

Hongkong Electric Holdings Ltd

香港電燈集團有限公司

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE 10th March 2006

Securities & Exchange Commission
Office of International Corporate Finance
450 Fifth Street N.W.
Washington, D.C. 20549
U.S.A.

SUPPL

Dear Sirs,

Hongkong Electric Holdings Limited
Rule 12g3-2(b) Materials
File No. 82-4086

The following materials are enclosed pursuant to Rule 12g3-2(b)(1)(iii) under the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the exemption from reporting under that Rule by Hongkong Electric Holdings Limited:

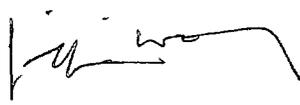
Press Announcement on 2005 Annual results dated 9th March 2006 and
Notice of Annual General Meeting

Pursuant to Rule 12g3-2(b)(4) and (5), the enclosed materials shall not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act, and the furnishing of such materials shall not constitute an admission for any purpose that Hongkong Electric Holdings Limited is subject to the Exchange Act.

Yours faithfully,



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Lillian Wong
COMPANY SECRETARY

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香港電燈集團有限公司 Hongkong Electric Holdings Ltd.

(Incorporated in Hong Kong with limited liability)
(Stock code: 006)

2005 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

The results of the Group for 2005 were mixed. In Hong Kong, the earnings from our Hong Kong operations were HK\$5,508 million compared with HK\$5,521 million in 2004. On the other hand, our strategy of investing internationally so as to decrease our reliance on Hong Kong earnings produced excellent results in 2005, with earnings of HK\$3,054 million compared to HK\$735 million in 2004.

This was the third year in succession that the electric utility in Hong Kong has not earned its permitted return under the scheme of control under which it operates. For 2005, the shortfall in permitted return together with the special subsidy paid to customers amounted to approximately HK\$1 billion, bringing to more than HK\$2 billion the total amount of its permitted return that the Company has foregone in the past 3 years in order to benefit customers by charging lower electricity tariffs than it is entitled to do. In addition, for the last several years the Company has not imposed additional tariffs to establish a development fund as would have been permitted under the scheme of control. In spite of all this, we have always maintained the highest standards of reliability and quality of electricity supply. In 2005, our customers once again enjoyed over 99.999% reliability in electricity supply. Considering the vital importance to Hong Kong of its role as an international financial and commercial centre and the fact that more than 50% of our customers live or work above the fifteenth floor, we believe that maintaining this high standard must continue to be our highest priority, and that it should not in any circumstance be put at risk.

Our operations outside Hong Kong reported an increase of over 90% in operating earnings before proceeds of disposition and non-cash tax adjustments, from HK\$145 million in 2004 to HK\$846 million in 2005. In addition, the Company also recorded a non-recurring gain of HK\$1,560 million on the disposal of part of our interest in our Australian operations in December 2005 (2004: Nil) and non-cash tax adjustments of HK\$648 million (2004: HK\$290 million).

Results, Final Dividend and Special Dividend

The Group's audited consolidated net profit after tax for the year ended 31st December 2005 was HK\$8,562 million (2004 as restated: HK\$6,256 million), an increase of 37%. The Directors will recommend a final dividend of HK\$1.01 per share and a special dividend of HK\$0.73 per share. Together with the interim dividend of HK\$0.58 per share, this will give a total dividend of HK\$2.32 per share for the year (2004: HK\$1.77).

Hong Kong Operations

Unit sales growth in electricity for 2005 was 1.5%. Of the 10,755 million kWh of electricity sold, commercial sales made up 73.2%, domestic sales 22.7% and industrial sales 4.1%. Maximum demand in 2005 was 2,565 MW compared with 2,588 MW in 2004.

Our continuing program to lower emissions from the Lamma Power Station by reducing our reliance on coal-fired generation progressed well in 2005 as construction of our Lamma Power Station Extension for Unit 9, which will be our first gas fired unit, moved towards completion. We expect Unit 9 will be completed and ready to receive gas by mid 2006. During the year, we also added our first renewable energy source for Hong Kong with the construction of Hong Kong's first wind turbine on Lamma Island. The 800 kW turbine started to generate electricity in September 2005 and we are currently evaluating the commercial viability of building additional wind turbine units in the future.

The price of coal remained well above historic levels in 2005 providing challenges for us. We were able in part to mitigate higher coal costs by adjusting the varieties of coal we consume. We expect coal prices will remain volatile in 2006. In 2005, we continued with our improvement and refurbishment of our transmission and distribution system to ensure supply meets demand. The installation of the 275 kV cable circuit from Lamma Island to the Marsh Road switching station made good progress with the laying of the submarine cables across the east Lamma channel commencing in November and construction of the switching station commencing in December.

In 2005, we maintained our record of achieving a supply reliability rating of 99.999%, a mark continuously achieved since 1997. Our customers demonstrated their satisfaction with our service by making a record number of commendations in 2005.

We continued to participate in community and environmental activities in 2005. The Hongkong Electric volunteers' team, which now numbers over 700, undertook various community service activities in 2005. We also continued with our "Smart Power" campaign which aims to promote energy conservation and efficiency among students. During the year, close to 4,000 students from 23 primary schools took part in various activities under this program. In November 2005, we launched a new round of activities with the theme of renewable energy.

International Operations

Our Australian operations continued to perform well in 2005. Solid financial performance was achieved through a combination of increased electricity consumption, customer growth and a focus on operational efficiency. In December 2005, we sold a partial interest in our Australian businesses. This enabled us to realize a substantial part of the increase in value of our investment in the businesses while at the same time maintaining an operating interest in the businesses going forward. Non-recurring gain from this disposition was HK\$1,560 million.

In June 2005, we completed the acquisition of a 19.9% stake in Northern Gas distribution networks. Northern Gas is one of eight gas distribution networks in the U.K. The business has already made a strong start in achieving both its operational and financial targets.

In Thailand financing arrangements for the construction of a 1,400 MW gas fired power station in Ratchaburi province have been concluded and construction work is currently scheduled to commence in 2006. The Group has a 25% interest in the project.

Future Development of the Electricity Market in Hong Kong

Hong Kong depends on a reliable and uninterrupted electricity supply to maintain its position as a leading financial and commercial centre and assure the safety and comfort for our dense urban population. For over 100 years since 1890, we have met Hong Kong's needs with an exceptional track record of success. Any proposals to change the existing arrangements for the electricity market in Hong Kong should only be made after very careful and extensive consideration and consultation, and with the agreement of the industry. We will be making a submission to the Government in respect of the stage II consultation paper outlining the Company's concerns regarding the arrangements proposed in that paper particularly as they relate to the permitted rate of return, the duration of the regulatory framework and changes to emission penalties. We will be stating in that submission as we have already publicly stated that certain of the arrangements as currently proposed in the consultation paper are entirely unacceptable to the Company. As we progress through this consultation process, we will continue to work with the Government on the many issues that need to be addressed in the hopes of achieving a reasonable commercial outcome that safeguards the vital interests of our consumers in continued security of supply.

The current high standard of reliability and security of electricity supply in Hong Kong is a fact that is often taken for granted. This should not be the case. In effect, the reliability and security of supply enjoyed by Hong Kong consumers reflects the success of the current scheme of control both in assuring the timely availability of long term investment capital necessary to sustain it, as well as in encouraging a prudent operating and cost structure to deliver it. Any change proposed to be made to the existing electricity supply arrangements must be such that Hong Kong can be absolutely certain that what has been achieved so well in terms of reliability and stability of electricity supply to date will not be placed in jeopardy in future.

Outlook

We expect Hong Kong's economy will remain robust in 2006. However, we also expect continued high coal and natural gas prices to provide challenges for our generating businesses going forward. In Hong Kong, we expect low growth in electricity sales in 2006, continuing the trend we have seen in 2005. Internationally, we will continue to look for suitable investment opportunities to further reduce our earnings reliance on Hong Kong.

On 1st November 2005, Mr. George Magnus retired as Chairman and as an executive director of the Company. Mr. Magnus was appointed an executive director of the Company in 1985 and as Chairman in 1993. I would like, on behalf of the Board, to express our deep appreciation for his valuable advice and contribution over the years. Going forward, I am glad that the Company will continue to benefit from his experience in his capacity as a non-executive director.

The Company's achievements in 2005 could not have been made without the contribution and skill of our employees and the guidance of the Board of Directors and I would like to express my gratitude to them for their efforts in 2005.

Canning Fok Kin-ning
Chairman

Hong Kong, 9th March 2006.

FINANCIAL REVIEW

Capital Expenditure, Liquidity, Financial Resources and Gearing Ratio

Capital expenditure during the year amounted to HK\$3,005 million, which was primarily funded by cash from operations. Total external borrowings outstanding at year-end were HK\$10,645 million (2004: HK\$12,997 million), comprising unsecured bank loans, unsecured deferred creditors and debt securities in issue. In addition, the Group has undrawn committed bank facilities of HK\$3,465 million (2004: HK\$5,376 million) and available liquid funds of HK\$4,561 million (2004: HK\$1,426 million). Gearing ratio (net debt/shareholders' funds) at 31st December 2005 was 15% (2004: 31%).

Treasury Policies, Financing Activities and Capital Structure

We finance our operations and business expansion by a combination of internal resources, bank borrowings and debt issuance. We manage our financing activities to ensure that committed facilities are available for refinancing and business growth.

Capitalising on the liquidity in debt markets and the low interest rate environment, Hongkong Electric, through its subsidiary Hongkong Electric Finance Limited, issued HK\$500 million 4.15% p.a. fixed rate notes due 2015 in May 2005. The issue was made out of the Medium Term Note Programme established in 2002.

In December 2005, the Group disposed of a 22.07% attributable interest in its Australian electricity distribution business. The disposal generated a A\$948 million (HK\$3,405 million) cash inflow for the Group, A\$488 million (HK\$2,781 million) of which was utilised to reduce borrowings associated with the investment in the distribution business.

At 31st December 2005, the profile of our external borrowings after taking into account currency and interest rate swaps was as follows:

- (1) 68% in Hong Kong dollars and 32% in Australian dollars;
- (2) 76% in bank loans, 23% in capital market instruments and 1% in suppliers' credits;
- (3) 4% is repayable within 1 year, 87% is repayable between 2 to 5 years and 9% is repayable beyond 5 years;
- (4) 65% in fixed rate or capped rate and 35% in floating rate.

Currency and interest rate risks are actively managed in accordance with our treasury policy. We use derivative financial instruments primarily for managing interest rate and foreign currency risks and do not engage in speculative transactions. Treasury transactions are only executed with counterparties with acceptable credit ratings to control credit risk exposure. Foreign currency transaction exposure is managed, utilising forward contracts and interest rate and currency swaps. As at 31st December 2005, approximately 80% of the Group's transaction exposure was either denominated in US dollars or hedged into Hong Kong or US dollars. Currency exposure arising from overseas investments is mitigated by financing those investments with local currency borrowings.

The Group's policy is to maintain a substantial portion of its debt in fixed or capped rate. Interest rate risk is managed by either securing fixed or floating rate borrowings or by using interest rate swaps and caps. The contractual notional amounts of derivative instruments outstanding at 31st December 2005 amounted to HK\$10,210 million (2004: HK\$20,598 million).

Contingent Liabilities

As at 31st December 2005, the Company has issued guarantees in respect of development security of an associate amounting to HK\$33 million (2004: HK\$35 million).

The Company has given guarantees and indemnities in respect of bank and other borrowing facilities available to subsidiaries and financial commitments of subsidiaries totalling HK\$5,002 million (2004: HK\$11,136 million). Out of this amount, HK\$4,781 million (2004: HK\$9,238 million), while being a contingent liability of the Company, is reflected in the Consolidated Balance Sheet of the Group.

A wholly owned subsidiary of the Company, The Hongkong Electric Company, Limited, has given guarantees to third parties in respect of the value of leased equipment of HK\$210 million (2004: HK\$210 million) at expiry of the lease.

Employees

The Group continues its policy of pay by performance and market pay rates are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the year ended 31st December 2005, excluding directors' emoluments, amounted to HK\$889 million (2004: HK\$945 million). As at 31st December 2005, the Group employed 1,987 (2004: 2,045) permanent staff. No share option scheme is in operation.

Apart from well-established training schemes for university graduates, trainee technicians and apprentices, the Group also provides training for employees in language, computer knowledge and technology relevant to our industry. As well there are job-related courses to enhance the general skills and knowledge of our employees.

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OTHER INFORMATION

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

Code on Corporate Governance Practices

With the exception that Non-executive Directors are not appointed for a specific term, the Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31st December 2005. According to the Company's Articles of Association, the Non-executive Directors will retire from office by rotation and be re-elected once every three years.

Proposed Amendments to the Articles of Association

It is proposed that certain amendments be made to the Company's Articles of Association. A special resolution for approving the amendments will be proposed to the shareholders of the Company at the Annual General Meeting to be held on Thursday, 11th May 2006. Particulars of the proposed amendments are set out in the circular which will be sent to shareholders in the near future.

Book Closure

The register of members will be closed from Thursday, 4th May 2006 to Thursday, 11th May 2006, both days inclusive. To qualify for the final dividend and special dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 3rd May 2006.

Board Composition

As at the date of this announcement, the Directors of the Company are Mr. FOK Kin Ning, Chairman (Chairman), Mr. TSO Kai Sum (Group Managing Director), Mr. Andrew J. HUNTER, Mr. KAM Hing Lam, Mr. LEE Lan Yee, Francis, Mr. LI Tzar Kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT and Mr. WAN Chi Tin as Executive Directors; Mr. Ronald Joseph ARCULLI, Mrs. CHOW WOO Mo Fong, Susan, Mr. George Colin MAGNUS and Mr. YEE Lup Yuen, Ewan as Non-executive Directors; and Mr. Holger KLUGE, Mr. Ralph Raymond SHEA and Mr. WONG Chung Hin as Independent Non-executive Directors.

AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2005

	Note	2005 HK\$ million	2004 HK\$ million restated
Turnover	3	11,622	11,407
Direct costs		(4,038)	(3,999)
Other revenue and net income		7,584	7,408
Other operating costs		(1,059)	(938)
Finance costs		(888)	(760)
		(588)	(569)
Operating profit		7,167	7,017
Profit on disposal of interests in associates		1,560	—
Share of profits less losses of associates	4	1,050	419
Profit before taxation	5	9,777	7,436
Income tax:	6		
Current		(1,007)	(1,048)
Deferred		(208)	(132)
		(1,215)	(1,180)
Profit after taxation		8,562	6,256
Scheme of Control transfer:			
From/(To):			
Development Fund		—	—
Rate Reduction Reserve		—	—
		—	—
Profit attributable to equity shareholders			
Local activities		5,508	5,521
Overseas activities		3,054	735
Profit for the year		8,562	6,256
Dividends payable to equity shareholders of the Company attributable to the year:	7		
Interim dividend paid during the year		1,238	1,238
Final dividends proposed after the balance sheet date			
Ordinary		2,156	2,540
Special		1,558	—
		4,952	3,778
Earnings per share	8	\$4.01	\$2.93
Dividends per share	7		
Ordinary		\$1.59	\$1.77
Special		0.73	—
Total		\$2.32	\$1.77

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2005

Note	2005 HK\$ million	2004 HK\$ million restated
Non-current assets		
Fixed assets		
— Property, plant and equipment	38,294	38,582
— Assets under construction	5,524	3,810
— Interests in leasehold land held for own use under operating leases	2,440	2,484
	46,258	45,276
Interest in associates	5,780	8,514
Other non-current financial assets	1,682	39
Derivative financial instruments	29	—
Deferred tax assets	14	—
Employee retirement benefit assets	170	296
	53,933	54,525
Current assets		
Inventories	445	466
Trade and other receivables	1,090	1,059
Fuel Clause Account	1,079	1,197
Cash and cash equivalents	4,561	1,426
	7,175	4,158
Current liabilities		
Trade and other payables	(1,068)	(1,282)
Bank overdrafts — unsecured	(8)	(5)
Current portion of bank loans and other borrowings	(354)	(1,400)
Current taxation	(220)	(229)
	(1,650)	(2,916)
Net current assets	5,525	1,242
Total assets less current liabilities	59,458	55,767
Non-current liabilities		
Interest-bearing borrowings	(10,209)	(10,832)
Deferred creditors and other payables	(52)	(569)
Derivative financial instruments	(287)	—
Customers' deposits	(1,508)	(1,455)
Deferred tax liabilities	(5,382)	(5,237)
Employee retirement benefit liabilities	(335)	(102)
	(17,773)	(18,195)
Rate Reduction Reserve	—	—
Development Fund	—	—
NET ASSETS	41,685	37,572
CAPITAL AND RESERVES		
Share capital	2,134	2,134
Reserves	39,551	35,438
Total equity attributable to equity shareholders of the Company	41,685	37,572

Notes to Annual Results

1. Review of Annual Results

The annual results have been reviewed by the Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2005 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. Changes in Accounting Policies

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are effective for the accounting periods beginning on or after 1st January 2005.

In 2005, the Group has adopted all the HKFRSs pertinent to its operations. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

Except for the early adoption of the Amendment to HKAS 19 Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(a) Restatement of Prior Periods and Opening Balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to each of the line items in the Consolidated Profit and Loss Account and Consolidated Balance Sheet and other significant related disclosure items as previously reported for the year ended 31st December 2004.

Effect on the Consolidated Profit and Loss Account for the year ended 31st December 2004

HK\$ million	Effect of New Policy (increase/(decrease) in profit for the year)					2004 (as previously reported)	2004 (restated)
	HKAS 1 (note 2(c))	HKAS 17 (note 2(e))	HKAS 28 (note 2(f))	Sub-total			
Operating profit	7,017	—	—	—	—	7,017	
Share of profits less losses of associates	314	129	—	(24)	105	419	
Profit before taxation	7,331	129	—	(24)	105	7,436	
Income tax:							
Current	(1,048)	—	—	—	—	(1,048)	
Deferred	(3)	(129)	—	—	(129)	(132)	
	(1,051)	(129)	—	—	(1,180)		
Profit after taxation	6,280	—	—	(24)	(24)	6,256	
Scheme of control transfers	—	—	—	—	—	—	
Profit attributable to equity shareholders							
Local activities	5,521	—	—	—	—	5,521	
Overseas activities	735	—	—	(24)	(24)	735	
Profit for the year	6,280	—	—	(24)	(24)	6,256	
Earnings per share (\$)	2.94	—	—	(0.01)	(0.01)	2.93	
Other significant disclosure items:							
Depreciation	(1,305)	—	55	—	55	(1,250)	
Amortisation of leasehold land	—	—	(55)	—	(55)	(55)	

Effect on Consolidated Balance Sheet at 31st December 2004

HK\$ million	Effect of New Policy (increase/(decrease) in net assets)				2004 (as previously reported)	2004 (restated)
	HKAS 17 (note 2(e))	HKAS 28 (note 2(f))	Sub-total			
Non-current assets						
Fixed assets						
— Property, plant and equipment	4,308	(2,326)	—	(2,326)	38,982	
— Assets under construction	3,968	(158)	—	(158)	3,810	
— Interests in leasehold land held for own use under operating leases	—	2,484	—	2,484	2,484	
	45,276	—	—	—	45,276	
Interest in associates	9,198	—	(284)	(284)	8,914	
Other non-current assets	335	—	—	—	335	
	54,809	—	(284)	(284)	54,525	
Current assets	4,158	—	—	—	4,158	
Current liabilities	(2,916)	—	—	—	(2,916)	
Net current assets	1,242	—	—	—	1,242	
Total assets less current liabilities	56,051	—	(284)	(284)	55,767	
Non-current liabilities	(18,195)	—	—	—	(18,195)	
NET ASSETS	37,856	—	(284)	(284)	37,572	
CAPITAL AND RESERVES						
Total equity attributable to equity shareholders of the Company						
Share capital	2,134	—	—	—	2,134	
Share premium	4,476	—	—	—	4,476	
Exchange reserve	428	—	(79)	(79)	349	
Reserve reserve	28,278	—	(205)	(205)	28,073	
Proposed dividend	2,540	—	—	—	2,540	
	37,856	—	(284)	(284)	37,572	

(b) Estimated Effect of Changes in Accounting Policies on the Current Period

The following tables provide estimates of the extent to which each of the line items in the Consolidated Profit and Loss Account and Consolidated Balance Sheet and other significant related disclosure items for the year ended 31st December 2005 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

Estimated effect on the Consolidated Profit and Loss Account for the year ended 31st December 2005

HK\$ million	Estimated Effect of New Policy (increase/(decrease) in profit for the year)					Total
	HKAS 1 (note 2(c))	HKAS 17 (note 2(e))	HKAS 19 (note 2(i))	HKAS 28 (note 2(f))	HKAS 32 & 39 (note 2(g))	
Other operating costs	—	—	9	—	18	27
Finance costs	—	—	—	—	1	1
Operating profit	—	—	9	—	19	28
Share of profits less losses of associates	477	—	—	49	—	526
Profit before taxation	477	—	9	49	19	554
Income tax:						
Current	—	—	—	—	—	—
Deferred	(477)	—	(3)	—	—	(479)
	(477)	—	(3)	—	—	(479)
Profit after taxation	—	—	7	49	19	75
Scheme of control transfers	—	—	—	—	—	—
Profit attributable to equity shareholders						
Local activities	—	—	7	—	—	7
Overseas activities	—	—	—	49	19	68
Profit for the year	—	—	7	49	19	75
Earnings per share (\$)	—	—	0.02	0.01	0.01	0.03
Other significant disclosure items:						
Staff costs	—	—	9	—	—	9
Depreciation	—	54	—	—	—	54
Amortisation of leasehold land	—	—	(54)	—	—	(54)

Estimated effect on the Consolidated Balance Sheet at 31st December 2005

HK\$ million	Estimated Effect of New Policy (increase/(decrease) in net assets)				Total
	HKAS 17 (note 2(e))	HKAS 19 (note 2(i))	HKAS 28 (note 2(f))	HKAS 32 & 39 (note 2(g))	
Non-current assets					
Fixed assets					
— Property, plant and equipment	(2,266)	—	—	—	(2,266)
— Assets under construction	(174)	—	—	—	(174)
— Interests in leasehold land held for own use under operating leases	2,440	—	—	—	2,440
Interest in associates	—	—	(220)	59	(161)
Derivative financial instruments	—	—	—	29	29
Employee retirement benefit assets	—	(204)	—	—	(204)
	—	(204)	(220)	88	(336)
Current assets					
Trade and other receivables	—	—	—	32	32
Current liabilities					
Trade and other payables	—	—	—	(4)	(4)
Current portion of bank loans and other borrowings	—	—	—	(2)	(2)
	—	—	—	(6)	(6)
Net current assets	—	—	—	26	26
Total assets less current liabilities	—	(204)	(220)	114	(310)
Non-current liabilities					
Interest-bearing borrowings	—	—	—	196	196
Derivative financial instruments	—	—	—	(287)	(287)
Deferred tax liabilities	—	75	—	—	75
Employee retirement benefit liabilities	—	(226)	—	—	(226)
	—	(151)	—	(91)	(242)
NET ASSETS	—	(355)	(220)	23	(552)
CAPITAL AND RESERVES					
Total equity attributable to equity shareholders of the Company					
Exchange reserve	—	—	(41)	—	(41)
Hedging reserve	—	—	—	1	1
Reserve reserve	—	(355)	(179)	21	(513)
Revenue reserve	—	(355)	(220)	23	(552)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held in the Ballroom, 1st Floor, The Harbour Plaza, 20 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Thursday, 11th May 2006 at 12:00 noon for the following purposes:

- Ordinary Business**
1. To receive and consider the Statement of Accounts and the Reports of the Directors and Auditors for the year ended 31st December 2005.
 2. To declare a final dividend and a special dividend.
 3. To re-elect retiring Directors.
 4. To appoint Auditors and authorise the Directors to fix their remuneration.
- Special Business**
5. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"THAT:

 - (a) a general mandate be and is hereby unconditionally given to the Directors during the Relevant Period to issue and dispose of additional shares of the Company not exceeding twenty per cent of the existing issued share capital of the Company as at the date of passing this resolution, such mandate to include the granting of offers or options (including bonds and debentures convertible into shares of the Company) which might be exercisable or convertible during or after the Relevant Period; and
 - (b) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:—

 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."
 6. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"THAT:

 - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase shares of HK\$1.00 each in the issued capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the number of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed ten per cent of the number of shares of the Company in issue at the date of this resolution; and
 - (c) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:—

 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
 - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting."
 7. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"THAT the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to Resolution 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of any share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6 set out in the notice convening this meeting, provided that such amount shall not exceed ten per cent of the aggregate nominal amount of the existing issued share capital of the Company as at the date of passing the relevant resolution."
 8. To consider and, if thought fit, pass the following resolution as a Special Resolution:

"THAT the Articles of Association of the Company be altered by:

 - (a) adding the following definition in Article 2 immediately after the definition of "Associate":—

"Clearing House" shall mean a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong as modified from time to time.
 - (b) deleting the existing Article 78 and substituting therefor the following new Article:—

"78. The Chairman of the Board of Directors, failing whom the Deputy Chairman or the Managing Director, shall preside as chairman at every General Meeting. If there be no such Chairman, Deputy Chairman or Managing Director, or if at any meeting none of them is willing to take the chair or is present within fifteen minutes after the time appointed for holding the meeting, the Directors present shall choose one of their number, (and if no Director be present, or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting."
 - (c) adding the following new Article immediately after Article 96:—

"96A. Any Clearing House (or its nominee(s)) which is a member of the Company may authorise or appoint such person(s) as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Company or of any class of members of the Company provided that, if more than one person is so authorised or appointed, the authorisation or instrument of proxy shall specify the number and class of shares in respect of which each such person is so authorised or appointed. A person so authorised or appointed shall be entitled to exercise the same powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if he were an individual member of the Company including, where applicable, the right to vote individually on a show of hands notwithstanding any contrary provisions contained in these Articles."
 - (d) adding the following new Article immediately after Article 100:—

"100A. An Alternate Director shall be responsible and liable for his own act, omission and default. An Alternate Director shall not be deemed to be an agent of the Director who appoints him. The Director who appoints the Alternate Director shall not be vicariously liable for any acts, including but not limited to any tort, committed by the Alternate Director while acting in the capacity of Alternate Director."
 - (e) deleting in Article 106(d) the words "or if he be absent from Hong Kong for a greater period than six months without such consent previously obtained."

By Order of the Board
Lillian Wong
 Company Secretary
 Hong Kong, 9th March 2006

NOTES:

- (1) At the Annual General Meeting, the Chairman of the Meeting will exercise his power under Article 80 of the Company's Articles of Association to put each of the above resolutions to the vote by way of a poll.
- (2) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll, vote for him. (The number of proxies appointed by any member who is a holder of two or more shares shall not exceed two). A proxy need not be a member. To be valid, all proxies must be deposited at the registered office of the Company, 44 Kennedy Road, Hong Kong, not later than 48 hours before the time for holding the Meeting.
- (3) The register of members will be closed from Thursday, 4th May 2006 to Thursday, 11th May 2006, both days inclusive. To qualify for the final dividend and special dividend, all transfers accompanied by the relevant share certificates should be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Wednesday, 3rd May 2006.
- (4) Regarding Resolution 3 above, Mr. Neil McGee and Mr. Wan Chi-tin will retire pursuant to Article 99 of the Company's Articles of Association, while Mr. Ralph Raymond Shea and Mr. Wong Chung-hin will retire under Article 116. All of the aforementioned Directors, being eligible, will offer themselves for re-election at the Meeting. For particulars of these Directors required to be disclosed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), shareholders may refer to the circular mentioned in Note (6) below.
- (5) With reference to Resolutions 5 and 7 above, the Directors wish to state that they have no immediate plans to issue any new shares in the Company.
- (6) With reference to Resolution 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefit of the shareholders. The explanatory statement containing the information relating to the repurchase of shares, as required by the Listing Rules, will be despatched to the members together with the 2005 annual report.
- (7) Regarding Resolution 8 above, the proposed amendments to the Company's Articles of Association are set out in the circular mentioned in Note (6) above.

由二零零五年一月一日起，根據香港會計準則三十九號...

(iii) 衍生金融工具

(iii) 有關遞延稅項及資產負債表

(h) 有關人士之交易

(i) 有關董事及高級管理人員

三、 營業分部資料

(a) 截至十二月三十一日止年度

Table with columns for 2005, 2004, 2005, 2004, 2005, 2004, 2005, 2004. Rows include Revenue, Cost of sales, etc.

(b) 截至十二月三十一日止年度

Table with columns for 2005, 2004, 2005, 2004, 2005, 2004, 2005, 2004. Rows include Revenue, Cost of sales, etc.

四、 出售聯營公司權益

五、 購置物業

六、 購置物業

七、 股息

八、 每股盈利

九、 應收資產及其他資產

十、 應付賬項及其他負債

十一、 資本及儲備

十二、 或有負債

十三、 或有資產

十四、 關聯公司

十五、 附屬公司

十六、 董事及高級管理人員

十七、 董事及高級管理人員

十八、 董事及高級管理人員

十九、 董事及高級管理人員

二十、 董事及高級管理人員

二十一、 董事及高級管理人員

二十二、 董事及高級管理人員

二十三、 董事及高級管理人員

Table with columns for 2005, 2004. Rows include Revenue, Cost of sales, etc.

Table with columns for 2005, 2004. Rows include Revenue, Cost of sales, etc.

股東週年大會通告

茲定於二零零六年五月十一日星期四中午十二時假座香港九龍...

作為普通事項 (一) 審閱本公司截至二零零五年十二月三十一日止年報及董事...

(二) 宣派末期股息及特別股息 (三) 宣派退任董事 (四) 聘任核數師及授權董事局議定其酬金...

(五) 考慮及認為適當時，通過下列決議案為普通決議案：

(甲) 無條件授權董事局在有關期間內發行及處置不超過本...

(乙) 就本決議案而言，指由本決議案通過之日直至下列三...

(丙) 就本決議案而言，指由本決議案通過之日直至下列三...

(丁) 就本決議案而言，指由本決議案通過之日直至下列三...

(戊) 就本決議案而言，指由本決議案通過之日直至下列三...

(己) 就本決議案而言，指由本決議案通過之日直至下列三...

(庚) 就本決議案而言，指由本決議案通過之日直至下列三...

(辛) 就本決議案而言，指由本決議案通過之日直至下列三...

(壬) 就本決議案而言，指由本決議案通過之日直至下列三...

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(丁) 就本決議案而言，指由本決議案通過之日直至下列三...

(戊) 就本決議案而言，指由本決議案通過之日直至下列三...

