



# Hopewell Highway Infrastructure Limited

合和公路基建有限公司\*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 737)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2004

### HIGHLIGHTS:

- Toll revenue increased by 20% to HK\$741 million;
- Net profit increased by 19% to HK\$431 million;
- Total bank balances and cash increased by 139% to HK\$1,684 million.

The Board of Directors has pleasure in presenting the unaudited interim results of the Group for the six months ended 31st December, 2004.

### GROUP RESULTS

For the six months ended 31st December, 2004, the toll revenue of the Group increased by 20% to HK\$741 million from HK\$617 million of the last corresponding period, mainly due to the rise in traffic flow of the Group's expressways in the People's Republic of China (the "PRC"). Of the total toll revenue, the Guangzhou-Shenzhen Superhighway ("GS Superhighway") contributed 88% or HK\$650 million, the Guangzhou East-South-West Ring Road ("ESW Ring Road") contributed 10% or HK\$71 million and the Phase I of the Western Delta Route ("Phase I West") contributed 2% or HK\$20 million. The growth in toll revenue by HK\$124 million as compared to the last corresponding period, of which, the GS Superhighway contributed HK\$86 million or 70%, the ESW Ring Road contributed HK\$18 million or 14% and the Phase I West contributed HK\$20 million or 16%.

The Group's proportionately shared toll revenue is set out as follows:

	Six months ended	
	31st December,	
	2003	2004
	HK\$' million	HK\$' million
GS Superhighway	564	650
ESW Ring Road	53	71
Phase I West	—	20
	<hr/>	<hr/>
	617	741
	<hr/> <hr/>	<hr/> <hr/>

Total expenses for the six months ended 31st December, 2004, including toll operation expenses, depreciation and amortisation charges and general and administrative expenses increased 19% from HK\$210 million of the last corresponding period to HK\$249 million, mainly due to an increase in depreciation and amortisation charges. Since, under the Group's accounting policies, depreciation and amortisation charges of toll roads and additional investment costs are calculated based on the ratio of actual traffic volume in the period concerned compared to the total expected traffic volume over the remaining period of respective jointly controlled entities, depreciation and amortisation charges were increased by HK\$17 million in this interim period due to the stronger than expected growth of traffic flow.

The Group's earnings before interest and tax increased by 22% from HK\$451 million of the last corresponding period to HK\$548 million and net profit increased 19% from HK\$361 million of the last corresponding period to HK\$431 million for the period ended 31st December, 2004, mainly due to the robust growth in toll revenue.

## **INTERIM DIVIDEND AND CLOSE OF REGISTERS**

The Board of Directors has declared an interim dividend of HK10.25 cents per ordinary share in respect of the financial year ending 30th June, 2005 (30th June, 2004: HK10 cents). The dividend will be paid on or about 30th March, 2005 to those shareholders as registered at the close of business on 24th March, 2005.

The register of members and warrant holders of the Company will be closed from Monday, 21st March, 2005 to Thursday, 24th March, 2005, both days inclusive, during which no transfer of shares and no transfer or exercise of warrants will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates and all completed subscription forms in relation to the exercise of the warrants accompanied by the appropriate subscription monies and the relevant warrant certificates must be lodged with the Company's Hong Kong Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 18th March, 2005.

## **BUSINESS REVIEW**

The Guangdong Province has been one of the fastest growing provinces in the PRC; whereas, the Pearl River Delta ("PRD") region, being one of the world's most important centers of manufacturing and production, continues to increase its competitiveness. The Group recorded continuous robust growth in average daily traffic flow and average daily toll revenue of 29% and 20% respectively for the six months ended 31st December, 2004 as compared to the last corresponding period. With the implementation of the Pan-PRD programmes and CEPA policy, the opening of the Guangzhou Baiyun International Airport and various large-scale industrial and economic zones and seaports, the Group expects continued growth in traffic flow and toll revenue at GS Superhighway and ESW Ring Road as well as Phase I West. During the period under review, the Group has upgraded the toll collection systems of its three expressways to meet the unitoll requirements of Guangdong Province. Commencing from mid-December, 2004, the applications of Yuetong card coupled with non-stop electronic toll payment system have effectively enhanced the efficiency of toll collection.

### **Guangzhou-Shenzhen Superhighway ("GS Superhighway")**

The GS Superhighway is a 122.8 km closed system toll expressway. This expressway is a major artery of the highway network in the PRD region, and the trunk route connecting four major cities, namely, Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, the average daily traffic flow reached 223,000 vehicles, an increase of 18% as compared to the last corresponding period and the average daily toll revenue grew by 15% to RMB7.92 million. Toll revenue reached RMB1,460 million.

The achievement in significant traffic and toll revenue growth is largely due to the continuous rapid economic growth of the Guangdong Province. The continuous growth in GDP and wealth of both the business enterprises and individuals in the Guangdong Province resulted in the increase in the flow of passengers and goods in the region as well as the growth of vehicle ownership. The Group strongly believes that these factors will facilitate the continuous growth both in traffic flow and toll revenue of the GS Superhighway in the future. The Group has been studying the feasibility of widening the expressway from the current total 6 lanes to 10 lanes.

The Group always emphasizes on maintaining the high quality of services and standards of its expressways. During the period under review, the GS Superhighway completed some key improvement programmes, including repavement works on the main alignments of the Shenzhen section and on the sliproads of all interchanges, installation of light reflective studs along both sides of the expressway, and installation of additional road lightings, road signs and marks along the expressway. Expansion works at the Huanghe toll station connecting with the Jihe Expressway, and reconstruction works at the Changan and Luogang interchanges have also been carried out to cope with the economic growth of the nearby towns and allow for increasing traffic throughput. The Group will closely monitor the traffic growth of the GS Superhighway and carry out effective measures to ensure the quality of services.

### **Guangzhou East-South-West Ring Road (“ESW Ring Road”)**

The ESW Ring Road is one of the major arteries of the Guangzhou’s network of expressways with a total length of 38 km. The eastern part of the expressway connects to the GS Superhighway; whereas, the southern part connects to the Guangzhou Nansha Port Expressway and Phase I West, and the western part links with the Guangfo Expressway. It plays a vital role in relieving the pressure of traffic congestion in the inner city of Guangzhou and providing a speedy route for traffic passing through Guangzhou en route to other destinations.

Benefiting from the economic growth of Guangzhou, the ESW Ring Road recorded a strong increase in traffic flow and toll revenue during the period under review. The average daily traffic flow grew by 36% to 62,000 vehicles and average daily toll revenue increased by 33% to RMB0.96 million. Toll revenue reached RMB180 million.

As a result of the continuous economic development of Guangzhou as one of the most important metropolis of the PRC, the regions along the ESW Ring Road also achieved rapid growth. The road network of which the ESW Ring Road is a part has also become more and more developed, particularly with the completion in 2004 of the Guangzhou Airport Expressway linking Guangzhou to the Guangzhou Baiyun International Airport in the north and the Guangzhou Nansha Port Expressway linking Guangzhou to the industrial zones at Nansha and the Longxue Island Port in the south. The Group strongly believes that the traffic volume and toll revenue of this project will benefit from these factors in the future.

### **Phase I of the Western Delta Route (“Phase I West”)**

The Phase I West is a 14.7 km closed system dual three lane expressway. It connects the ESW Ring Road in the north to the National Highway 105 and Bigui Road in the south.

Since the expressway was opened to traffic on 30th April, 2004, it recorded a steady growth both in traffic volume and toll revenue. During the period under review, average daily traffic flow reached 16,000 vehicles, a growth of 41% since operations started, and average daily toll revenue reached RMB0.244 million, increased by 47%. Toll revenue reached RMB45 million.

With the rapid economic growth of the PRD region, the business activities amongst Guangzhou, Shunde and neighbouring cities are increasingly flourishing. Currently, the Phase I West is the only expressway between Guangzhou and Shunde providing a speedy transportation link between these two cities. The Group believes the Phase I West will continue to grow remarkably in traffic volume as well as toll revenue.

## Others

### *Employees and Remuneration Policies*

As at 31st December, 2004, the Group had a total of 41 full-time staff, with 35 in Hong Kong and 6 in the PRC. There have been no material changes to the remuneration policies and staff development programmes as disclosed in the 2003-2004 Annual Report. Share options may be granted at the discretion of the Board of Directors to employees as appropriate.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As a result of the stable cash flow generated from its assets, the Group's total debt to total assets ratio was stable at 37% (30th June, 2004: 37%). The net current assets of the Group increased by 56% from HK\$1,460 million as at 30th June 2004, to HK\$2,273 million as at 31st December, 2004. The Group's total bank balances and cash increased by 139% from HK\$706 million as at 30th June, 2004 to HK\$1,684 million as at 31st December, 2004.

The Group's gearing ratio (net debt to equity) was further improved to 32% as at 31st December, 2004 (30th June, 2004: 35%) and the gearing structure is set out below:

	As at 30th June, 2004 <i>HK\$ million</i>	As at 31st December, 2004 <i>HK\$ million</i>
Total Debt	5,719	5,623
Net Debt <small>(Note)</small>	3,255	3,005
Total Assets	15,338	15,357
Equity	<u>9,180</u>	<u>9,261</u>
Total Debt/Total Assets	37%	37%
Net Debt/Equity	<u>35%</u>	<u>32%</u>

*Note: Net debt is defined as total debt less bank balances and cash together with pledged bank deposits and debt securities investments.*

As at 31st December, 2004, bank and other borrowings of the jointly controlled entities proportionately shared by the Group amounted to HK\$4,801 million (30th June, 2004: HK\$4,881 million), with the following profile:

- (a) 98% was bank loans (30th June, 2004: 98%) and 2% was other loans (30th June, 2004: 2%); and
- (b) 73% was denominated in US dollars (30th June, 2004: 73%) and 27% was denominated in Renminbi (30th June, 2004: 27%).

## Interest Rate and Exchange Rate Exposures

There have been no significant changes in the Group's policy in terms of interest rate and exchange rate exposures. Neither the Group nor the jointly controlled entities have any financial derivative instruments to hedge the interest rate or foreign currency exchange rate exposures as the Hong Kong Dollar is pegged to US Dollar, and the exchange rate between Renminbi and Hong Kong Dollar is relatively stable. Business operations of the Group and its jointly controlled entities are mainly denominated in these three currencies.

## Treasury Policies

The Group continues to adopt prudent treasury policies in financial and funding management. Its liquidity and financial resources are reviewed on a regular basis to minimise the cost of funding and enhance the return on financial assets.

## Debt Maturity Profile

The maturity profile of bank and other borrowings of the jointly controlled entities proportionately shared by the Group at 31st December, 2004 as compared with that at 30th June, 2004 is shown as follows:

	As at 30th June, 2004	As at 31st December, 2004
Repayable within 1 year	4%	4%
Repayable between 1 to 5 years	31%	38%
Repayable beyond 5 years	<u>65%</u>	<u>58%</u>

The Group has no unconsolidated bank borrowings both at 31st December and 30th June, 2004. Bank borrowings of the jointly controlled entities carry floating interest rates.

## Charges on Assets

As at 31st December, 2004, certain assets of the jointly controlled entities of the Group have been pledged to banks with a total net book value of approximately HK\$7,658 million (30th June, 2004: HK\$7,647 million) to secure general banking facilities granted to the jointly controlled entities. The net book value of these assets are analysed as follows:

	As at 30th June, 2004 <i>HK\$' million</i>	As at 31st December, 2004 <i>HK\$' million</i>
Toll roads	7,266	7,155
Bank deposits	319	413
Other assets	<u>62</u>	<u>90</u>
	<u>7,647</u>	<u>7,658</u>

In addition, the toll collection rights of the Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the “GS Superhighway JV”) and Guangzhou E-S-W Ring Road Company Limited (the “Ring Road JV”) have been pledged to banks to secure general banking facilities granted to the respective jointly controlled entities and 65% of the toll collection right of Guangdong Guangzhou-Zhuhai West Superhighway Company Limited has been pledged to banks to secure general banking facilities granted to the jointly controlled entity.

### **Capital Commitments**

As at 31st December, 2004, the GS Superhighway JV and the Ring Road JV had outstanding commitments in respect of system for unification of toll collection and major repairs and maintenance contracted but not provided for amounting to approximately HK\$21 million (30th June, 2004: HK\$23 million).

### **Contingent Liabilities**

As at 31st December, 2004, there was no material change in contingent liabilities of the Group since the last financial year ended 30th June, 2004.

## **PROSPECTS**

### **Phases II and III of the Western Delta Route**

About 46 km, the Phase II of the Western Delta Route (“Phase II West”) will be an expressway project linking up the Phase I West and Zhongshan. In July 2004, the Group conditionally amended their agreements with the PRC partner of Phase I West to invest, construct and operate the Phase II West, details of which have been set out in the circular of the Company dated 21st August, 2004. In October 2004, the feasibility study report of Phase II West was approved. The project is expected to commence construction in 2005.

In addition, the Group is currently in the process of negotiating the terms of a possible co-operation with the PRC partner of Phase I West to also invest, construct and operate the Phase III of the Western Delta Route which will link up the Phase II West, Zhongshan and Zhuhai. On completion of the Western Delta Route, an arterial expressway system directly connecting Guangzhou, Nanhai, Shunde, Zhongshan and Zhuhai will be formed, creating a strategic route in that area.

### **Hong Kong-Zhuhai-Macau Bridge Project**

As a step to further advance the project, the Guangdong, Hong Kong SAR, and Macau SAR governments have commissioned in 2004 the China Highway Planning and Design Institute Consultants, Inc. to undertake a feasibility study of the Hong Kong-Zhuhai-Macau bridge project. It was reported in the media that the study was completed and a report had been submitted to the three governments for review in December 2004. The Group believes it is well positioned to play an important role in the Hong Kong-Zhuhai-Macau Bridge project once it proceeds.

## **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, 2004.

## **CODE OF BEST PRACTICE AND MODEL CODE**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not for any part of the six months ended 31st December, 2004, in compliance with the Code of Best Practice set out in the then Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”).

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (“the Code”). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Code for the period under review.

## **AUDIT COMMITTEE**

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of unaudited interim financial statements for the six months ended 31st December, 2004.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results of the Group for the six months ended 31st December, 2004 have been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

## **CHANGE OF DIRECTOR**

Mr. Christopher Shih Ming IP resigned as Executive Director of the Company with effect from 5th January, 2005. The Board would like to thank Mr. IP for his contributions to the Company during the tenure of his service.

By Order of the Board  
**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*

Hong Kong, 2nd March, 2005

*As at the date hereof, the Directors of the Company are:*

*Sir Gordon Ying Sheung WU, Mr. Eddie Ping Chang HO, Mr. Thomas Jefferson WU, Mr. Alan Chi Hung CHAN, Ir. Leo Kwok Kee LEUNG, Mr. Li Jia HUANG, Mr. Cheng Hui JIA, Mr. Philip Tsung Cheng FEI<sup>(#)</sup>, Mr. Lee Yick NAM<sup>(#)</sup>, Mr. Kojiro NAKAHARA<sup>(#)</sup> and Mr. Gordon YEN<sup>(#)</sup>*

*<sup>(#)</sup>Independent Non-Executive Director*

**CONDENSED CONSOLIDATED INCOME STATEMENT***For the six months ended 31st December, 2004*

		<b>Six months ended</b>	
		<b>31st December,</b>	
		<b>2003</b>	<b>2004</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	617,222	<b>741,290</b>
Other operating income	5	42,951	<b>55,608</b>
Toll operation expenses		(49,824)	<b>(72,831)</b>
Depreciation and amortisation charges		(112,746)	<b>(129,596)</b>
General and administrative expenses		(47,023)	<b>(46,102)</b>
Profit from operations	6	450,580	<b>548,369</b>
Finance costs	7	(76,053)	<b>(91,277)</b>
Profit before tax		374,527	<b>457,092</b>
Income tax expense	8	(6,149)	<b>(17,258)</b>
Profit after tax		368,378	<b>439,834</b>
Minority interests		(7,708)	<b>(9,041)</b>
Profit for the period		<u>360,670</u>	<u><b>430,793</b></u>
Dividends	9	<u>288,006</u>	<u><b>295,908</b></u>
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
Basic	10	<u>13.17</u>	<u><b>14.94</b></u>
Diluted		<u>13.16</u>	<u><b>14.86</b></u>



**CONDENSED CONSOLIDATED BALANCE SHEET***At 31st December, 2004*

	30th June, 2004 (audited) <i>HK\$'000</i>	31st December, 2004 (unaudited) <i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property and equipment	9,678,199	9,584,319
Additional investment cost in jointly controlled entities	1,860,952	1,838,956
Investment in toll road project under development	37,889	37,948
Loans to jointly controlled entities	1,149,731	1,143,401
Investments in securities – mature after one year	711,398	–
	<hr/> 13,438,169	<hr/> 12,604,624
<b>Current Assets</b>		
Inventories	2,269	2,304
Other receivables, deposits and prepayments	82,666	61,229
Interest receivable from a joint venture partner	63,001	70,939
Investments in securities – mature within one year	1,046,195	934,122
Pledged bank deposits	319,211	413,299
Bank balances and cash	386,645	1,270,584
	<hr/> 1,899,987	<hr/> 2,752,477
<b>Total Assets</b>	<hr/> <b>15,338,156</b>	<hr/> <b>15,357,101</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	288,059	288,422
Reserves	8,891,708	8,972,421
	<hr/> 9,179,767	<hr/> 9,260,843
<b>Minority Interests</b>	<hr/> 32,239	<hr/> 33,941
<b>Non-current Liabilities</b>		
Bank and other loans – due after one year	4,710,522	4,605,201
Loans from joint venture partners	837,512	822,107
Deferred tax liabilities	138,289	155,414
	<hr/> 5,686,323	<hr/> 5,582,722
<b>Current Liabilities</b>		
Other payables, accruals and deposits received	188,673	191,578
Bank and other loans – due within one year	170,823	195,810
Interest payable to a jointly controlled entity	77,364	87,469
Other interests payable	2,967	4,738
	<hr/> 439,827	<hr/> 479,595
<b>Total Liabilities</b>	<hr/> 6,126,150	<hr/> 6,062,317
<b>Total Equity and Liabilities</b>	<hr/> <b>15,338,156</b>	<hr/> <b>15,357,101</b>

*Notes:*

## **1. BASIS OF PREPARATION**

The condensed financial statements which include condensed consolidated income statement and condensed consolidated balance sheet 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 (the “Listing Rules”) and with International Accounting Standard 34 “Interim Financial Reporting”.

## **2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS**

In 2004, the International Accounting Standards Board (“IASB”) issued a number of new or revised International Accounting Standards and International Financial Reporting Standards (“IFRSs”) (herein collectively referred to as “new IFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new IFRSs in the interim financial statements for the six months ended 31st December, 2004.

In 2004, IASB issued IFRS 2 “Share-based Payment”, which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of share or rights over shares (“cash-settled transactions”). The principal impact of IFRS 2 on the Group is in relation to the expensing of directors’ and employee’s share options of the Company. Currently, the Group does not expense the share options issued by the Company.

The Group intends to take advantage of the transitional provisions set out in IFRS 2. In relation to share options granted on or before 7th November, 2002 and share options granted after 7th November, 2002 and vested before 1st January 2005, the Group does not intend to recognise and expense those share options.

## **3. PRINCIPAL ACCOUNTING POLICIES**

The condensed financial statements have been prepared under the historical cost convention. The assets, liabilities and results of operations of jointly controlled entities are accounted for by proportionate consolidation. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30th June, 2004.

## **4. TURNOVER AND SEGMENT INFORMATION**

Turnover represents the Group’s proportionate share of the jointly controlled entities’ toll fee income received and receivable from the operations of toll roads, net of business tax.

The Group has only one business segment, namely the development, operation and management of toll roads in the PRC through its jointly controlled entities established in the PRC.

No geographical segment analysis is presented as the directors consider that the Group has only one single geographical segment.

## 5. OTHER OPERATING INCOME

	Six months ended 31st December,	
	2003	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from:		
A jointly controlled entity	9,314	9,864
A joint venture partner	8,622	8,243
Bank deposits	4,060	3,289
Held-to-maturity debt securities (after netting off of amortisation of premium on acquisition of held-to-maturity debt securities of HK\$28,846,000 (six months ended 31st December, 2003: HK\$17,843,000))	8,615	16,379
Rental income	1,875	500
Reimbursement of operating expenses from jointly controlled entities	2,200	2,200
Other income	8,265	15,133
	<u>42,951</u>	<u>55,608</u>

## 6. PROFIT FROM OPERATIONS

	Six months ended 31st December,	
	2003	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Amortisation of additional investment cost in jointly controlled entities	19,614	21,996
Depreciation of:		
Toll roads	91,440	105,005
Other property and equipment	1,692	2,595
	<u>112,746</u>	<u>130,596</u>

## 7. FINANCE COSTS

	Six months ended 31st December,	
	2003	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans	63,017	78,475
Loan from a jointly controlled entity	10,468	10,297
Loan from a joint venture partner	149	149
Other loan wholly repayable within five years	2,328	2,356
	<u>75,962</u>	<u>91,277</u>
Other financial expenses	91	-
Total borrowing costs	<u>76,053</u>	<u>91,277</u>

## 8. INCOME TAX EXPENSE

	Six months ended 31st December,	
	2003 HK\$'000	2004 HK\$'000
PRC income tax	119	133
Write back of provision of income tax in prior year	(50)	–
Deferred taxation	6,080	17,125
	<u>6,149</u>	<u>17,258</u>

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong.

Pursuant to relevant laws and regulations in the PRC, the Group's jointly controlled entities are entitled to certain exemption and relief from PRC income tax.

## 9. DIVIDENDS

	Six months ended 31st December,	
	2003 HK\$'000	2004 HK\$'000
Interim dividend declared HK10.25 cents (six months ended 31st December, 2003: HK10 cents) per share	288,006	295,692
Final dividend for the year ended 30th June, 2004 paid on shares issued subsequent to approval of the financial statements	–	216
	<u>288,006</u>	<u>295,908</u>

A final dividend of HK12.5 cents per share (year ended 30th June, 2003: nil) for the financial year ended 30th June, 2004 was paid to shareholders in October 2004.

The directors have declared that an interim dividend in respect of the financial year ending 30th June, 2005 of HK10.25 cents (year ended 30th June, 2004: HK10 cents) per share totalling approximately HK\$295,692,000 (year ended 30th June, 2004: HK\$288,006,000) shall be paid to the shareholders of the Company whose names appear on the Register of Members on 24th March, 2005.

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Six months ended</b>	
	<b>31st December,</b>	
	2003	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share	<u>360,670</u>	<u>430,793</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,739,163,315	2,883,598,357
Effect of dilutive potential ordinary shares:		
Warrants	745,680	15,164,614
Share options	<u>—</u>	<u>88,418</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,739,908,995</u>	<u>2,898,851,389</u>

## 11. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31st December, 2004 amounted to approximately HK\$14,877,506,000 (30th June, 2004: HK\$14,898,329,000). The Group's net current assets at 31st December, 2004 amounted to approximately HK\$2,272,882,000 (30th June, 2004: HK\$1,460,160,000).

*\* for identification only*

“Please also refer to the published version of this announcement in the South China Morning Post”