Notes to the Condensed Interim Financial Statements (unaudited)

1 BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 *Interim financial reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2 PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30th June, 2005 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and the consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively.

As disclosed in the financial statements for the year ended 30th June, 2005, the Group had elected to adopt early HKAS40 *Investment property* and HK(SIC) - Int 21 *Income taxes - Recovery of revalued non-depreciable assets*. In the current period, the Group has adopted, where relevant, all remaining new and revised HKFRSs that are currently in issue and effective for the financial year beginning on 1st July, 2005.

The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

Business combinations

In the current period, the Group has applied the transitional provisions of HKFRS 3 *Business combinations* to goodwill acquired in business combinations for which the agreement date was before 1st January, 2005. The principal effects of the application of the transitional provisions of HKFRS 3 to the Group are summarised below:

Notes to the Condensed Interim Financial Statements (unaudited)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

Business combinations (cont'd)

Goodwill

In previous periods, goodwill arising on acquisitions of associates prior to 1st January, 2005 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. With respect to goodwill previously included in interests in associates amounted to HK$1,272,158,000, the Group has continued amortising such goodwill till 30th June, 2005 and discontinued amortising such goodwill from 1st July, 2005 onwards and goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses, if any, after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current period. Comparative figures for the six months ended 31st December, 2004 have not been restated.

Discount on acquisition (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1st January, 2005 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. The Group has applied the relevant transitional provisions in HKFRS 3 and derecognised negative goodwill on 1st July, 2005 of HK$118,948,000 previously presented as a deduction from interests in associates, with a corresponding increase in retained profits as at 1st July, 2005.

Hotel properties

In previous periods, hotel properties of the Group are carried at revalued amount and no depreciation was provided on hotel properties held on leases of more than twenty years. It was the Group's practice to maintain its hotel properties in a continual state of sound repairs and maintenance. In the current period, the Group has applied HKAS 16 *Property, plant and equipment*. HKAS 16 requires the residual value of the hotel properties to be measured as the amount the Group would currently obtain from disposal of the hotel properties, after deducting the estimated costs of disposal, if the hotel properties were already of the age and in the condition expected at the end of their respective useful lives.

Upon application of HKAS 16 and Hong Kong Interpretation 2 *The appropriate policies for hotel properties,* the Group reviewed the residual values of its hotel properties, depreciation is provided on hotel properties and these changes are accounted for as a change in accounting policy in accordance with HKAS 8 *Accounting policies, changes in accounting estimates and errors*. In the meantime, deferred taxation relating to hotel properties has also been restated. Comparative figures have been restated (see Note 3 for the financial impact).

Notes to the Condensed Interim Financial Statements (unaudited)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

Owner-occupied leasehold interest in land

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 *Leases*. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see Note 3 for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

Financial instruments

In the current period, the Group has applied HKAS 32 *Financial instruments: Disclosure and presentation* and HKAS 39 *Financial instruments: Recognition and measurement*. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of financial instruments in the financial statements of the Group. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 30th June, 2005, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1st July, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1st July, 2005, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39.

Notes to the Condensed Interim Financial Statements (unaudited)

2 PRINCIPAL ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Financial assets and financial liabilities other than debts and equity securities

From 1st July, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss ("other financial liabilities")". Other financial liabilities are carried at amortised cost using the effective interest method.

The application of HKAS 39 has had no material effect on the results of the previous and current periods.

Interests in associates

During the period, the associates of the Group applied a number of new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005, certain of which require retrospective application. Comparative figures had been restated (see Note 3 for the financial impact).

3 SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior period are as follows:

	For the six months ended 31st December, 2005				
	HK INT 2, HKAS 16 & HKAS 17 HK$'000	HKAS 40 HK$'000	HKAS INT 21 HK$'000	HKFRS 3 HK$'000	Total HK$'000
Increase in depreciation and amortisation	**(4,239)**	**–**	**–**	**–**	**(4,239)**
Increase in fair value gain of investment properties	**–**	**674,662**	**–**	**–**	**674,662**
Increase (decrease) in share of results of associates	**5,107**	**309,580**	**(54,005)**	**(714)**	**259,968**
Decrease in amortisation of goodwill	**–**	**–**	**–**	**30,422**	**30,422**
Decrease in negative goodwill released to income	**–**	**–**	**–**	**(4,313)**	**(4,313)**
Decrease (increase) in deferred tax	**448**	**–**	**(77,589)**	**–**	**(77,141)**
Increase (decrease) in profit	**1,316**	**984,242**	**(131,594)**	**25,395**	**879,359**

Notes to the Condensed Interim Financial Statements (unaudited)

3 SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

	For the six months ended 31st December, 2004			
	HK INT 2, HKAS 16 & HKAS 17 HK$'000	HKAS 40 HK$'000	HKAS INT 21 HK$'000	Total HK$'000
Increase in depreciation and amortisation	(4,239)	–	–	(4,239)
Increase (decrease) in share of results of associates	4,999	94,210	(15,594)	83,615
Decrease in deferred tax	448	–	–	448
Increase (decrease) in profit	1,208	94,210	(15,594)	79,824

The cumulative effects of the application of the new HKFRSs as at 30th June, 2005 and 1st July, 2005 are summarised below:

	At 30th June, 2005 (originally stated) HK$'000	HKAS 1 HK$'000	HK INT 2, HKAS 16 & HKAS 17 HK$'000	At 30th June, 2005 (restated) HK$'000	HKAS 39 HK$'000	HKFRS 3 HK$'000	At 1st July, 2005 (restated) HK$'000
Property, plant and equipment	1,835,530	–	(588,297)	1,247,233	–	–	1,247,233
Prepaid lease payments	–	–	82,241	82,241	–	–	82,241
Interests in associates	14,556,825	–	(841,151)	13,715,674	–	118,948	13,834,622
Investments in securities	241,640	–	–	241,640	(241,640)	–	–
Held-to-maturity investments	–	–	–	–	11,465	–	11,465
Available-for-sale investments	–	–	–	–	230,175	–	230,175
Deferred tax liabilities	(565,828)	–	11,099	(554,729)	–	–	(554,729)
Total effects on assets and liabilities		–	(1,336,108)		–	118,948	
Property valuation reserve	1,313,787	–	(1,313,787)	–	–	–	–
Retained profits	14,381,179	–	(22,321)	14,358,858	–	118,948	14,477,806
Minority interests	–	744,759	–	744,759	–	–	744,759
Total effects on equity		744,759	(1,336,108)		–	118,948	
Minority interests	744,759	(744,759)	–	–	–	–	–

Notes to the Condensed Interim Financial Statements (unaudited)

3 SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (cont'd)

The financial effects of the application of the new HKFRSs to the Group's equity at 1st July, 2004 are summarised as follows:

	As originally stated HK$'000	HK INT 2, HKAS 16 & HKAS 17 HK$'000	As restated HK$'000
Property revaluation reserve	1,293,987	(1,293,987)	–
Retained profits	11,664,871	(24,811)	11,640,060

At the date of authorisation of this financial report, the Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group anticipate that the application of these standards or interpretations will have no material impact on the financial report of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market - waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

1 Effective for annual periods beginning on or after 1st January, 2007.
2 Effective for annual periods beginning on or after 1st January, 2006.
3 Effective for annual periods beginning on or after 1st December, 2005.
4 Effective for annual periods beginning on or after 1st March, 2006.

Notes to the Condensed Interim Financial Statements (unaudited)

4 SEGMENTAL INFORMATION

Business segments

The business upon which the Group reports its primary segment information is as follows:

Property leasing	–	property rental
Hotel operation	–	hotel operations and management
Department store	–	department store operations and management
Infrastructure	–	infrastructure project investment
Others	–	investment holding, sale of properties, provision of cleaning and security guard services, retail business and provision of information technology services

Segment information about these businesses is presented below:

For the six months ended 31st December, 2005

	Property leasing HK$'000	Hotel operation HK$'000	Department store HK$'000	Infrastructure HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
INCOME AND RESULTS							
Turnover	311,238	47,014	71,116	92,368	89,562	–	611,298
Other income	1,967	60	772	573	2,425	–	5,797
External income	313,205	47,074	71,888	92,941	91,987	–	617,095
Inter-segment income	21,363	–	3	–	3,071	(24,437)	–
Total income	334,568	47,074	71,891	92,941	95,058	(24,437)	617,095

Inter-segment sales were charged at prices determined by management with reference to market prices.

	Property leasing HK$'000	Hotel operation HK$'000	Department store HK$'000	Infrastructure HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment results	195,377	6,293	5,544	51,695	(9,497)	–	249,412
Interest income	2	–	–	5,379	49,039	–	54,420
Fair value gain of investment properties	674,662	–	–	–	–	–	674,662
Impairment loss on goodwill arising from acquisition of subsidiaries	–	–	–	–	(161,846)	–	(161,846)
Write back of allowance for completed properties of sale	–	–	–	–	14,227	–	14,227
Unallocated corporate expenses							(12,512)
Finance costs							(6,136)
Share of results of associates							1,094,611
Profit before taxation							1,906,838
Taxation							(97,824)
Profit for the period							1,809,014

Notes to the Condensed Interim Financial Statements (unaudited)

4 SEGMENTAL INFORMATION (cont'd)

Business segments (cont'd)

For the six months ended 31st December, 2004

	Property leasing HK$'000	Hotel operation HK$'000	Department store HK$'000	Infrastructure HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated (restated) HK$'000
INCOME AND RESULTS							
Turnover	296,143	60,470	64,800	152,851	124,697	–	698,961
Other income	2,986	–	755	979	1,757	–	6,477
External income	299,129	60,470	65,555	153,830	126,454	–	705,438
Inter-segment income	26,283	–	–	–	1,452	(27,735)	–
Total income	325,412	60,470	65,555	153,830	127,906	(27,735)	705,438

Inter-segment sales were charged at prices determined by management with reference to market prices.

	Property leasing HK$'000	Hotel operation HK$'000	Department store HK$'000	Infrastructure HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated (restated) HK$'000
Segment results	177,581	7,435	4,429	107,243	(2,144)	–	294,544
Interest income	22	–	–	5,453	15,316	–	20,791
Unrealised holding gain on investments in securities	–	–	–	–	24,056	–	24,056
Unallocated corporate expenses							(15,214)
Finance costs							(6,902)
Share of results of associates							742,487
Amortisation of goodwill							(30,422)
Negative goodwill released to income							4,313
Profit before taxation							1,033,653
Taxation							(45,627)
Profit for the period							988,026

Notes to the Condensed Interim Financial Statements (unaudited)

4 SEGMENTAL INFORMATION (cont'd)

Geographical segments

The Group's property leasing, hotel operation, department store operation, investment holding, sale of properties, cleaning and security guard services, retail business and information technology services are carried out in Hong Kong. Infrastructure is carried out in other regions of the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

For the six months ended 31st December, 2005

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
Turnover	**518,930**	**92,368**	**611,298**
Other income	**5,224**	**573**	**5,797**
External income	**524,154**	**92,941**	**617,095**

For the six months ended 31st December, 2004

	Hong Kong HK$'000	PRC HK$'000	Consolidated HK$'000
Turnover	546,110	152,851	698,961
Other income	5,498	979	6,477
External income	551,608	153,830	705,438

5 IMPAIRMENT LOSS ON GOODWILL ARISING FROM ACQUISITION OF SUBSIDIARIES

After assessing the prospects of the various business segments of Henderson Cyber Limited ("Henderson Cyber"), a subsidiary of the Company, Henderson Land Development Company Limited, an intermediate holding company of the Company, The Hong Kong and China Gas Company Limited ("Hong Kong China Gas"), an associate of the Company, Henderson Cyber and the Company jointly announced in August 2005 the privatisation of Henderson Cyber by Hong Kong China Gas and the Company, involving the cancellation and extinguishments of the relevant shares of Henderson Cyber at a price of HK$0.42 in cash per share. The privatisation became effective on 8th December, 2005. In view of the cash flow forecast and the expected synergies of the privatisation of Henderson Cyber, the directors considered that the goodwill arising on the extinguishments of the relevant shares of Henderson Cyber by acquisition of additional interest in Henderson Cyber by the Company amounting to HK$161,846,000 was proved to be impaired.

Notes to the Condensed Interim Financial Statements (unaudited)

6 FINANCE COSTS

	For the six months ended 31st December,	
	2005	2004
	HK$'000	HK$'000
Interest on:		
Bank loans and overdrafts wholly repayable within five years	**5,867**	5,917
Finance leases	**10**	–
Other borrowings	**259**	985
	6,136	6,902

7 PROFIT BEFORE TAXATION

	For the six months ended 31st December,	
	2005	2004 (restated)
	HK$'000	HK$'000
Profit before taxation have been arrived at after charging:		
Amortisation of prepaid lease payments	**840**	840
Cost of inventories recognised as an expense	**64,432**	60,788
Cost of properties recognised as an expense	**2,379**	283
Depreciation and amortisation	**43,780**	45,154
Staff costs	**100,273**	128,049
Share of tax of associates (included in share of results of associates)	**142,165**	158,696

Notes to the Condensed Interim Financial Statements (unaudited)

8 TAXATION

	For the six months ended 31st December,	
	2005	2004
		(restated)
	HK$'000	HK$'000
The charges comprises:		
Current tax		
– Hong Kong	**30,679**	28,987
– Other regions in the PRC	**8,668**	16,354
	39,347	45,341
Overprovision in prior years – Hong Kong	**(17,519)**	(11)
Deferred tax		
– Current period	**88,800**	297
– Overprovision in prior years	**(12,804)**	–
	75,996	297
	97,824	45,627

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9 DIVIDENDS

	For the six months ended 31st December,	
	2005	2004
	HK$'000	HK$'000
Interim dividend of HK$0.13 per share (For the six months ended 31st December, 2004: HK$0.13 per share)	**366,253**	366,253

Notes to the Condensed Interim Financial Statements (unaudited)

10 EARNINGS PER SHARE

The calculation of earnings per share attributable to the ordinary equity holders of the Company is based on the net profit for the period of HK$1,802,054,000 (For the six months ended 31st December, 2004: HK$947,676,000, restated) and on 2,817,327,395 (At 31st December, 2004: 2,817,327,395) ordinary shares in issue during the period. Diluted earnings per share is not shown as there were no dilutive potential shares in existence during the six months ended 31st December, 2005 and 31st December, 2004.

The adjustment to comparative basic earnings per share, arising from the changes in accounting policies shown in note 2 above, is as follows:

	Basic HK$
Reconciliation of 2004 earnings per share:	
Reported figures before adjustments	0.31
Adjustment arising from change of accounting policy	0.03
Restated	0.34

11 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties were fair-valued on 31st December, 2005 by an independent firm of professional surveyors, Messrs. DTZ Debenham Tie Leung Limited, on an open market value basis. The resulting increase in fair value of investment properties of HK$674,662,000 has been recognised in the condensed consolidated income statement.

During the period, the Group had acquired investment properties, property, plant and equipment of HK$18,366,000.

The Group's toll highway operation rights of HK$544,250,000 (At 30th June, 2005: HK$561,595,000) are pledged as securities for certain bank loans.

Notes to the Condensed Interim Financial Statements (unaudited)

12 DEBTORS, DEPOSITS AND PREPAYMENTS

The Group maintains a defined credit policy. Consideration in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable in advance by tenants. In respect of retailing, most of transactions are being on cash basis. Other trade debtors settle their accounts according to the payment terms as stated in contracts. An aged analysis of trade debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

The aged analysis of trade debtors (net of allowances for bad debts) is as follows:

	At 31st December, 2005 HK$'000	At 30th June, 2005 HK$'000
Under 1 month overdue	**27,863**	114,938
1 to 3 months overdue	**34,731**	16,419
More than 3 months overdue but less than 6 months overdue	**50,910**	4,413
Over 6 months overdue	**73,981**	32,391
	187,485	168,161
Prepayment, deposits and other receivables – current portion	**122,175**	180,627
	309,660	348,788
Prepayment, deposits and other receivables – non-current portion	**124,997**	132,863
	434,657	481,651

At 31st December, 2005, included in debtors, deposits and prepayments, other receivables was an amount of HK$140,432,000 (At 30th June, 2005: HK$155,393,000) which represented the discounted instalment receivables in the future arising from the disposal of toll bridges in 2004, out of which, HK$15,435,000 (At 30th June, 2005: HK$22,530,000) was classified as current assets.

Notes to the Condensed Interim Financial Statements (unaudited)

13 CREDITORS AND ACCRUED EXPENSES

The aged analysis of trade payables of the Group included in creditors and accrued expenses by due date is as follows:

	At 31st December, 2005 HK$'000	At 30th June, 2005 HK$'000
Due within 1 month or on demand	**153,225**	123,507
Due after 1 month but within 3 months	**40,789**	42,982
Due after 3 months but within 6 months	**3,051**	3,318
Due after 6 months	**6,266**	7,930
	203,331	177,737
Rental deposits and other payables – current portion	**74,052**	72,063
	277,383	249,800
Rental deposits and other payables – non-current portion	**40,065**	31,017
Total creditors and accrued expenses	**317,448**	280,817

14 SHARE CAPITAL

	Number of shares At 31st December, 2005 and 30th June, 2005	Share capital At 31st December, 2005 and 30th June, 2005 HK$'000
Authorised:		
Ordinary shares of HK$0.20 each	**3,600,000,000**	**720,000**
Issued and fully paid:		
Ordinary shares of HK$0.20 each	**2,817,327,395**	**563,466**

15 PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Of the pledged bank deposits and bank balances and cash items, a total sum being the equivalent of HK$139,785,000 (At 30th June, 2005: HK$110,788,000) was kept in other regions of the PRC and is subject to exchange control regulations.

Notes to the Condensed Interim Financial Statements (unaudited)

16 CAPITAL COMMITMENTS

	At 31st December, 2005 HK$'000	At 30th June, 2005 HK$'000
Contracted commitments for acquisition of property, plant and equipment and for property development and renovation expenditure	**14,578**	21,070
Contracted commitments for system development costs	**28**	269

17 OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31st December, 2005 HK$'000	At 30th June, 2005 HK$'000
Not later than one year	**16,177**	22,273
Later than one year and not later than five years	**15,905**	15,281
Later than five years	**1,142**	–
	33,224	37,554

Operating lease commitments represent rentals payable by the Group for retail shopping centre, telecommunication network facilities and certain of its office premises. The leases for retail shopping centre and office premises are negotiated for terms of six months to ten years at fixed rental. Some of leases for telecommunications network facilities are with no specific terms while the remaining leases typically run for an initial period of three months to four years, with an option to renew the lease upon the expiry of the initial lease term. None of the leases for telecommunication network facilities includes contingent rentals.

18 RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following significant transactions with fellow subsidiaries:

	For the six months ended 31st December, 2005 HK$'000	2004 HK$'000
Building management fee paid	**3,067**	27,669
Interest expenses	**259**	184
Rental expenses	**44,311**	41,276
Security guard service income	**–**	27,984

Compensation of key management personnel

Except for certain of the directors and key management personnel received their remuneration from the Company's intermediate holding company for their services provided to the Group headed by the intermediate holding company of which the Company is a member, no remuneration was paid to other directors and key management personnel of the Company. No apportionment has been made as the directors are of the opinion that it is impracticable to apportion this amount between their services to the Company's intermediate holding company and each of that company's subsidiaries.