Scheme during the period ended 31st December, 2005 were as follows:-

Directors	Date of grant	Exercise Price HK\$	Balance of outstanding options at 01/07/2005	Options granted during the period	Options exercised during the period	Options cancelled/lapsed during the period	Balance of outstanding options at 31/12/2005	Exercise period	Closing price before date of grant falling within the period HK\$
Albert Kam Yin YEUNG	08/09/2004	17.10	950,000	-	-	-	950,000	08/09/2004-07/09/2007	N/A
Andy Lee Ming CHEUNG	08/09/2004	17.10	500,000	-	-	-	500,000	08/09/2004-07/09/2007	N/A
Eddie Wing Chuen HO Junior	08/09/2004	17.10	495,000	-	495,000	-	-	08/09/2004-07/09/2007	N/A
Barry Chung Tat MOK	02/09/2005	19.94	-	2,500,000	-	-	2,500,000	02/03/2006-01/03/2009	20.05
Total			1,945,000	2,500,000	495,000	-	3,950,000		

The weighted average closing price of the shares on the date immediately before the date on which the options were exercised during the period was HK\$19.85.

The options granted on 8th September, 2004 are exercisable from the date of grant while the options granted on 2nd September, 2005 are exercisable in the following manner:-

Maximum options exercisable	Exercisable period
50% of options granted	from the expiry of 6 months from the date of grant up to 18 months thereof (i.e. 2nd March, 2006 to 1st March, 2007)
all remaining options including those not previously exercised	from the expiry of 18 months from the date of grant up to 42 months thereof (i.e. 2nd March, 2007 to 1st March, 2009)

The fair value of the share options granted during the period with the exercise price per share of HK\$19.94 is estimated at HK\$2.73 at the date of grant using the Binomial

Other Information (continued)

option pricing model. The value is estimated based on the share price of HK\$19.6 at the grant date, the historical volatility of share price of the Company of 23.3% which is based on statistical analysis of daily share prices over one year immediately preceding the grant date, expected life of options of 3.4 years, expected dividend yield of 4.1% and the risk free rate of 3.66% per annum with reference to the rate on the 3-year and 4-year Exchange Fund Notes.

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. As the characteristics of the options granted during the period are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Share Options of HHI

- (a) The share option scheme of HHI was approved by the written resolutions of the then sole shareholder of HHI passed on 16th July, 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16th July, 2003 (the “HHI Option Scheme”). The HHI Option Scheme will expire on 15th July, 2013.
- (b) There was no movement in the share options of HHI under the HHI Option Scheme during the period ended 31st December, 2005 and as at 31st December, 2005, the outstanding share options of HHI were as follows:

	Date of grant	Exercise Price HK\$	Balance of outstanding options at 01/07/2005	Options granted during the period	Options exercised during the period	Options cancelled/lapsed during the period	Balance of outstanding options at 31/12/2005	Exercise period	Closing price before date of grant falling within the period HK\$
Director of HHI Leo Kwok Kee LEUNG	08/09/2004	4.875	2,000,000	-	-	-	2,000,000	08/09/2004 -07/09/2007	N/A
Employee of HHI	08/09/2004	4.875	400,000	-	-	-	400,000	08/09/2004 -07/09/2007	N/A
Total			2,400,000	-	-	-	2,400,000		

All options granted are exercisable from the date of grant.

Other Information (continued)

Substantial Shareholder

Save as disclosed under the section headed “Directors’ Interests in Shares, Underlying Shares and Debentures” as at 31st December, 2005, the Company had not been notified of any other interest or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under section 336 of the SFO.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of securities of the Company during the six months ended 31st December, 2005.

Employees and Remuneration Policies

As at 31st December, 2005, there were approximately 1,170 employees in the Group. The Group aims to offer competitive remuneration packages that are regularly monitored in relation to the market. On-going staff development programs are provided within the Group to encourage continuous learning and improvements at work.

Corporate Governance

During the period under review, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices (“CG-Code”) contained in Appendix 14 of the Listing Rules. Amendments to the articles of association of the Company to reflect the requirements under code provision A.4.2 on the retirement of all directors by rotation at least once every three years were approved by shareholders at the annual general meeting held on 19th October, 2005.

Model Code for Securities Transaction

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

Written guidelines on no less exacting terms than the Code relating to securities transaction for the relevant employees were adopted by the Company with effect from 1st July, 2005.

Audit Committee

The terms of reference of the Audit Committee were revised in accordance with the provisions set out in the CG-Code on 1st July, 2005. The Company’s interim report for the six months ended 31st December, 2005 has been reviewed by the Audit Committee.

Other Information (continued)

Remuneration Committee

The Company established a Remuneration Committee on 1st July, 2005 with written terms of reference in compliance with the CG-Code. The Committee comprises three members with the majority being Independent Non-Executive Directors. During the six months ended 31st December, 2005, the Committee has determined the remuneration package of a newly appointed Executive Director and also reviewed the Directors' fees for the year ending 30th June, 2006.

Disclosure under Chapter 13 of the Listing Rules

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

Honorary Chairman

The Board expresses deepest sorrow for the passing away of Dr. James Man Hon WU, former Chairman and currently Honorary Chairman of the Company, on 23rd February, 2006 and wishes to acknowledge Dr. WU's invaluable contributions to the Group in the past years.

Change of Director

Mr. Colin Henry WEIR resigned as Executive Director of the Company effective from December 2005 but remains as a consultant to a subsidiary of the Company. The Board thanks Mr. WEIR for his valuable contributions to the Group in the past 15 years.

By order of the Board

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

Hong Kong, 27th February, 2006