

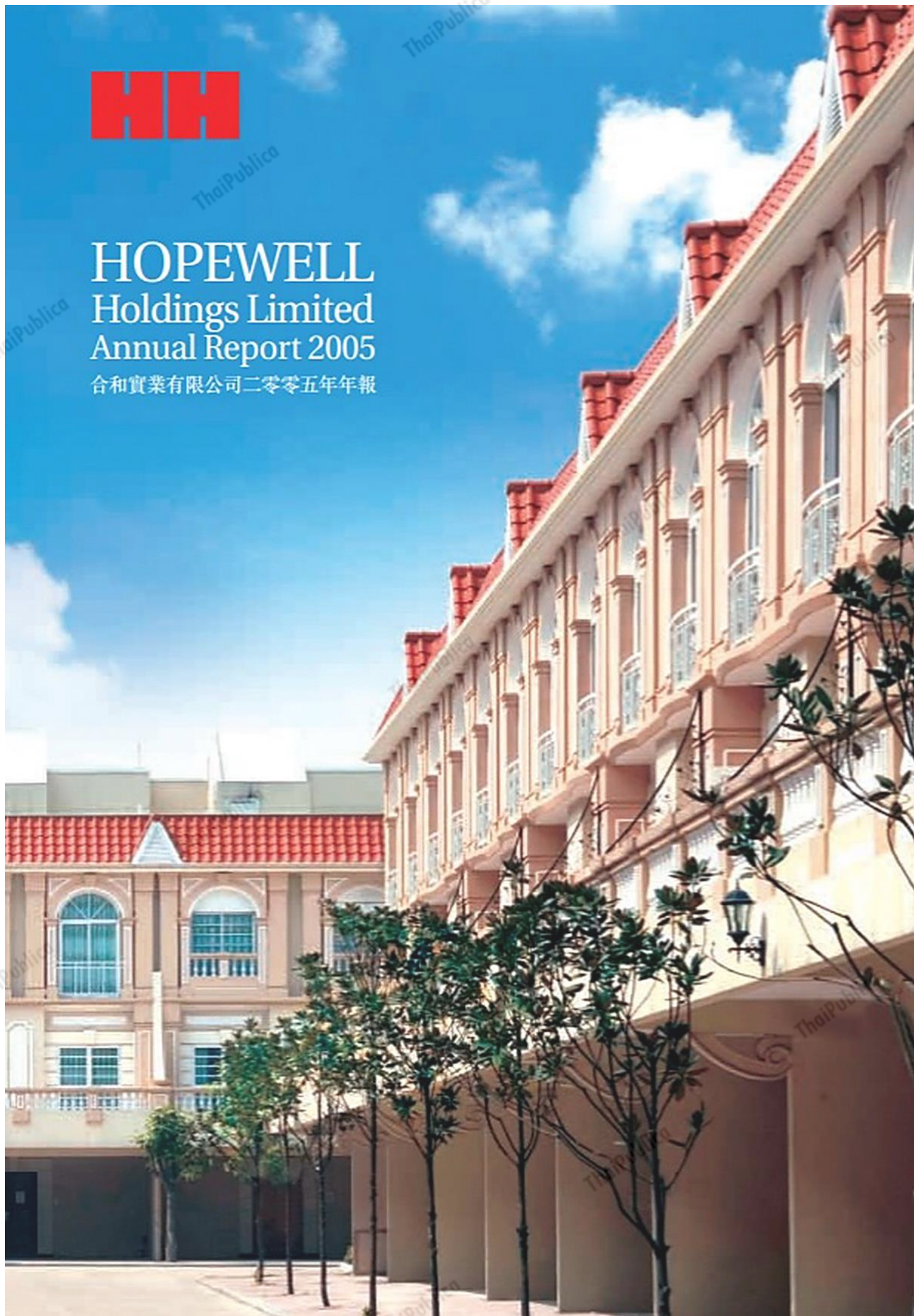


# HOPEWELL

## Holdings Limited

### Annual Report 2005

合和實業有限公司二零零五年年報





## OTHER PROJECTS

### Shunde Roads & Shunde 105 Road

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Disposal of the Group's interests in Shunde Roads and Shunde 105 Road projects became effective during the year under review.

For the Shunde Roads project, a portion of the consideration amounting to HK\$583 million was received. A disposal gain of approximately HK\$313 million (mainly representing the recovery of prior years' losses) was recognized in the year under review. The remaining outstanding balance of approximately HK\$240 million, being unsecured, is receivable in three equal annual installments commencing December 2005 and such amount will be recognized as gains as and when received.

The cash consideration of HK\$438 million for the Shunde 105 Road project was received in full during the year under review. A disposal gain of approximately HK\$183 million was accounted for in these final results.

### Tanjung Jati B Power Plant Project ("TJB") in Indonesia

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A gain of HK\$449 million for the TJB disposal was recognized in the year under review (2004: HK\$580 million). Up to 30th June, 2005, the TJB disposal has generated a net cash surplus of HK\$1,497 million to the Group.

### South Luzon Tollway

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Disposal of the Group's interest in the South Luzon Tollway project in the Philippines at a consideration of HK\$6.9 million was completed in April 2005. A gain of HK\$6.5 million was recognized in the year under review.

### Bangkok Elevated Road and Train System ("BERTS")

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The Group continued its efforts during the financial year to seek a resolution for the BERTS project.

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 25. OTHER INVESTMENT PROJECT

A subsidiary, Hopewell (Thailand) Limited ("HTL"), entered into a concession agreement with The Ministry of Transport and Communications of Thailand ("MOTC") and The State Railway of Thailand ("SRT") for the construction and operation of an elevated road and train system within the Bangkok Metropolitan area known as the Bangkok Elevated Road and Train System ("BERTS") and for the development of commercial and residential properties along the concession area. The Group has received notices of termination of the concession agreement from MOTC and SRT which has been disputed by HTL. Details of the disputes are set out in note 41(b).

Full provision had been made by the Group against the cost of development incurred for the BERTS project in prior years amounted to HK\$5,313 million (2004: HK\$5,313 million).

## 26. INVESTMENTS IN SECURITIES

	The Group		The Company	
	2004	2005	2004	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Held-to-maturity debt securities listed overseas (Note)	1,757,592	737,591	–	–
Investment securities				
Unlisted equity investments, at cost	88,776	92,403	3,000	3,000
Less: Impairment loss recognised	(68,231)	(70,289)	–	–
	20,545	22,114	3,000	3,000
	1,778,137	759,705	3,000	3,000
Carrying amount analysed for reporting purposes:				
Non-current	731,942	22,114	3,000	3,000
Current	1,046,195	737,591	–	–
	1,778,137	759,705	3,000	3,000

Note: During the year, held-to-maturity debt securities with aggregate carrying amounts of approximately HK\$1,116 million (2004: HK\$244 million) and HK\$162 million (2004: Nil) were respectively redeemed upon maturity and disposed of. The held-to-maturity debt securities carried interests ranging from 1.6% to 7.6% per annum. The market value of the held-to-maturity debt securities at the balance sheet date approximates the carrying amount of these securities.



# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 41. CONTINGENCIES (continued)

### (b) Transport system in Thailand

The Ministry of Transport and Communications of Thailand ("MOTC") has issued termination notices to Hopewell (Thailand) Limited ("HTL") to terminate the concession agreement entered into with HTL and reserved the right to claim for any damages arising from such termination. MOTC has also issued a letter to seize all the concession payments made by HTL and the performance bond of approximately HK\$94 million (2004: HK\$95 million) issued by a bank on behalf of HTL which was secured by the pledge of the Group's bank deposits of the same amount. However, the Government party has been unable to seize the bond since grounds for termination are disputed. In 1998, MOTC confirmed the termination of the concession agreement and stated that HTL will be informed of the amount of damages in future. On the other hand, HTL contended that the concession has been confiscated or expropriated by MOTC outside the terms of the concession agreement and is claiming against MOTC for damages of the revised sum of approximately Baht 60 billion arising from the termination of the concession agreement and demanded MOTC to release the aforesaid performance bond. During the year, HTL has commenced arbitration proceedings, however, the directors consider it impracticable at this stage to assess the outcome of the actions taken.

### (c) Other project

During the year, the legal action taken by a supplier against a subsidiary claiming, inter alia, compensation for alleged breach of contract of approximately HK\$33 million in connection with the construction of a road project in prior years was settled, resulting in no loss to the Group as the amount of settlement has been previously provided for.

### (d) Guarantees

- (i) The bank loan facility of a jointly controlled entity of HK\$691 million (2004: HK\$698 million) utilised as at the balance sheet date is guaranteed by the Group.
- (ii) The credit facilities of the Company's subsidiaries to the aggregate extent of HK\$5,579 million (2004: HK\$4,725 million), of which HK\$66 million (2004: HK\$1,246 million) was utilised at the balance sheet date, are guaranteed by the Company.

## 42. RETIREMENT BENEFIT SCHEME

The Group has established a Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to the income statement represent contributions payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK\$20,000. At the balance sheet date, there were no forfeited contributions available to reduce future obligations. The contributions made by the Group to the MPF Scheme for the year are HK\$6,486,000 (2004: HK\$6,841,000).

# Notes to the Financial Statements (continued)

For the year ended 30th June, 2005

## 43. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued ordinary capital held by the Company		Principal activities
		Directly %	Indirectly %	
Incorporated in the Cayman Islands:				
Delta Roads Limited (i)	46,422 shares of HK\$10 each	-	100	Investment holding
Hopewell Highway Infrastructure Limited (iv)	2,888,382,761 shares of HK\$0.1 each	-	74.78	Investment holding
Incorporated in Thailand:				
Hopewell (Thailand) Limited	1,500,000,000 shares of Baht 10 each	100	-	Investment in an elevated road and train system
Incorporated in Indonesia:				
P.T. Hi Power Tubanan I	179,125 shares of US\$100 each	-	80	Development of a power station project

### Notes:

- (i) Operating principally in Hong Kong
- (ii) Operating principally in the PRC
- (iii) Sino foreign cooperative joint venture registered in the PRC
- (iv) Hopewell Highway Infrastructure Limited, a company listed on the Hong Kong Stock Exchange, is operating in Hong Kong and in the PRC through its subsidiaries and jointly controlled entities.

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participation in any distribution on winding up.

Particulars of the subsidiaries, including those subsidiaries not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Companies Ordinance.