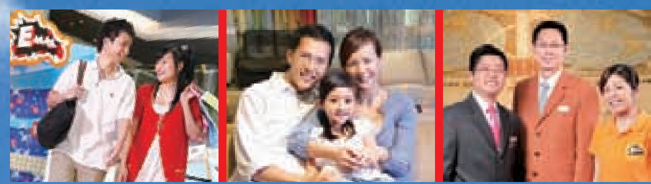
Stock Code 股份代號：54

HOPEWELL Holdings Limited Annual Report 2008

合和實業有限公司二零零八年年報

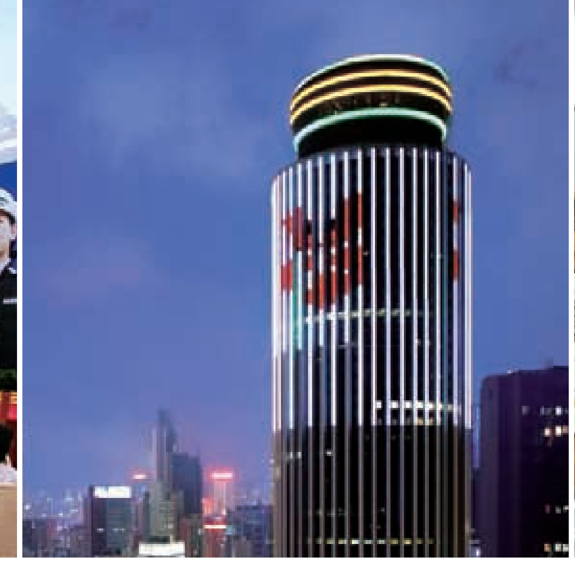


Harmony with the Society

Hopewell Holdings Limited, a Hong Kong-based group, was listed on the Stock Exchange of Hong Kong in 1972 (stock code: 54). The history of the Group can be traced back to 1963 when its forerunner, Hopewell Construction Company, Limited, was established. Since then, the Group's business portfolio has grown to include property investment and development, infrastructure, hotel and hospitality businesses in Hong Kong and the Pearl River Delta. While we continue to develop our businesses on one hand, we endeavor to promote community interest and help build a better home for all on the other, just like what we have been doing since more than 40 years ago, **We Serve, We Uplift, We Commit**.


行车道
行车道


迎奥运 保畅通 构建和谐高速
交通安全宣传教育活动



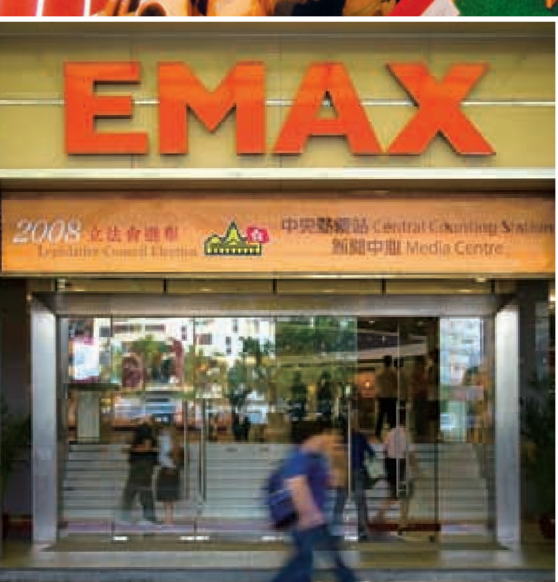

QRE Plaza
theEast


EMax
OlympMax
GO!
Yeah!
EMAX


HITEC


合和中心
HOPEWELL CENTRE
44
39
51
46


QRE Plaza


EMAX
2008 立法會選舉
中央點票站 Central Counting Station
新聞中心 Media Centre


2008立法會選舉
Legislative Council Election

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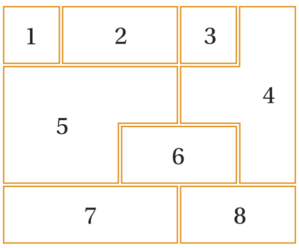


1 **Linking communities:**
Guangzhou-Shenzhen Superhighway

2 **Enhancing traffic safety:**
Launching ceremony of traffic safety promotion campaign

3 **Promoting community initiatives:**
LED message for promoting volunteerism

4 **Offering convenience to the community:**
Lifts at Hopewell Centre linking Queen's Road East and Kennedy Road, and footbridge linking Hopewell Centre and QRE Plaza

5 **Promoting Beijing Olympic Games:**
TVBuddy at HITEC rooftop and promotional event at EMax

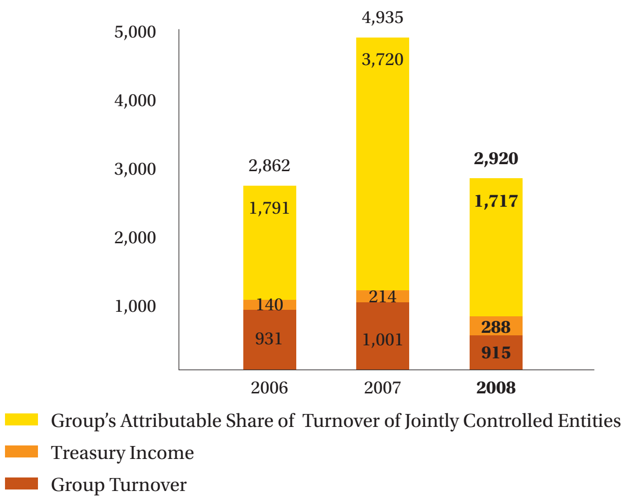
6 **Supporting community activities:**
Community event for the elderly at Panda Place

7 **Involving in civic event:**
Central Counting Station and Media Centre of 2008 LegCo Election at HITEC

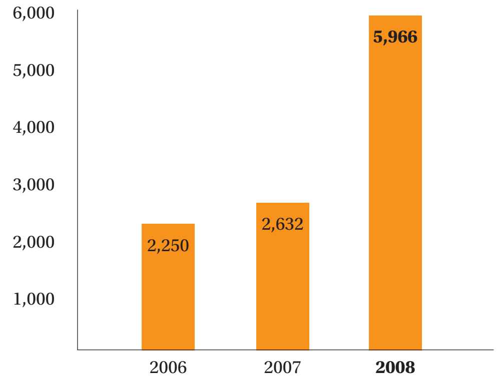
8 **Serving customer needs:**
We endeavour to serve diverse customer needs through our various businesses

FINANCIAL HIGHLIGHTS

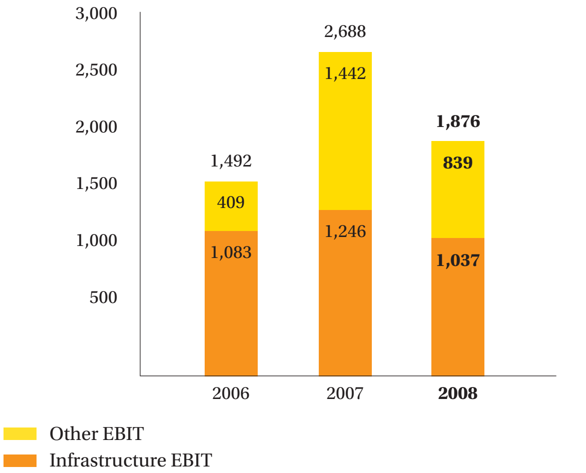
Turnover (HK$'M)



Profit Attributable to Equity Holders (HK$'M)

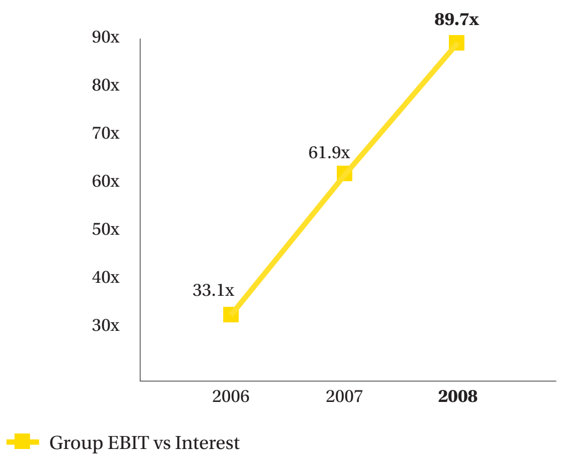


Earnings before Interest and Tax (HK$'M)

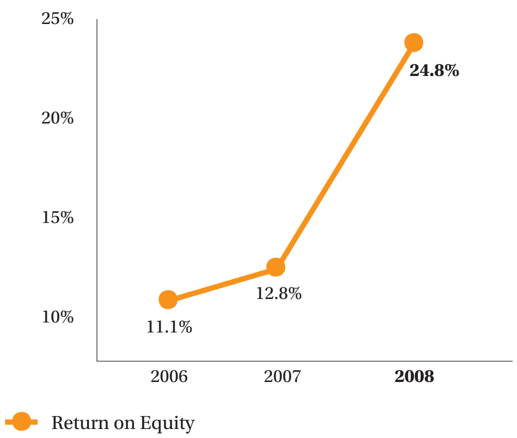


Net Asset Value vs Market Value Per Share (HK$)

Group EBIT vs Interest



Return on Equity*



* *Based on profit attributable to equity holders of the Company before property revaluation gain and attributable deferred tax*

5-YEAR FINANCIAL SUMMARY

Consolidated Results (HK$'M)	*Year ended 30 June* 2004	2005	2006	2007	**2008**
Turnover	613	634	823	1,001	**915**
Profit before taxation	1,955	2,318	2,670	3,139	**6,850**
Taxation	(26)	(74)	(68)	(112)	**(338)**
Profit before minority interests	1,929	2,244	2,602	3,027	**6,512**
Minority interests	(311)	(337)	(352)	(395)	**(546)**
Profit attributable to equity holders	**1,618**	**1,907**	**2,250**	**2,632**	**5,966**

Consolidated Balance Sheet (HK$'M)	*As at 30 June* 2004	2005	2006	2007	**2008**
Investment properties	5,563	6,116	6,537	6,870	**8,031**
Property, plant and equipment	462	441	459	449	**480**
Prepaid land lease payment	640	791	973	983	**969**
Properties under development	189	201	232	336	**443**
Interests in jointly controlled entities	6,122	6,526	6,950	7,103	**5,703**
Long-term loans and receivables	2,199	1,216	1,039	283	**56**
Defeasance/pledged deposits	95	94	—	—	**—**
Other non-current assets	747	33	310	379	**88**
Current assets	4,873	4,233	4,884	7,959	**12,357**
Total assets	**20,890**	**19,651**	**21,384**	**24,362**	**28,127**
Non-current liabilities	(1,699)	(811)	(743)	(816)	**(1,027)**
Current liabilities	(2,673)	(905)	(545)	(1,314)	**(680)**
Total liabilities	**(4,372)**	**(1,716)**	**(1,288)**	**(2,130)**	**(1,707)**
Share based compensation reserves of a subsidiary	—	—	—	(2)	**(3)**
Minority interests	(2,419)	(2,469)	(2,862)	(3,059)	**(3,270)**
Shareholders' equity	**14,099**	**15,466**	**17,234**	**19,171**	**23,147**

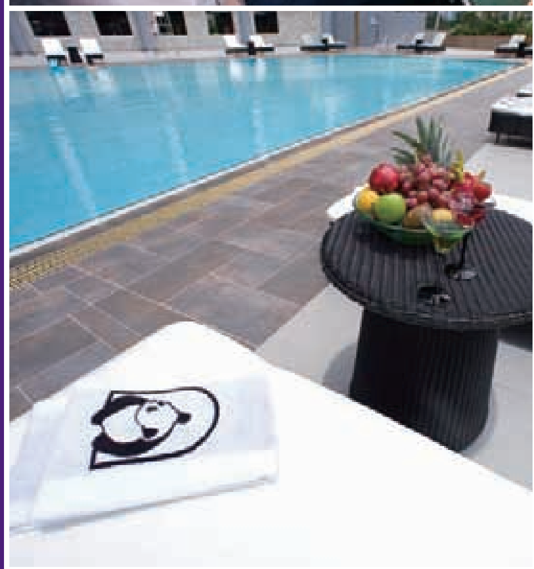
Per Share Basis	2004	2005	2006	2007	**2008**
Basic earnings per share (HK cents)	183	213	250	293	**665**
Dividend per share (HK cents)	70#	80#	84	155#	**260#**
Net asset value per share (HK$)	16.0	17.2	19.2	21.3	**25.9**

 # Special dividend included — 2008 : HK165 cents, 2007 : HK35 cents, 2005 : HK30 cents, 2004 : HK30 cents

Financial Ratios	2004	2005	2006	2007	**2008**
Net debt to equity	N/A	N/A	N/A	N/A	**N/A**
Net debt to total capitalisation	N/A	N/A	N/A	N/A	**N/A**
Return on equity	10.2%	10.7%	11.1%	12.8%	**24.8%**

We *Serve*

As we continue to develop our core businesses of property, infrastructure and hospitality in Hong Kong and the Pearl River Delta, we are serving an expanding spectrum of business clients from different sectors and customers from all walks of life.

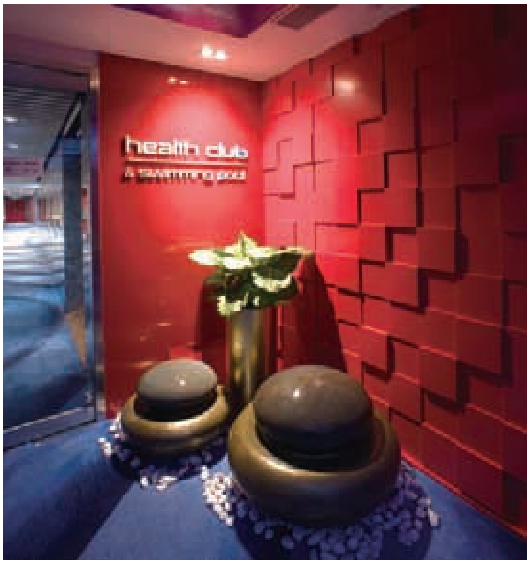






保持车距
控制车速
靠右行驶
重型货车

East
Queen's Road East


health club
& swimming pool


"Riding on the waves of development of the PRD, the Group continued to benefit from the favourable business environment and recorded good results in all the core businesses of the Group, namely Property, Infrastructure and Hospitality."

I am pleased to report to shareholders that the Group, comprising the Company and its subsidiaries, achieved excellent results for the financial year ended 30 June 2008. Profit attributable to equity holders, including the exceptional gains on disposal of the Group's property development project in Macau and the Group's interest in Guangzhou East-South-West Ring Road joint venture company ("Ring Road JV"), amounted to HK$5,966 million, representing an increase of 127% over HK$2,632 million of last year. Basic earnings per share was HK$6.65, representing an increase of 127% over HK$2.93 of last year.

Final Dividend and Special Final Dividend

The Board of Directors has proposed a final dividend of HK40 cents per share and a special final dividend of HK110 cents per share in respect of the year ended 30 June 2008 which, together with the interim dividend of HK55 cents and the special interim dividend of HK55 cents per share, will result in total dividends for the year of HK260 cents per share, representing an increase of 68% from last year's HK155 cents (which also included a special final dividend of HK35 cents per share). The dividends for this year (including the special dividends) represents a 40% payout of the net profit (before accounting for the effect of property revaluation gain).

Subject to approval of the shareholders at the forthcoming annual general meeting to be held on 13 October 2008, the proposed final dividend and special final dividend will be paid on or about 14 October 2008 to shareholders as registered at the close of business on 13 October 2008.

Closure of Register

The Register of Members of the Company will be closed from Monday, 6 October 2008 to Monday, 13 October 2008, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend and special final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 October 2008.

Business Review

For the financial year under review, the Mainland China including the Pearl River Delta ("PRD") region maintained a high growth momentum, despite the unfavorable developments of the global economic climate and a few natural disasters happened in the country in the first half of 2008. The growth rate in gross domestic product of the PRD region was above 10%. The economic environment in Hong Kong remained strong as evidenced in its robust domestic demand.

Riding on the waves of development of the PRD, the Group continued to benefit from the favorable business environment and recorded good results in all the core businesses of the Group, namely Property, Infrastructure and Hospitality. The Group's income-generating assets/investments produce recurring cash inflow of over HK$1 billion per annum and which will grow further as we continue to enhance our asset quality and expand our asset base.

The Group's rental property business in Hong Kong made satisfactory progress towards its target growth in revenue. During the year, the completion of QRE Plaza, a new building situated opposite to Hopewell Centre, has strengthened the Group's investment portfolio of retail properties in Wanchai district. The average occupancy rate of Hopewell Centre, the Group's flagship property, remained at a high level of about 94% and the rental for new lettings of Hopewell Centre has increased substantially. Part of the Hongkong International Trade and Exhibition Centre ("HITEC") was rebranded as an entertainment and destination shopping complex, namely EMax. The successful launch of EMax and the new multi-purpose hall, namely Star Hall not only uplifted the image and physical appearance of the property but also helped raise the overall occupancy rate of HITEC to 87% by end of the financial year. For projects under development, the fitting out works for GardenEast, the serviced apartment tower at 214-224 Queen's Road East, are in the final stage. The occupation permit in respect of GardenEast has been issued in this month. Superstructure work of 12 Broadwood Road, Happy Valley, a luxurious residential property development which will also be held for long term investment purpose, has commenced in July 2008. It is currently planned to be completed in the second half of 2010. These developments will further strengthen the Group's recurring rental income base.

As reported in the interim report, the disposal of the Group's 50% interests in the Nova City project company in Macau and related property management companies was completed in the first half of the financial year, realizing an exceptional pretax gain of HK$3,948 million.

In the Mainland China, the construction of Phase 1B of our Hopewell New Town project in Huadu, Guangzhou, comprising 6 apartment buildings, is currently planned to be completed in the third quarter of 2009. Construction of Phase 2 of the project, comprising 48 units of townhouses and 10 blocks of apartment buildings, has commenced and currently planned to be completed in early 2009 (for townhouses) and in the first half of 2010 (for apartment buildings).

Being a socially responsible and environmentally friendly company, we have formed a special team to study and implement a variety of green initiatives for our properties, including power saving and recycling. These initiatives will not only help protect our environment, but will also help reduce operating costs. We noted satisfactory results through the implementation of a series of measures over last year.

The Group's infrastructure business recorded a remarkable increase in profit for the year under review, attributed to the steady performance of the Guangzhou-Shenzhen Superhighway ("GS Superhighway") and Phase I of the Western Delta Route ("Phase I West"), the pretax gain on the disposal of the Group's interests in the Ring Road JV in September 2007 of HK$793 million and the share of exchange gain resulted from the appreciation of Renminbi. The construction of Phase II of the Western Delta Route ("Phase II West") has been proceeding and is currently planned to be completed and operational in the financial year 2009/2010. Application to relevant authorities for the project approval of Phase III of the Western Delta Route ("Phase III West") is expected to be made soon. It is currently planned to commence construction of Phase III West in 2010 with completion in approximately 3 to 4 years.

For the power plant project in Heyuan City, Guangdong Province, project approval of the 2 x 600 MW ultra super-critical coal-fired power plant project has been obtained and construction work of the project is in progress. Commercial operation is presently planned to commence in the first half of 2009.

The hospitality business continued to achieve healthy improvement. Despite intensive market competition, Panda Hotel maintained an average room occupancy rate of 84% whereas the average room rate has increased by 7%. The restaurant and catering businesses recorded a growth of 9% in total revenue.

On the financial side, the Group benefited from the continuing appreciation of Renminbi. As at the balance sheet date, the Group had no outstanding corporate debt. Further, it had net cash balances of about HK$10.8 billion (Company : HK$4.8 billion; HHI : HK$6.0 billion) and undrawn banking facilities of HK$17.6 billion (Company : HK$14 billion; HHI : HK$3.6 billion). This strong financial position enables us to capture any good investment opportunities in future.

Prospects

The outlook of the global economy has become less certain as the ripple effects of the financial crisis in the United States continue. Most of the developed economies will possibly be facing lower growth and higher inflation in the short run. In view of the various policies put in place to curb inflation, economic growth of the Mainland China including the PRD region is expected to continue but at a slower pace and we expect that the economy of Hong Kong will follow a similar trend. With the help of the relief measures announced by the Government, the local economy should remain generally stable. Nevertheless, the Group will be watching closely the macroeconomic adjustment measures in the Mainland economy and the inflation outlook in the region.

The Group's activities will keep focused on its three core businesses — Property, Infrastructure and Hospitality. The property business will remain an important growth driver as the positive rental reversion cycle for office and retail rental properties continues. The Group's recurring rental income base will be further strengthened by our asset and service enhancement strategies as well as the completion of GardenEast and the development at 12 Broadwood Road. Subsequent to the balance sheet date, the Group has also acquired several retail shops of Wu Chung House. Through better coordinated marketing efforts for the new dining and entertainment area known as "The East", synergy will be achieved for such shops and the retail outlets at Hopewell Centre and QRE Plaza.

The GS Superhighway and the Western Delta Route will continue to play important roles for the PRD expressway network. The continuous growth in car ownership in the PRD region will lead to further increase in traffic flow for GS Superhighway and the Western Delta route. The traffic flow and toll revenue of the GS Superhighway are expected to resume its growing trend following the completion of the major maintenance and improvement works. Subsequent to the year end, it was announced on 2 September 2008 that additional capital in the total amount of approximately RMB812 million would be injected into the joint venture for Phase II West and Phase III West subject to the approval by, among others, the shareholders of the Company and Hopewell Highway Infrastructure Limited ("HHI"), a listed subsidiary of the Company. The estimated total amount of investment for Phase II West and Phase III West will thus be increased to RMB12.8 billion. A circular containing the details of and reasons for the transaction will be sent to shareholders in due course.

Over the past two decades, HHI has devoted much effort to the development of Hong Kong-Zhuhai-Macau Bridge project. As reported by the media, the Hong Kong-Zhuhai-Macau Bridge project is planned to commence construction at the earliest in 2010 and to be completed by 2015. We are pleased to see that the project has won affirmative recognition of the Central Government and various local governments, as well as comprehensive support from the general public. Its pace of construction is going to speed up. This reflects the excellent vision of the Group.

The Group believes that the fast-track construction plan of the Hong Kong-Zhuhai-Macau Bridge project will not only accelerate the economic cooperation of Guangdong, Hong Kong and Macau, but also actively contribute to the economic development of the western bank of the PRD region, in addition to expand and improve the regional highway network.

With the abundant cash on hand, banking facilities and other resources, the Group will strive to continue our investments in premium projects which will bring steady and good yield to our shareholders in the long run.

Change of Director

Mr. Andy Lee Ming CHEUNG resigned as an executive director of the Company effective from 18 October 2007. Mr. Yuk Keung IP was appointed an Independent Non-Executive Director and a member of the Audit Committee of the Company and HHI both with effect from 13 August 2007. Due to other business commitments, Mr. IP has resigned from the board of both the Company and HHI with effect from 29 February 2008. I would like to take this opportunity to thank Mr. CHEUNG and Mr. IP for their valuable contribution towards the Company during their tenures of office.

Acknowledgement

I would like to take this opportunity to thank our shareholders, customers, suppliers and business partners for their continuous support and contributions. I would also like to express my gratitude to my fellow directors, management team and all staff members for their loyalty, support and hard work. Their efforts are invaluable in contributing to the strong performance of the Group in the past year and for future years to come.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 10 September 2008

PROFILE OF DIRECTORS

EXECUTIVE DIRECTORS

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

Aged 72, he is the Chairman of the Board of the Company. He is also the Chairman of Hopewell Highway Infrastructure Limited ("HHI"), the listed subsidiary of the Company, a director of various subsidiaries of the Company.

He graduated from Princeton University with a Bachelor of Science degree in engineering in 1958. As one of the founders of the Company, he was the Managing Director from 1972 to December 2001 before he became the Chairman. He was responsible for the Company's infrastructure projects in the PRC and South-East Asia and has been involved in the design and construction of numerous buildings and development projects in Hong Kong, the PRC and overseas, including the Shajiao B power plant which received the British Construction Industry Award and setting a world record of completion within 22 months. He is husband of Lady Ivy Sau Ping KWOK WU, a Non-Executive Director of the Company and father of Mr. Thomas Jefferson WU, Co-Managing Director of the Company.

He is very active in civic activities and community service, his civic and community duties include:

In Hong Kong

Member	Commission on Strategic Development
Vice President	The Real Estate Developers Association of Hong Kong
Patron	Hong Kong Logistic Association
Honorary Vice President	Hong Kong Football Association Limited

In the PRC

Deputy Director	Chinese People's Political Consultative Conference — Overseas Chinese Affairs Committee
Director	United Nations Association of China
Advisor	China Development Bank

Sir Gordon received Honorary Doctorate Degrees from Hong Kong Polytechnic University, University of Strathclyde, UK, University of Edinburgh, UK, Lingnan University, Hong Kong and City University of Hong Kong. He is a Fellow of The Institution of Civil Engineers, UK, The Chartered Institute of Logistics and Transport in Hong Kong and Hong Kong Academy of Engineering Sciences. He is also a Honorary Fellow of Australian Society of Certified Practising Accountants. He has been appointed the Honorary

Consul of The Republic of Croatia in the Hong Kong SAR. His other awards include:

Honorary Citizen

- The City of New Orleans, USA
- The City of Guangzhou, PRC
- The City of Foshan, PRC
- The City of Shenzhen, PRC
- The District of Shunde, PRC
- The District of Nanhai, PRC
- The District of Huadu, PRC
- The Province of Quezon, the Philippines

Awards and Honours	Year of Award
• Officer de L'Ordre de la Couronne by HM Albert II, the King of Belgium	2007
• The Order of Croatian Danica with figure of Blaz Lorkovic by the Republic of Croatia	2007
• Gold Bauhinia Star (G.B.S.) by the Hong Kong SAR	2004
• Leader of the Year 2003 (Business/Finance) by Sing Tao Newspaper Group	2004
• Personality of the Year 2003 by the Asian Freight & Supply Chain Awards	2003
• Knight Commander of the Order of St. Michael and St. George for Services to British Exports by the Queen of England	1997
• Industry All-Star by Independent Energy, USA	1996
• International CEO of the Year by George Washington University, USA	1996
• Among "the Best Entrepreneurs" by Business Week	1994
• Man of the Year by the International Road Federation, USA	1994
• Business Man of the Year by the South China Morning Post and DHL	1991
• Asia Corporate Leader by Asia Finance Magazine, HK	1991
• Chevalier de L'Ordre de la Couronne by the King of Belgium	1985

Mr. Eddie Ping Chang HO

Aged 75, he has been the Managing Director of the Company since January 2002, the Vice Chairman of the Company since August 2003 and is responsible for the overall management of the Company. He is the Chairman of the Remuneration Committees of both the Company and HHI, Vice Chairman of HHI and a director of various subsidiaries of the Company. He was previously the Deputy Managing Director since the Company was listed on the Stock Exchange in 1972. He has extensive experience in implementation of property development and major infrastructure strategic development projects and has been involved in developing all of the Company's projects in the PRC, including highway, hotel and power station projects. He is an Honorary Citizen of the cities of Guangzhou, Foshan and Shenzhen, and the Shunde District in the PRC. He is father of Mr. Eddie Wing Chuen HO Junior, an Executive Director of the Company.

Mr. Thomas Jefferson WU

Aged 36, an Executive Director of the Company since June 2001 and the Chief Operating Officer since January 2002. He was appointed Deputy Managing Director of the Company in August 2003 and was promoted to Co-Managing Director of the Company in July 2007. He is also the Managing Director of HHI and a director of various subsidiaries of the Company. Mr. WU joined the Company in 1999 as manager of Executive Committee Office, and was promoted to Group Controller in March 2000. He has been involving in the review of the Company's operational performance, strategic planning and organizational effectiveness and has upgraded its financial and management accounting systems. He holds a Master of Business Administration degree from Stanford University and a Bachelor of Science degree in Mechanical and Aerospace Engineering from Princeton University. In 2006, the World Economic Forum selected Mr. WU as a "Young Global Leader". He is a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference and an Honorary Citizen of the City of Guangzhou in the PRC. Mr. WU is also a member of the Advisory Committee of the Securities and Futures Commission, a member of the Pan-Pearl River Delta Panel of the Central Policy Unit of the Hong Kong SAR Government, a member of the China Trade Advisory Committee of Hong Kong Trade Development Council, Vice Chairman of The Chamber of Hong Kong Listed Companies, a member of the board of directors of The Community Chest of Hong Kong, the Honorary Consultant of the Institute of Accountants Exchange, Honorary President of the Association of Property Agents and Realty Developers of Macau, Honorary President of the Association of Huadu in Macau, Vice Chairman of the Chinese Ice Hockey Association, Honorary President of the Macau Ice Sports Federation, Chairman of Hong Kong Amateur Hockey Club Limited and Hong Kong Academy of Ice Hockey Limited and an independent director of Melco Crown Entertainment Limited. He is a son of Sir Gordon Ying Sheung WU, Chairman of the Board and Lady Ivy Sau Ping KWOK WU, a Non-Executive Director of the Company.

Mr. Josiah Chin Lai KWOK

Aged 56, he was appointed Deputy Managing Director of the Company in January 2002 and is also a director of various subsidiaries of the Company. He is a solicitor. Previously, he worked as a consultant to the Company on various important projects such as Guangzhou-Shenzhen-Zhuhai Superhighway, Shajiao B and C Power Stations, etc. Afterwards, he worked as Secretary for The Hong Kong Association of Banks, Legal Director of The Airport Authority, Hong Kong and Group Legal and Compliance Director of the BNP Paribas Peregrine Group.

Mr. Robert Van Jin NIEN

Aged 61 and an Executive Director of the Company since 1980, he is responsible for corporate affairs of the Company. He is also a director of various subsidiaries of the Company and a non-executive director of Uni-Asia Finance Corporation, a company listed in Singapore. He holds a Master of Business Administration degree from University of Pennsylvania's Wharton Graduate Business School.

Mr. Albert Kam Yin YEUNG

Aged 57, he was appointed as an Executive Director of the Company in November 2002 and is also a director of various subsidiaries of the Company. Prior to joining the Company, he was a director of WMKY Limited from 1986 to 1998 and acted as a consultant of the Company's development and construction projects. He holds a Bachelor of Architecture degree from the University of Hong Kong. He is a Registered Architect, an Authorized Person, and a member of The Hong Kong Institute of Architects and various professional bodies.

Mr. David Yau-gay LUI

Aged 63, he was appointed as an Executive Director of the Company in 1997 and is currently a director of certain subsidiaries of the Company. He was previously a director of Hopewell (Thailand) Limited and has been involved in the Company's Bangkok Elevated Road and Train System project in Thailand since 1990. He was the Founding Director of Pat Davie Ltd., one of the leading interior design and contracting firms in Hong Kong.

Mr. Eddie Wing Chuen HO Junior

Aged 39, he was appointed as an Executive Director of the Company in August 2003. He joined the Company in 1994 and held various management positions, including Director of Marketing and Sales and Deputy General Manager, at the Company's Hongkong International Trade and Exhibition Centre in Kowloon Bay. He holds a Bachelor of Arts degree from California State University in the United States. He is a son of Mr. Eddie Ping Chang HO, the Vice Chairman and Managing Director of the Company.

Mr. Barry Chung Tat MOK

Aged 50, he was appointed an Executive Director of both the Company and HHI in August 2005. He is responsible for overseeing the finance and investor relations functions of the Company. He has a Bachelor Degree in Economics/ Accounting from the University of Reading, United Kingdom. He has extensive knowledge in corporate finance and project finance. He was previously the Chief Executive of BOCI Capital Limited.

Mr. William Wing Lam WONG

Aged 51, he was appointed an Executive Director of the Company in January 2007. He has a Bachelor Degree in Land Economy from Aberdeen University, United Kingdom and is a Registered Professional Surveyor. He has over 20 years of experience in property and land matters. He has been an Associate Director of the Company since May 2005 responsible for property sales and leasing and is currently a director of certain subsidiaries of the Company. Prior to joining the Company, he was a Director of Savills (Hong Kong) Limited, an international property consultants firm.

NON-EXECUTIVE DIRECTORS

Mr. Henry Hin Moh LEE

Aged 81, he has been with the Company since the Company was listed in 1972. He is a Non-Executive Director and a Consultant of the Company. Prior to his retirement from executive duties of the Company in December 2001, he was responsible for real estate development and property rental and sales of the Company. He was actively engaged in the property business in Hong Kong. He is an Honorary Citizen of the city of Foshan and the Shunde district in the PRC.

Lady Ivy Sau Ping KWOK WU JP

Aged 59 and a Non-Executive Director of the Company, she joined the board in August 1991. She serves on the committees and boards of numerous commercial and social organizations including Asian Cultural Council (Hong Kong), Asia Society and Hong Kong Red Cross. She is the wife of Sir Gordon Ying Sheung WU, Chairman of the Board and mother of Mr. Thomas Jefferson WU, Co-Managing Director of the Company.

Mr. Carmelo Ka Sze LEE

Aged 48, he was appointed as an Independent Non-Executive Director of the Company in March 2001 and was re-designated as a Non-Executive Director on 6 September 2004. He holds a Bachelor of Laws degree from the University of Hong Kong. He is a practicing solicitor and a partner of Messrs. Woo, Kwan, Lee & Lo, Solicitors & Notaries, which firm rendered professional services to the Company and received normal remuneration for such services. He is also a non-executive director of the other seven public companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely, China Pharmaceutical Group Limited, The Cross-Harbour (Holdings) Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company, Limited, Taifook Securities Group Limited and Termbray Industries International (Holdings) Limited. He is also an independent non-executive director of KWG Property Holding Limited, another public company listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guy Man Guy WU

Aged 51 and an Independent Non-Executive Director of the Company, he joined the board in 1987. He is also a member of the Audit Committee of the Company. He has a Bachelor of Science degree in industrial engineering from Purdue University, U.S.A. He is also the Managing Director of the Liverton Group and Video Channel Productions Limited.

Ms. Linda Lai Chuen LOKE

Aged 70 and an Independent Non-Executive Director of the Company, she joined the board in August 1991 and is also a member of both the Audit Committee and the Remuneration Committee of the Company. A graduate of the University of California at Berkeley, she has over 30 years of professional experience in the securities and investment field. She was the emeritus Managing Director of Dean Witter Reynolds (Hong Kong) Limited and Vice President (Private Wealth Management) at Morgan Stanley Inc.

Mr. Lee Yick NAM

Aged 61, he was appointed as an Independent Non-Executive Director of the Company in September 2004 and is also an Independent Non-Executive Director of HHI. He is the Chairman of the Audit Committees and a member of the Remuneration Committees of both the Company and HHI. He holds a certificate in management studies from Carnegie Mellon University of the United States in 1977. He has over 30 years' experience in the banking, investment and finance industry. He was an Executive Director of Liu Chong Hing Bank from 1990 to 2001. Prior to that, he was a Vice President at Citibank, Mellon Bank and American Express Bank. He was a member of the Hong Kong Deposit Protection Board from 2004 to 2008 and Chairman of its Investment Committee from 2006 to 2008.

We *Uplift*

With a solid foundation and strong financial position, we endeavor to strengthen our competitive position in the ever-changing market by upgrading our assets and service standards in various businesses.


PANDA
GRAND BALLROOM


广深高速


theEast


合和招聘中心
Hopewell Recruitment Centr

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

Property

"The East"

When the first cross-harbour tunnel was completed around the 1970s, the Group foresaw that the business district would be extended eastwards from the Central District to the Wanchai/Causeway Bay area, closer to the entrance/exit of the tunnel. For this reason, Hopewell Centre was built in the present strategic location as the Group's flagship building. Nowadays, "The East" is a new brand created for a dining and entertainment area conveniently located in Wanchai. It comprises a cluster of retail outlets at Hopewell Centre, QRE Plaza, and Wu Chung House, with a total gross floor area of approximately 267,000 square feet. Retail outlets at GardenEast will be incorporated into "The East' upon their completion. Currently, 14 food and beverage outlets are in operation, with 7 more coming soon. Through better coordinated marketing and promotional efforts, synergy could be achieved for the premises and rental performance be enhanced. With this aim, several shops at Wu Chung House have been acquired after the balance sheet date. "The East" will become a new focus for the populace in the area and nearby.

theEast
Queen's Road East

Rental Property

Hopewell Centre, Wanchai

Hopewell Centre, the flagship of the Group's rental properties, maintained a steady occupancy of 94% on average during the year under review. Its overall rental income increased by 33% compared with the last year. Continuous improvements in building facilities, building management and customer services have added value to the property and attracted more and more professional and international companies to lease offices in this building. Reshuffling retail tenant mix and upgrading shop decoration for "The East" also enhanced the image of the property and its rental performance.

The Group's investment portfolio of rental properties includes:

Existing Rental Properties in operation

Property	Location	Use	Approximate GFA (sq. ft.)
Hopewell Centre	Wanchai, Hong Kong Island	Commercial and retail	840,000
HITEC	Kowloon Bay, Kowloon	Conference, exhibition and commercial	839,000
EMax	Kowloon Bay, Kowloon	Commercial and retail	900,000
Panda Place	Tsuen Wan, New Territories	Retail	219,000
QRE Plaza	Wanchai, Hong Kong Island	Commercial	77,000

Rental Properties under development

Property	Location	Use	Approximate GFA Under Present Planning (sq. ft.)
GardenEast, 214-224 Queen's Road East	Wanchai, Hong Kong Island	Residential and commercial	96,500
12 Broadwood Road	Happy Valley, Hong Kong Island	Residential	113,900

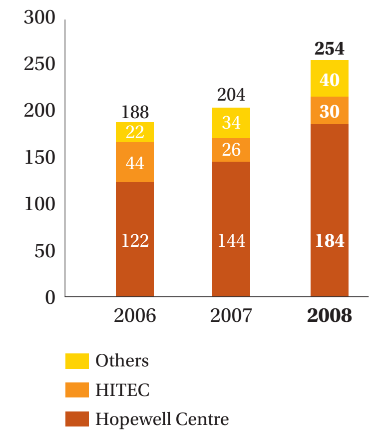
QRE Plaza, Wanchai

QRE Plaza, a 25-storey stylish commercial building, is situated opposite to Hopewell Centre. The building was completed in November 2007. The development forms part of "The East" and has attracted trendy food and beverage outlets and unique servicing trades to serve the working and residential population of the surrounding area. The property is held for long-term investment; market response for leasing is encouraging. As of 30 June 2008, approximately 63% of the gross floor area has been leased with a further 12% under active negotiations.

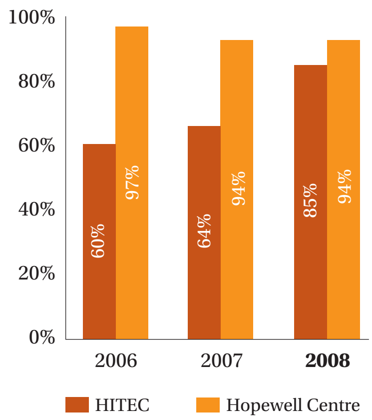
GardenEast, 214-224 Queen's Road East, Wanchai

The property is being constructed as a 28-storey high quality serviced apartments with 216 units and three retail shops at the podium level, which will be incorporated into "The East". The property offers conveniently located stylish and high quality accommodations in the heart of Wanchai commercial district, aiming to capture the lucrative market of the expatriates and young professionals. Occupation permit has been issued in September 2008 and fitting out

Hong Kong Rental Property EBIT (HK$'M)



Hopewell Centre and HITEC Average Occupancy (%)



works are in final stage. Operation is currently planned to start in the first quarter of 2009. The development will be held for long-term investment purpose. The currently planned total investment will be about HK$365 million.

Hongkong International Trade and Exhibition Centre ("HITEC"), Kowloon Bay

HITEC, located in Kowloon Bay, is a commercial and retail complex comprising the office and exhibition/ convention hall portion and the retail portion, namely EMax. During the year, the demand for retail and office space in the eastern area of Kowloon remains strong. As at 30 June 2008, the occupancy rate for the HITEC (including retail and office) was approximately 87%.

EMax, a new shopping and entertainment centre with a gross floor area of 900,000 square feet, completed its first year of full operation after the first phase of renovation and refurbishment of HITEC. It is progressing from a brand-building stage to business-growing stage. A wide variety of tenants are attracted to EMax offering food and beverage, pet accessories and services, home design and furniture, retail and entertainment.

Phase 2 of the bowling centre opened in second quarter of 2008, increasing the total number of lanes to 48. With its advanced facilities, it has become the preferred venue for holding international bowling tournaments. The occupancy rate of EMax was 83% as at 30 June 2008. EMax has recently signed an agreement to lease the second floor of EMax to a tourist department store, which is currently planned to open in the fourth quarter of 2008. After taking into account of this coming tenant, the occupancy rate of EMax will reach 91%. The Group is now fine tuning its plan for the second phase of the renovation and refurbishment of HITEC.

Star Hall is a new multi-purpose hall within the office and exhibition/convention hall portion of HITEC offering 30,000 square feet of column-free space capable of accommodating 3,600 persons for hosting concerts, exhibitions/conferences, banquets, sports and other activities. The venue has received an overwhelming response from the market since its launch in November 2007 and bookings for Star Hall go as far as end of 2009. The convention and exhibition enjoyed an increase of 27% in revenue as compared with last year. The occupancy rate of the office portion of HITEC was 92% as at 30 June 2008.

Panda Place, Tsuen Wan

Panda Place is a shopping mall with a gross floor area of 221,000 square feet situated on the lower floor and basement of the Panda Hotel complex. With the active leasing and promotional activities the shopping mall has attracted a wide variety of tenants covering food and beverage, lifestyle and entertainment. Regular refurbishment and improvement works are being carried out to provide a fresh look to the mall and to maintain its long-term value. Tenant mix restructuring plan is being implemented. During the year, rental income increased about 16% while occupancy rate remained at an average of 84% reflecting the solid demand of our Panda Place among commercial tenants.

12 Broadwood Road, Happy Valley

The site is planned to be redeveloped into a 45-storey luxurious apartment building for rental purpose targeting the upper end residential market. The development has a gross floor area of approximately 113,900 square feet and is currently planned to be completed in the second half of 2010. The currently planned total investment will be about HK$700 million. Upon completion, the development will further strengthen the Group's recurring rental income base.

Liede Integrated Commercial (Operating Lease) Project, Zhujiangxincheng, Guangzhou

During the year under review, a subsidiary of the Company entered into an agreement with Guangzhou Lie De Economic Company Limited ("Liede Company") for leasing from the Liede Company an integrated commercial property after its completion under an operating lease arrangement. The project will be situated at the Zhujiangxincheng region of Tianhe District, the central business district of Guangzhou. Pursuant to the agreement, the subsidiary will be responsible for fitting-out and equipping the project and for paying rent to the Liede Company when the project commences business operations. Under the present plan, the subsidiary intends to invest not less than RMB1,000 million in this project and the construction works of this project will start in the fourth quarter of 2009 with project completion planned in 2014.

This project is now in its design stage. The project's site area is about 32,000 square meters. It is currently planned that the total gross floor area will be about 232,000 square meters (including basements) consisting of a five-star hotel, serviced apartments, grade A offices space and a luxurious shopping centre with dining, entertainment and shopping facilities.

Property Development

Hopewell New Town, Huadu, Guangzhou

The Group owns a 95% interest in Hopewell New Town, a composite development project with a site area of approximately 610,200 square metres. It comprises apartments, townhouses, commercial area and recreational facilities which are being developed in phases. The development is located in Huadu, one of the fastest growing districts of Guangzhou, and is close to the Guangzhou Baiyun International Airport. An extension of the Guangzhou railway, which will pass through Huadu, is currently planned for completion in 2010. All apartments and townhouses of Phase 1A of the development have been completed and sold out in early 2007. The development of Phase 1B, which is currently planned to comprise 6 apartment buildings of approximately 18,000 square metres, is currently planned to be completed in the third quarter of 2009, with planned total investment of about RMB50 million. Phase 2 will comprise 48 units of townhouses and 10 blocks of apartments with total gross floor area of approximately 94,000 square metres. Construction works commenced in June 2008 and planned to be completed in early 2009 (for townhouses) and first half of 2010 (for apartment blocks). The currently planned total investment for Phase 2 will be about RMB300 million.

Hopewell Construction Company, Limited (HCC)

Keeping Property Development Projects in Full Swing

Hopewell Construction Company, Limited (HCC), the forerunner of the Group, is a wholly owned subsidiary of Hopewell Holdings Limited. HCC is responsible for project management of new projects as well as provision of technical advice for property management and renovation works of existing premises within the Group.

The organization of HCC is divided into four divisions, namely Construction, Engineering, Quantity Surveying and Quality Control. The core members of the company include professionals from various fields such as architects, engineers and surveyors.

HCC acts as project management consultant for the Group to oversee all property developments in Hong Kong and PRC. The major services of HCC in new projects include project planning, design supervision, tendering, construction, cost and quality control from perception stage to completion stage of each development.

Over the past years, HCC has completed a substantial number of new and renovation projects for the Group in Hong Kong, Macau and PRC.

Infrastructure

Hopewell Highway Infrastructure Limited ("HHI")

HHI mainly invests in, constructs and operates the GS Superhighway and the Western Delta Route, comprising Phase I, II and III, through the PRC joint ventures during the year.

For the year ended 30 June 2008, the aggregate average daily traffic of GS Superhighway and Phase I West recorded a slight drop of 0.5% to 348,000 vehicles and the aggregate average daily toll revenue decreased 12% to RMB9.12 million. The annual aggregate toll revenue amounted to RMB3,338 million.

The construction of Phase II West has been proceeding and is currently planned to be completed and operational in the financial year 2009/2010. The preliminary work of the application for the project approval of Phase III West is close to completion. Application to relevant authorities for approval is expected to be made soon. Dependent upon the approval progress, construction of Phase III West is presently planned to commence in 2010 and may take approximately 3 to 4 years to complete.

Facing the pressures of rising labor costs and commodity prices in the PRD region, HHI will continue to adopt effective measures to control the costs and enhance the operating efficiency of the joint venture companies, so as to ensure the competitiveness and quality services of GS Superhighway and Phase I West.

In August, 2007, a subsidiary of HHI entered into an agreement with the PRC partner of the Ring Road JV for the sale of its entire interest in Ring Road JV at a consideration of approximately RMB1,713 million. The transaction was completed in September 2007 and the Group recorded a pretax gain on disposal of HK$793 million.

Guangzhou-Shenzhen Superhighway

GS Superhighway is a 122.8 km long expressway, closed system, fully lit with six lanes in dual directions. Currently, it is the only expressway connecting Guangzhou, Dongguan, Shenzhen and Hong Kong. It is also the major artery in the PRD highway network with connections to Guangzhou Ring Road, Guangzhou Second Ring Road (northern and eastern sections), Humen Bridge, Dongguan-Changhu Expressway, Shenzhen-Jihe Expressway, Shenzhen Nanping Expressway and also some major cities, ports and airports in the region.

During the year under review, the average daily traffic of GS Superhighway slightly dropped 1% to 320,000 vehicles compared to last year, while its average daily toll revenue decreased 13% to RMB8.71 million. The annual toll revenue amounted to RMB3,189 million.

The drop in toll revenue of GS Superhighway is partly attributable to the unusual snowstorm occurring in the peak traffic period around the Chinese New Year in early 2008, which seriously affected most of the highways connecting Guangdong Province and other provinces. Also, at the request of the Central Government to put rising food prices under control, Guangdong Province implemented Green

Lane policy temporarily in 2008 to exempt tolls for vehicles carrying fresh or live agricultural products on some major expressways (including GS Superhighway). In addition, the road network in Shenzhen has changed. Moreover, the South and North bound lanes of Xintang to Dongguan section of GS Superhighway were temporarily closed and related traffic was diverted in the periods from 18 October 2007 to 10 January 2008 and 18 February 2008 to 9 July 2008 respectively for maintenance and improvement works. During these periods, the average daily toll revenue decreased 21% or RMB2.2 million as compared to last year. Although the daily toll revenue decreased significantly during the periods, the daily traffic only fell about 7% or 22,000 vehicles as most of the diverted vehicles returned to GS Superhighway after bypassing the closed section, reflecting GS Superhighway's importance in the highway network of Guangdong Province.

As planned, the maintenance and improvement works were completed and the affected section has been re-opened to traffic since 9 July 2008. The average daily traffic and toll revenue have gradually rebounded to the level comparable to that of last year. HHI believes that such works will be beneficial to the operations of GS Superhighway in the long run.

HHI and the joint venture company have always put great emphasis on traffic safety and have been using ample resources to upgrade and enhance the safety and service facilities in GS Superhighway over the years, aiming at providing users with a safe, comfortable and speedy expressway. In July 2008, together with the joint venture company, HHI co-organized a provincial-wide large-scale traffic safety promotion campaign with the Traffic Management Department of Guangdong Provincial Public Security Bureau ("Traffic Police Department"). Over 100,000 volumes of Chinese literature «Analects of Confucius» inserted with traffic safety rules were distributed to the social public free of charge. Not only did the campaign achieve traffic safety education purpose, but also promoted the traditional Chinese culture.

Project Summary

Guangzhou-Shenzhen Superhighway

Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lane	Total six lanes in dual directions
Class	Expressway
JV Contractual Operation Period	Jul 1997 — Jun 2027
Profit Sharing Ratio	Year 1-10: 50% Year 11-20: 48% Year 21-30: 45%

During the year under review, the joint venture company installed additional electronic changeable message signboards and traffic surveillance cameras along the main alignment and at some toll plazas. Some busy entry and exit ramps were also installed with flashing road stubs to alert drivers and all of the patrol and rescue vehicles were equipped with Global Positioning System (GPS). Currently, the joint venture company is cooperating with the Traffic Police Department to install and implement an intelligent traffic management system, the first and the pioneer in Guangdong's expressways, to strengthen the traffic surveillance capabilities of GS Superhighway, enhance the efficiency of rescue response and accident handling and also minimize the congestion and casualties losses caused by traffic accidents.

Making use of advance technologies and equipments to enhance the management and the efficiency of toll collection and the traffic throughput of toll plazas, the joint venture company has installed the non-stop electronic toll collection system ("ETC") and automatic car plate identification system and has actively pursued to a feasibility study on using automatic entry card issuing system at entry lanes.

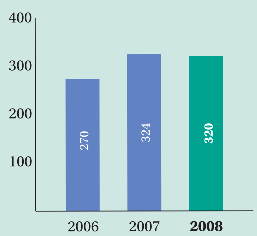
The joint venture company will continue to strengthen the inspection and maintenance works of GS Superhighway's road surface, bridges and structures so as to prolong its usable life and maintenance cycle, contributing long-term benefits to HHI.

Pursuant to the joint venture agreement, HHI's profit sharing ratio in the joint venture company has been adjusted from 50% to 48% since 1 July 2007. Further, in

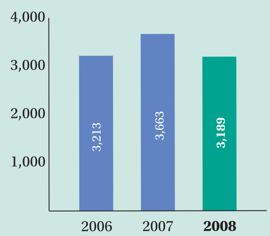
Guangzhou-Shenzhen Superhighway

Average Daily Toll Revenue (RMB'M)

Average Daily Traffic (No. of vehicles in thousand)



Annual Toll Revenue (RMB'M)



respect of the additional investment made by HHI during the construction of GS Superhighway, the joint venture company paid RMB725.14 million to a related subsidiary of HHI in January 2008.

Sustained Efforts in Promoting Traffic Safety

HHI and the joint venture company have always put great emphasis on traffic safety and have been using ample resources to upgrade and enhance the safety and service facilities in GS Superhighway over the years, aiming at providing users with a safe, comfortable and speedy expressway. In July 2008, together with the joint venture company, HHI co-organized a provincial-wide large-scale traffic safety promotion campaign with the Traffic Management Department of Guangdong Provincial Public Security Bureau ("Traffic Police Department"). Over 100,000 volumes of Chinese literature «Analects of Confucius» inserted with traffic safety rules were distributed to the social public free of charge. Not only did the campaign achieve traffic safety education purpose, but also promoted the traditional Chinese culture.

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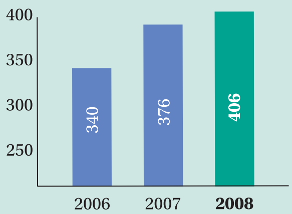
In contrast to the uncertainties in global economy, the macro-economic control undertaken by the Central Government and a change in road network in Shenzhen, the economy of Guangdong remains robust and continues to grow. The highway network of Guangdong continues to improve and expand, and the car ownership keeps on increasing. All these positively contribute to the further development of passenger and freight transportation as well as logistics industries in Guangdong. HHI believes that the traffic and toll revenue of GS Superhighway can maintain stable growth.

To meet the increasing traffic demand, HHI, the PRC partner and the joint venture company have been actively pursuing the feasibility study on widening GS Superhighway to an expressway with total ten lanes in dual directions. The study is almost completed and is highly regarded by the relevant authorities. Application to the relevant authorities for approval will soon be made.

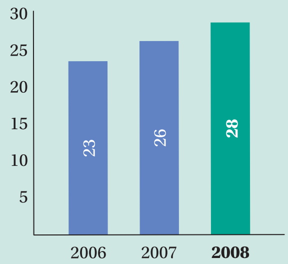
As to the construction of Guangzhou-Shenzhen Coastal Expressway reported by the media, HHI will continue to monitor its development. HHI believes that, with the strategic location of GS Superhighway and its connection to the regional highway network established over the past decade, GS Superhighway will continue to be the main artery within the region.

Western Delta Route

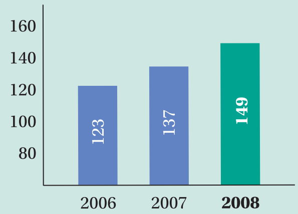
Average Daily Toll Revenue (RMB thousand)



Average Daily Traffic
(No. of vehicles in thousand)



Annual Toll Revenue
(RMB'M)



Phase I of the Western Delta Route

Phase I West is the first phase of the Western Delta Route which is planned to be constructed in three phases. Phase I West commenced operation in April 2004. It is a 14.7 km long expressway, closed system with total six lanes in dual directions, connecting to Guangzhou Ring Road in the north, and National Highway 105 and Bigui Road of Shunde in the south. Currently, it is the only expressway linking Guangzhou and Shunde.

During the year under review, as the traffic diversion from Phase I West caused by a parallel-run local toll-free road in Foshan had stabilized, and as Guangzhou Ring Road has become toll-free since mid September 2007, Phase I West's traffic and toll revenue have resumed significant growth momentum. Over the financial year, its average daily traffic increased 10% to 28,000 vehicles, and average daily toll revenue rose 8% to RMB406,000. The annual total toll revenue amounted to RMB149 million.

According to the highway network planning of Foshan, several highways will be connecting to Phase I West, including Foshan First Ring Road extension link, Pingzhou-Danzao Expressway and Pingzhou-Nansha Expressway in Nanhai as well as Guangzhou-Gaoming Expressway, all of which are expected to drive the growth of traffic and toll revenue of Phase I West.

Project Summary

Phase I West

Location	Guangzhou to Shunde, Guangdong, PRC
Length	14.7 km
Lane	Total six lanes in dual directions
Class	Expressway
JV Contractual Operation Period	Sep 2003 — Sep 2033
Profit Sharing Ratio	50%

Phase II of the Western Delta Route

Phase II West is a 46 km long expressway, closed system with six lanes in dual directions, starting in the north from the Shunde end of Phase I West and extending southwards to Zhongshan, connecting to the National Highway 105 and the proposed western expressway of Zhongshan. Upon completion, it will be the only expressway linking Guangzhou to the central area of Zhongshan.

In recent years, although the Central Government has imposed stringent approval requirements on land use country-wide, increasing the difficulties and the costs of land acquisition and demolition, as well as prolonging the time required for handover of land, the construction of Phase II West has been proceeding and is currently planned to be completed and operational in the financial year 2009/2010.

As a result of the stringent control policies on land use and inflation, the costs of land, construction materials, interest etc. have been rising. The investment budget of the project compiled in 2004 needs to be adjusted from the original planned amount of approximately RMB4,900 million (excluding loan interest during construction) to approximately RMB7,200 million (including loan interest during construction). HHI therefore entered into a revised joint venture agreement for the investment in, construction and operation of the Phase II West with its PRC partner (the same PRC partner of Phase I West) on 2 September 2008 to increase the HHI's share of the registered capital for the project by approximately RMB402.5 million. Details of the transaction can be referred to the joint announcement made by HHI and the Group dated 2 September 2008.

Project Summary

Phase II West

Location	Shunde to Zhongshan, Guangdong, PRC
Length	Approx. 46 km
Lane	Total six lanes in dual directions
Class	Expressway
JV Contractual Operation Period	Apr 2007 — Sep 2038
Profit Sharing Ratio	50%

Phase III of the Western Delta Route

Phase III West is a 38 km long expressway, closed system with total six lanes in dual directions, starting in the north from the Zhongshan end of Phase II West and extending southwards to connect to the highway network in Zhuhai.

As Phase III West is located at the populous and fast growing cities on the western bank of the PRD region, in order to fit in the city and transportation development planning of Zhongshan and Zhuhai and to shorten the lengthy land acquisition and demolition process, the alignment and design of certain sections of Phase III West have been revised, including increasing tunnel distance from 2.5 km to 5.1 km which costs are much higher. In addition, as a result of the stringent control policies on land use and inflation, the costs of land, construction materials, interest, etc. have increased. The investment budget of the project has to be revised from the original planned amount of RMB3,260 million (excluding loan interest during construction) to RMB5,600 million (including loan interest during construction). Similar to the case of Phase II West, HHI entered into a revised joint venture agreement for the investment in, construction and operation of the Phase III West with its PRC partner (also the same PRC partner of Phase I West and Phase II West) on 2 September 2008 to increase HHI's share of the registered capital for the project by approximately RMB409.5 million. Details of the transaction can be referred to the joint announcement made by HHI and the Group dated 2 September 2008.

The preliminary work of the application for project approval of Phase III West is close to completion and application to relevant authorities for approval is expected to be made soon. It is currently planned to commence construction of Phase III West in 2010 with completion in approximately 3 to 4 years.

Project Summary

Phase III West

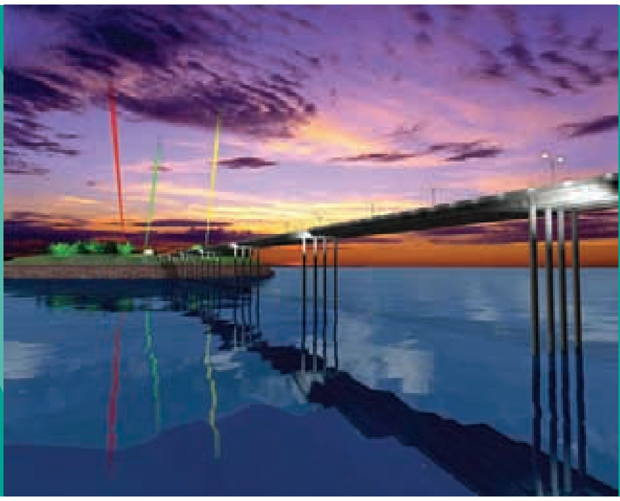
Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	Approx. 38 km
Lane	Total six lanes in dual directions
Class	Expressway
JV Contractual Operation Period	Subject to the approval of the relevant PRC authorities
Profit Sharing Ratio	Proposed 50%

HHI will endeavour to expedite the construction of Phase II West and Phase III West and complete them as planned. It is expected that, upon the completion of the entire Western Delta Route, it will link up various major cities including Guangzhou, Foshan, Zhongshan and Zhuhai and lead to Macau, and will become a strategic expressway on the western bank of the PRD region. With the reported accelerated construction plan of the Hong Kong-Zhuhai-Macau Bridge project, the regional highway network will be further expanded and improved. Besides, according to the Outline of the Eleventh Five-Year Plan for the National Economic and Social Development in Guangdong Province, urbanization, economy and transportation on the western bank of the PRD region will rapidly develop. HHI believes that all these will create synergy with the Western Delta Route which traffic and toll revenue will grow steadily in future.

Hong Kong-Zhuhai-Macau Bridge Project

Over the past two decades, HHI and our Chairman have devoted much efforts to the development of Hong Kong-Zhuhai-Macau Bridge project. As reported by the media, the Hong Kong-Zhuhai-Macau Bridge project is planned to commence construction at the earliest in 2010 and to be completed by 2015. We are pleased to see that the project has won affirmative recognition of the Central Government and various local governments, as well as comprehensive support from the general public. Its pace of construction is going to speed up. This reflects the excellent vision of our Chairman and HHI under his leadership.

HHI believes that the fast-track construction plan of the Hong Kong-Zhuhai-Macau Bridge project will not only accelerate the economic cooperation of Guangdong, Hong Kong and Macau, but also actively contribute to the economic development of the western bank of the PRD region, in addition to expand and improve the regional highway network.



Heyuan Power Plant

Heyuan Power Plant, a 2 x 600 MW ultra super-critical coal-fired power plant under construction, is located in Heyuan City. Upon completion, it will become one of the most efficient and environmental friendly coal-fired power plants in Guangdong. It is a joint venture between a subsidiary of the Company and Shenzhen Energy Group, the joint venture partner of the Company's former successful Shajiao B Power Plant Project in China. Our subsidiary currently holds about 40% interest in the joint venture.

The total project cost is presently planned to be about RMB5.2 billion, of which 30% has been injected as equity by the joint venture partners. The joint venture company has signed a RMB3.64 billion syndicated project loan facility in February 2008 for loan tenor up to 15 years to finance the balance of 70% of the project cost. The construction work of the plant is well advanced, with commercial operation presently planned for the first half of year 2009. It is currently planned that the plant will supply electricity to Guangdong province, in particular to Heyuan and Huizhou City.

The PRC power sector is facing a severe challenge in 2008 with coal prices and electricity tariff out of synchronization in PRC. Coal prices have increased rapidly during 2007 and gone up further since first half of 2008 while the 'coal-cost-pass-through' mechanism for adjusting the electricity tariff has not been fully implemented. This has created a significant pressure on the profitability of the Chinese power producers.

As reported by the media, Guangdong Province will suffer a 6,000 MW power shortage in second half of 2008, some of the factories were shut down two days a week due to power shortage.

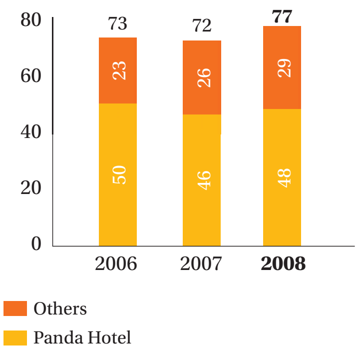
In order to reduce pressure on power producers, the National Development and Reform Commission ("NDRC") recently announced that prices for thermal coal at major ports, including Qinhuangdao could not be raised beyond the price cap set on 19 June 2008 till the end of the year. In July and August 2008, NDRC further raised the level of on-grid electricity tariff of coal-fired power plants twice. The effect is that the electricity tariff of the Guangdong's power plants was increased by 11% from RMB0.4532/kWh to RMB0.5042/kWh.

It is currently planned to finalize the terms of electricity sales contract with China Southern Power Grid Corporation before the commencement of the commercial operation of Heyuan Power Plant.

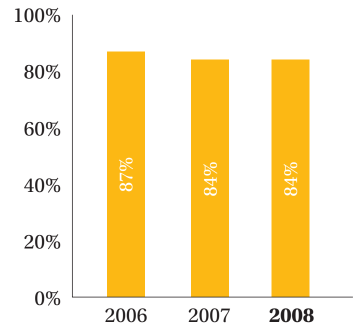
With the current trend of NDRC's implementation of policies to increase electricity tariff and to tighten coal price in respect of the power sector, coupled with strong power demand and a sustainable economic growth in Guangdong, the investment in Heyuan Power Plant Project will offer reasonable return in the long term.

Hospitality

Hospitality EBIT (HK$'M)



Panda Hotel Average Occupancy (%)



Panda Hotel, Tsuen Wan

During the year under review, Panda Hotel has recorded a satisfactory performance. Although the Panda Hotel encountered the threat of new entrants and the intensity of rivalry among competitors, it has maintained its occupancy level and sustained a higher average room rate. While the key contribution of room revenue was from the leisure market, guests from business segment also supplied the hotel with a steady flow of income.

For this year, average room occupancy was maintained at 84%, whereas average room rate has increased by 7% when compared to last year. Total room revenue was HK$142.4 million.

Looking ahead, while the Panda Hotel will continue to face the increasing competition in both domestic and regional markets, according to the visitor forecast of Hong Kong Tourist Board, the continuous growth from short and long haul, leisure and business travellers from various regions is anticipated. To sustain the competitiveness of the hotel in the market, differentiation and focus strategies will be deployed to strengthen and enlarge the individual traveller market share, as well as to diversify the nationality mix of our leisure segment. Furthermore, the Panda

Hotel will continue to speed up the ongoing guestroom renovation and facility upgrading plans to remain competitive.

Restaurant and Catering Services

The restaurant and catering services of the Group, comprising the food and beverage operations of the Panda Hotel ("Panda F&B") and HITEC, Revolving Restaurant at Hopewell Centre ("R66"), and Bayern Gourmet Food ("BGF"), have achieved a steady growth of 11% in business volume, with total revenue of HK$219.4 million for the year.

The Panda F&B has achieved a moderate growth of 9% for the year. To maintain the momentum of business growth, banquet marketing schemes including attractive promotions and packages for corporate, association, and MICE (**M**eetings, **I**ncentive travel, **C**onventions, and **E**xhibitions) clients will continue to be strengthened. The renovation of the Grand Ballroom of the Panda Hotel which has been completed in June 2008 will also help boost the banquet business.

The R66, the only revolving restaurant in Hong Kong, continues to be a very popular venue amongst tourists and local residents and there was a healthy growth in average check per customer in this year.

The food and beverage operation of HITEC recorded an increase of 19% in revenue as compared with last year, mainly due to the increase in the number of functions held. As the occupancy of HITEC, including EMax and Star Hall, steadily rose and the whole Kowloon Bay Area continued to catch more public awareness and traffic, the food and beverage operation has become a major revenue contributor to HITEC.

BGF, a manufacturer and supplier of sausages, meats and fish products, enjoyed significant growth of 18% in revenue as compared with last year. During the year, promotion counters were set up in supermarkets to increase public awareness of its brands and products.

Hopewell Centre II

The Group has recently renamed the proposed hotel project at the adjacent site to the west of Hopewell Centre as "Hopewell Centre II". The Group is currently negotiating with the government on the project.

We *Commit*

With a longstanding commitment to serving the community, we have been an active supporter of various community initiatives over the years and have contributed to community development through our urban renewal projects.


HOPEWELL HOLDINGS LIMITED
合和實業有限公司
ANNIVERSARY
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Max Kids · Max Fun
兒童暑期體驗計劃


QRE Plaza
地鐵站
MTR


PANDA
「長者健體有法


TVB
携手同心迎奧運

MANAGEMENT DISCUSSION AND ANALYSIS
Others

Employees and Remuneration Policies

The Group has approximately 1,200 employees as at 30 June 2008 and offers competitive remuneration packages to employees based on the prevailing market practices and individual performance. The Group also formulated share option scheme and share award scheme for the purposes of recognizing contributions by, and giving incentives to, the employees. Details of the schemes are set out in the Report of the Directors. In addition, discretionary bonuses may be granted to employees based on individual performance as well as the performance of the Group. The Group also provides medical coverage to all staff members and Group Personal Protector to senior staff members. During the year, various staff events, such as Annual Dinner, Staff Appreciation Lunch, Bowling Night and staff recreation and sports events, were organized to build closer relationship across levels within the organization.

On top of offering competitive remuneration packages, the Group also invests in human capital development. Training programs for improving employee productivity were conducted in the past year on an ongoing basis. They included elementary and intermediate Putonghua Courses which aimed at enhancing communication skills, Red Cross First Aid Course which aimed at increasing safety awareness and accident prevention in the Group, ICAC talk which aimed at corruption prevention. The Group has also organized some seminars to enhance the staff's mental quality and self development. The topics covered included "Choosing Happiness", "Smart Tips for Time Management", "Group Brainstorming", "MPF Knowledge" and "Sharing on Valuable Experience on the Issue of Quality Mindset". In 2008, an 18-month Management Trainee Program has been launched which intended to train and develop a team of young and energetic trainees to cope with the Group's business growth in a conglomerate environment.

Community Relations

Supporting community growth is an integral part of our commitment to good

Urban Renewal Efforts Promote Community Growth

As a pioneer in the urban renewal of Wanchai, we have long recognized the significant benefits of combining fragmented land lots into larger sites for urban renewal projects. Beginning in 1969, we embarked on the challenging task of land acquisitions in Wanchai. It required the amalgamation of 14 lots before Hopewell Centre could be built. With the completion of Hopewell Centre in 1980, the thriving business activities in the surrounding area have greatly enhanced the development of Wanchai, which has also gradually transformed into a major business centre in Hong Kong.

In addition to economic and planning gains, our urban renewal projects have brought about facilities which offered much convenience to local residents and pedestrians. Even though not stipulated in the Land Conditions, we took the initiative to offer free access to the lifts linking Queen's Road East and Kennedy Road, providing convenience to students, residents and pedestrians in the surrounding area for almost 30 years. Another recent example is the construction of a footbridge across Queen's Road East linking QRE Plaza and Hopewell Centre in November 2007 which greatly enhanced the safety for both vehicles and pedestrians.

corporate citizenship. During the year, the Group supported a series of arts, sports, community, traffic safety and disaster relief initiatives. These include our sponsorship and participation in Dress Special Day, Walk for Millions and Sports Corporate Challenge organized by the Community Chest, Olympic Day Run, MTR Race Walking, as well as our sponsorship of the Hong Kong Arts Festival and Hong Kong Art School Hopewell Library. Volunteers from the Group have also participated in various voluntary work projects. In addition, the Group donated HK$5 million to Hong Kong Red Cross to support Sichuan earthquake relief actions.

Support to community initiatives incorporated into business operations

In support of community activities, the Group continued to offer free space in its various properties such as Hopewell Centre, EMax and Panda Place as venues for organizing a wide range of community events during the year. Free publicity opportunities, such as free external LED display messages at Hopewell Centre, were offered to charitable organizations to promote community initiatives, such as appeal for donations to support Sichuan earthquake relief actions as well as promotional messages for Volunteer Movement and World Diabetes Day.

Recognition earned for demonstrating good corporate citizenship

In early 2008, Hopewell Holdings Limited and three of its subsidiaries, namely Hopewell Highway Infrastructure Limited, Hopewell Property Management Company Limited and Panda Hotel, were awarded the Caring Company Logo 2007/08 by the Hong Kong Council of Social Service in recognition of the companies' community involvement and commitment to good corporate citizenship.

GROUP RESULTS

Overview

The year ended 30 June 2008 was an exceptionally good year for the Group, the profit attributable to equity holders of the Company increased tremendously from HK$2,632 million to HK$5,966 million. Such encouraging performance arose mainly from the disposal of a subsidiary of the Group investing in a property development project in Macau ("Nova City Co") and the disposal of the Group's interest in Guangzhou East-South-West Ring Road joint venture company ("Ring Road JV"). Since both items are regarded as "Exceptional items" and because the Group ceased to share their revenue after their respective disposals, the Group's Turnover and Earnings before Interest and Tax ("EBIT") were therefore reduced.

For the year ended 30 June 2008, the Group's turnover by activities and their respective EBIT are reported as follows:

	Turnover (Note 1)		**Earnings before interest & tax** (Note 2)	
In HK$ million	*2007*	***2008***	*2007*	***2008***
Property letting, agency & management	390	**485**	204	**255**
Gain recognised on transfer of property to investment properties upon completion of development	—	**—**	—	**371**
Property development	227	**6**	1,067	**(32)**
Infrastructure project investment	5	**3**	1,246	**1,037**
Hotel operations, restaurant & catering	379	**421**	72	**77**
Others	—	**—**	99	**168**
	1,001	**915**	2,688	**1,876**
Treasury income	214	**288**		
Share of turnover of jointly-controlled entities				
Infrastructure project investment	2,026	**1,717**		
Property development	1,694	**—**		
	4,935	**2,920**		

	Results	
In HK$ million	*2007*	***2008***
Earnings before interest & tax (Note 2)	2,688	**1,876**
Exceptional items	327	**4,791**
Fair value gain on the Group's investment properties	208	**270**
Finance costs	(84)	**(87)**
Taxation	(112)	**(338)**
Profit for the year	3,027	**6,512**
Attributable to:		
Equity holders of the Company	2,632	**5,966**
Minority interests	395	**546**
	3,027	**6,512**

Notes:

(1) Turnover represented the sum of the Group's turnover of HK$915 million (2007: HK$1,001 million) plus the Group's treasury income of HK$288 million (2007: HK$214 million), attributable share of turnover of jointly controlled entities engaged in infrastructure project investment of HK$1,717 million (2007: HK$2,026 million), and property development business of Nil (2007: HK$1,694 million).

(2) Earnings before interest & tax represented the sum of (i) profit from operations before exceptional items of HK$843 million (2007: HK$386 million); and (ii) share of profits of jointly controlled entities and associates of HK$1,033 million (2007: HK$2,302 million).

Turnover

Turnover for the year ended 30 June 2008, including treasury income of group companies and the Group's proportionate share of turnover of jointly controlled entities engaged in toll expressway and property development businesses, was HK$2,920 million, a 41% decrease as compared with HK$4,935 million of last year. The decrease was due to the disposal of the Group's interest in Nova City Co and Ring Road JV. Turnover attributable to the two disposed projects for the year ended 30 June 2008 were nil and HK$45 million respectively and were HK$1,694 million and HK$183 million respectively for last year. At the same time, the sale of Phase 1A of the Group's Huadu development properties which was substantially completed in the year ended 30 June 2007 remained small in the year ended 30 June 2008 as a new phase of development is yet to be launched. On the other hand, the Group's property investment and hospitality have recorded turnover of HK$485 million and HK$421 million (growth of 24% and 11% over last year) respectively.

Earnings before Interest and Tax

The Group's EBIT decreased by 30% to HK$1,876 million from HK$2,688 million of last year. The decrease was mainly attributable to, as mentioned above, the disposal of Nova City Co (contribution to EBIT of the Group for last year was HK$1,041 million) and the reduction in contribution from infrastructure project investment business. The performance of infrastructure business was affected by the disposal of 45% interest in Ring Road JV in September 2007; the adjustment of the profit sharing ratio in the Group's joint venture company, Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") from 50% to 48% since 1 July 2007 pursuant to the joint venture contract; the planned temporary closures of the South and North bound lanes of Xintang to Dongguan section of GS Superhighway for maintenance and improvement works from 18 October 2007 to 10 January 2008 and 18 February 2008 to 9 July 2008 respectively; and benefited from the gain on Renminbi appreciation. On top of the above, the PRC authority promulgated the Law on Enterprise Income Tax by Order No. 63 of the President of the PRC, which will change the tax rate gradually from 18% to 25% for the Group's PRC jointly controlled entities effective 1 January 2008 over the coming 5 years. Deferred tax expenses of the jointly controlled entities have been adjusted to increase the deferred tax balances. Positive growth was recorded from other business segments, including property investment and hospitality.

Exceptional Items

Gain from exceptional items of HK$4,791 million was recorded for the year under review. The amount is mainly the aggregate of (i) gain on disposal of the Group's interest in Nova City Co of HK$3,948 million; (ii) gain on disposal of the Group's interest in Ring Road JV of HK$793 million; (iii) gain on disposal of investment properties in Allway Gardens of HK$27 million; and (iv) gain on disposal of available-for-sale investments of HK$22 million. Exceptional items for last year of HK$327 million represented gain on disposal of available-for-sale investments of HK$319 million and gain on deemed disposal of interests in HHI mainly upon exercise of HHI warrants by the warrants holders during that year of HK$8 million.

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders was HK$5,966 million, representing an increase of 127% over HK$2,632 million of the last year. Excluding the effects of the fair value gain on the Group's investment properties of HK$226 million (net of attributable deferred taxation) (2007: HK$172 million), the Group's profit attributable to equity holders would be HK$5,740 million, a 133% increase over HK$2,460 million of the last year.

Liquidity and Financial Resources

As of 30 June 2008, the Group's cash balances and available banking facilities are as below:

	As at 30 June	
In HK$ million	*2007*	***2008***
Cash		
HHI	3,904	**5,997**
Other entities in the Group	1,854	**4,785**
	5,758	**10,782**
Available Banking Facilities		
HHI	3,600	**3,600**
Other entities in the Group	10,235	**13,952**
	13,835	**17,552**
Cash and Available Banking Facilities		
HHI	7,504	**9,597**
Other entities in the Group	12,089	**18,737**
The Group	19,593	**28,334**

The Group's financial position remains strong. With net cash balances in hand together with the available banking facilities, the Group has sufficient financial resources to cater for its recurring operating activities, present and potential investment activities. Over the past financial year, the Group did not have any exposure in bonds or sub-prime related securities.

In September 2007, the Group successfully arranged a HK$7,000 million seven-year unsecured revolving loan facility. In June 2006, the Group entered into a HK$5,350 million five-year unsecured revolving loan facility. Both syndicated loan facilities are for general working capital purposes. As at 30 June 2008, there was no corporate debt outstanding (same position as at 30 June 2007).

Interest Rate and Exchange Rate Exposures

The Group did not have any financial derivative instruments to hedge the interest rate or exchange rate exposures during the past financial year. However, the Group will closely monitor such risk exposures from time to time.

Treasury Policies

The Group adopts prudent and conservative approach on treasury policies. The overall objective is to minimise the finance cost and optimise the return on financial assets.

The Group generally placed cash in short-term deposits denominated mainly in Hong Kong dollar and United States dollar. In order to enhance the return on deposits, the Group will consider investing in principal protected yield enhancement financial instruments.

The Group's capital structure, which is mainly financed by equity, is shown as below:

	As at 30 June	
In HK$ million	*2007*	***2008***
Equity attributable to equity holders of the Company	19,171	**23,147**
Share based compensation reserves of a subsidiary	2	**3**
Minority interests	3,059	**3,270**
Total Equity	22,232	**26,420**
Bank Borrowings	—	**—**
Total Capitalisation	22,232	**26,420**

Project Commitments

Details of the project commitments are set out in note 42 to the financial statements.

Contingencies

Details of the contingent liabilities are set out in note 44 to the financial statements.

Charges on Assets

As at 30 June 2008, none of the Group's assets were pledged to secure any loans or banking facilities.

Material Acquisitions or Disposals

During the year ended 30 June 2008, the Group completed the disposals of its interests in the Nova City Co, Ring Road JV, and investment properties in Allway Gardens. Subsequent to the balance sheet date, the Group entered into an agreement in July 2008 to acquire certain retail property units in Wu Chung House with aggregate gross floor area of 17,670 square feet. The acquisition provides synergy with retail properties owned by the Group in Hopewell Centre, QRE Plaza and GardenEast upon its completion, which collectively is branded "The East". Apart from the above, there was no material acquisition or disposal of the Company's subsidiaries and associates during the year ended 30 June 2008.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board of Directors (the "Board") that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the Code on Corporate Governance Practices (the "CG-Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Throughout the year ended 30 June 2008, the Company has complied with all code provisions set out in the CG-Code.

Board of Directors

The Company is managed through the Board which currently comprises of ten Executive Directors (including the Chairman), three Non-Executive Directors and three Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 12 to 17 of this Annual Report.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Managing Directors.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances.

Sir Gordon Ying Sheung WU served as Chairman of the Board throughout the year and is responsible for providing leadership and management of the Board. The role of the Chairman is separated from that of the Managing Director. Mr. Eddie Ping Chang HO, Managing Director, and Mr. Thomas Jefferson WU (the son of Sir Gordon Ying Sheung WU), Co-Managing Director, are responsible for the day-to-day management of the business of the Company. The division of the responsibilities between the Chairman and the Managing Directors has been established and set out clearly in writing.

Non-Executive Directors and Independent Non-Executive Directors are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgment. At least one of the Independent Non-Executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-Executive Director a written annual confirmation of independence. All the Independent Non-Executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

In accordance with the Company's Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. Every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her (i) last appointment by the Board, (ii) last election or (iii) last re-election, and shall be eligible for re-election subject to the provisions of the Articles of Association. All Non-Executive Directors and Independent Non-Executive Directors are appointed for a specific term of three years and are subject to retirement from office and re-election at least once every three years.

The Board regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-Executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director will normally be made by the Chairman and/or Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s). During the year, Mr. Andy Lee Ming CHEUNG resigned from the board of the Company on 18 October 2007. Mr. Yuk Keung IP was appointed Independent Non-Executive Director of the Company on 13 August 2007. Due to other business commitments, Mr. IP resigned from the board of the Company on 29 February 2008. Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws.

The Company has arranged appropriate insurance cover in respect of legal action against the Directors and officers.

Board Committees

The Board has established a Committee of Executive Directors in September 1991 with delegated authority for reviewing and approving the day to day business operations and ordinary and usual course of business of the Company. This committee comprises all the Executive Directors of the Company.

The Company has also established the Audit Committee and the Remuneration Committee to deal with the following specific matters in the interest of all shareholders in an objective manner. Members of these two Board Committees comprise, except for the Chairman of the Remuneration Committee, entirely of Independent Non-Executive Directors.

	Audit Committee	***Remuneration Committee***
Committee Members	Mr. Lee Yick NAM* *(Chairman)* Ms. Linda Lai Chuen LOKE* Mr. Guy Man Guy WU* Mr. Yuk Keung IP* *(Appointed on 13 August 2007, resigned on 29 February 2008)*	Mr. Eddie Ping Chang HO# *(Chairman)* Mr. Lee Yick NAM* Ms. Linda Lai Chuen LOKE*
Major responsibilities and functions	• Consider the appointment and independence of external auditors. • Review and supervise the Group's financial reporting process, internal control and compliance. • Review and monitor the interim and annual financial statements before submission to the Board.	• Assist the Board for development and administration of the policy and procedure on the remuneration of the Directors and senior management of the Company.
Work performed during the year	• Considered and approved the terms of engagement of the external auditors including audit fee. • Reviewed the annual financial statements for the year ended 30 June 2007 and the interim financial statements for the six months ended 31 December 2007. • Reviewed the work performed by the Internal Audit Department and the Group's internal control system.	• Reviewed the level of Directors' fees for the year.

Executive Director

* *Independent Non-Executive Director*

Attendance at Meetings

During the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and Annual General Meeting are as follows:

	Number of meetings attended / held			
	Board Meetings	***Audit Committee Meetings***	***Remuneration Committee Meeting***	***Annual General Meeting***
Number of meetings held	4	2	1	1
Executive Directors				
Sir Gordon Ying Sheung WU GBS, KCMG, FICE *(Chairman)*	4 out of 4	N/A	N/A	1 out of 1
Mr. Eddie Ping Chang HO *(Remuneration Committee Chairman)*	4 out of 4	N/A	2 out of 2	1 out of 1
Mr. Thomas Jefferson WU	3 out of 4	N/A	N/A	1 out of 1
Mr. Josiah Chin Lai KWOK	4 out of 4	N/A	N/A	1 out of 1
Mr. Robert Van Jin NIEN	4 out of 4	N/A	N/A	1 out of 1
Mr. Albert Kam Yin YEUNG	3 out of 4	N/A	N/A	1 out of 1
Mr. David Yau-gay LUI	4 out of 4	N/A	N/A	1 out of 1
Mr. Andy Lee Ming CHEUNG *(Resigned on 18 October 2007)*	0 out of 1	N/A	N/A	1 out of 1
Mr. Eddie Wing Chuen HO Junior	4 out of 4	N/A	N/A	1 out of 1
Mr. Barry Chung Tat MOK	4 out of 4	N/A	N/A	1 out of 1
Mr. William Wing Lam WONG	4 out of 4	N/A	N/A	1 out of 1
Non-Executive Directors				
Mr. Henry Hin Moh LEE	4 out of 4	N/A	N/A	1 out of 1
Lady Ivy Sau Ping KWOK WU	3 out of 4	N/A	N/A	1 out of 1
Mr. Carmelo Ka Sze LEE	4 out of 4	N/A	N/A	1 out of 1
Independent Non-Executive Directors				
Mr. Guy Man Guy WU	4 out of 4	2 out of 2	N/A	1 out of 1
Ms. Linda Lai Chuen LOKE	4 out of 4	2 out of 2	2 out of 2	1 out of 1
Mr. Lee Yick NAM *(Audit Committee Chairman)*	4 out of 4	2 out of 2	2 out of 2	1 out of 1
Mr. Yuk Keung IP *(Appointed on 13 August 2007, resigned on 29 February 2008)*	3 out of 3	2 out of 2	N/A	1 out of 1

Remuneration Policy

The Company recognizes the need to implement a competitive remuneration policy in order to attract, retain and motivate the Directors and senior management to achieve the corporate targets. The remuneration package of the Executive Directors comprises of some fixed elements: basic salary, provident fund contribution and other benefits including insurance cover, as well as bonus, share options and share awards which are performance related elements. No Director is allowed to approve his/her own remuneration.

The fixed elements of the Executive Directors' remuneration are reviewed annually and will take into account the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the current financial year had been approved by the shareholders at the last Annual General Meeting of the Company held on 4 October 2007.

Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Company's Directors and relevant employees who are or may be in possession of unpublished price sensitive information. Based on the specific enquiry made, all Directors have confirmed that they have complied fully with the Model Code throughout the year.

Financial Reporting

The Directors recognize the responsibility for preparing the financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The responsibilities of the auditors with respect to the financial reporting are set out in the Independent Auditor's Report on page 74 of this Annual Report.

External Auditors

The Company's external auditor is Deloitte Touche Tohmatsu. They are responsible for auditing and forming an independent opinion on the annual financial statements. The independence of the external auditor is monitored by the Audit Committee which is also responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement including their fees. Apart from the statutory audit of the annual financial statements, Deloitte Touche Tohmatsu was also engaged to perform a review on the interim financial statements of the Company for the six months ended 31 December 2007 as well as advising on tax compliance and related matters.

Further, pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions with Guangdong Nan Yue Logistics Company Limited as set out under the section headed "Connected Transactions" in the Report of the Directors. The auditor has reported to the Board of Directors that (i) the Material Logistics Services (as defined under the section headed "Connected Transactions" in the Report of the Directors) transactions have received the approval of the Board of Directors of the Company, (ii) the amount of the Material Logistics Services fee for the year ended 30 June 2008 did not exceed the cap of RMB22 million per annum as disclosed in the joint announcement dated 1 June 2007 made by the Company and HHI, and (iii) the samples amounts of the Material Logistics Services fee that the auditors selected are calculated in accordance with the management agreement governing the connected transactions.

During the year ended 30 June 2008, the fees payable by the Group to the external auditors in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	6,234
Non-audit services:	
Taxation and advisory services	518
Others	894
	7,646

Internal Controls

The Board is of the opinion that a sound internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations and will assist the Board in the management of any failure to achieve business objective.

The Group's internal control procedures include a comprehensive system for reporting information to the division head of each business unit and the Executive Directors.

Business plans and budgets are prepared annually by the management of each business unit and are subject to review and approval by the Executive Directors. Plans and budgets are reviewed on a quarterly basis to measure actual performance against the budget. When setting budgets and forecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. Different guidelines and procedures have been established for the approval and control of operating expenditures, capital expenditures and the unbudgeted expenditures and acquisitions.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each unit and hold periodical meetings with the senior management of each business unit and the finance team to review these reports, discuss business performance against budgets, forecasts and market conditions, and to address accounting and finance related matters.

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness through the Audit Committee. Evaluation of the Group's internal control is independently conducted by the Internal Audit Department on an on-going basis. Internal Audit Department reports to the Audit Committee at least twice every year on significant findings on internal controls.

For the year under review, the Board has through the Audit Committee reviewed the effectiveness of the Group's internal control system.

Investor Relations

Investor relations have always been attached high priority by the Group. Through active communication with investors and shareholders, together with timely and accurate disclosure of information in strict compliance with the relevant regulations, these can help the investment community better understand the Group's businesses.

During the year under review, the Group continued to take an active approach in investor relations. It participated in investor forums, meetings and teleconferences with fund managers and analysts. Moreover, briefings for analysts and media on interim and final results announcement are arranged regularly every year. These events provide excellent opportunities for the investors and shareholders to express their views on the Group and to exchange thoughts with the senior management.

The Group's corporate website at www.hopewellholdings.com serves as another major portal for investors and shareholders to track the Group's latest development. Useful information including description of the Group's businesses, announcements, press release, result presentation as well as interim and annual reports are available on the website.

A high degree of transparency is very important for investors and shareholders to stay alert on the Group's most recent development. Our investor relations team is available on a day-to-day basis to answer queries from investors and stakeholders. The Group will continue to maintain an interactive and two-way communications with the investment community with a goal to maximize shareholder value.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30 June 2008.

Principal Activities

The principal activity of the Company is investment holding and its subsidiaries are active in the fields of investment in infrastructure projects, property development and investment, property agency and management, hotel investment and management, restaurant operations and food catering.

Results

The results of the Group for the year ended 30 June 2008 are set out in the consolidated income statement on page 75.

Final Dividend and Special Final Dividend

The Directors recommend the payment of a final dividend of HK40 cents (2007: HK82 cents) and a special final dividend of HK110 cents (2007: HK35 cents) per share. Together with the interim dividend of HK55 cents (2007: HK38 cents) and the special interim dividend of HK55 cents (2007: Nil) per share paid on 26 March 2008, the total dividends for the year is HK260 cents (2007: HK155 cents) per share.

The dividends for this year (including the special dividend) represents a 40% payout of net profits (before effect of property revaluation gain).

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section "Operations Review" as set out on pages 20 to 41.

Share Capital

Movements in share capital of the Company during the year are set out in note 38 to the financial statements.

Share Premium and Reserves of the Group and the Company

Movements in share premium and reserves during the year are set out in note 39 to the financial statements.

Distributable Reserve

The Company's distributable reserve at 30 June 2008 amounts to HK$7,159 million (2007: HK$3,120 million) which represents retained profits of the Company as at that date.

Donations
Donations made by the Group during the year for charitable and other purposes amounted to HK$13,431,000 (2007: HK$6,133,000).

Fixed Assets
Movements in investment properties and property, plant and equipment during the year are set out in notes 18 and 19 to the financial statements respectively. Particulars regarding the major properties and property interests of the Group are set out on pages 139 and 140.

Major Customers and Suppliers
The turnover attributable to the Group's five largest customers combined was 7% of the Group's turnover for the year. The five largest suppliers of the Group accounted for approximately 26% of the Group's total purchases and the largest supplier included therein accounted for approximately 10%.

None of the Directors, their associates, or any shareholder of the Company, which to the knowledge of the Directors of the Company, owns more than 5% of the Company's issued shares, had any beneficial interests in the Group's five largest customers and suppliers.

Directors and Senior Management
The Directors of the Company and their profiles as at the date of this report are set out on pages 12 to 17. Changes during the year and up to the date of this report are as follows:

Mr. Andy Lee Ming CHEUNG	(resigned on 18 October 2007)
Mr. Yuk Keung IP	(appointed on 13 August 2007, resigned on 29 February 2008)

In accordance with the Company's Articles of Association, Mr. Josiah Chin Lai KWOK, Mr. Barry Chung Tat MOK, Lady Ivy Sau Ping KWOK WU, Mr. Guy Man Guy WU, and Ms. Linda Lai Chuen LOKE shall retire by rotation at the forthcoming annual general meeting and, being eligible, offered themselves for re-election.

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors of the Company and HHI who are regarded as members of the Group's senior management.

Qualified Accountant
Mr. Nicholas Tai Keung MAY, aged 46, Qualified Accountant, joined the Group in April 2007. He currently holds the position of Group Financial Controller and is responsible for financial management and accounting functions of the Group. He is also an Alternate Director of HHI. He is a CPA of CPA Australia and a CPA of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's Degree in Economics from Macquarie University and a Master's Degree in Commerce from University of New South Wales.

Directors' Interest in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or were parties and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2008, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

(A) the Company (i)

Directors	Shares				Underlying shares of equity derivatives (iv)	Awarded shares (v)	Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (ii) (interests of controlled corporation)	Other interests (iii)				
Sir Gordon Ying Sheung WU	74,683,032	21,910,000 (vi)	111,250,000 (vii)	30,680,000	—	—	238,523,032 (x)	26.73%
Eddie Ping Chang HO	25,023,462	1,365,538	2,050,000	—	—	—	28,439,000	3.19%
Thomas Jefferson WU	27,840,000	—	820,000	—	—	—	28,660,000	3.21%
Josiah Chin Lai KWOK	1,185,000	—	—	—	—	90,000	1,275,000	0.14%
Henry Hin Moh LEE	5,104,322	—	—	—	—	—	5,104,322	0.57%
Robert Van Jin NIEN	792,000	—	—	—	—	36,000	828,000	0.09%
Guy Man Guy WU	2,645,650	—	—	—	—	—	2,645,650	0.30%
Lady Ivy Sau Ping KWOK WU	21,910,000	124,743,032 (viii)	61,190,000 (ix)	30,680,000	—	—	238,523,032 (x)	26.73%
Linda Lai Chuen LOKE	—	1,308,981	—	—	—	—	1,308,981	0.15%
David Yau-gay LUI	8,537	—	—	—	—	—	8,537	0.00%
Albert Kam Yin YEUNG	290,000	—	—	—	—	60,000	350,000	0.04%
Eddie Wing Chuen HO Junior	572,000	—	—	—	—	36,000	608,000	0.07%
Lee Yick NAM	90,000	—	—	—	—	—	90,000	0.01%
Barry Chung Tat MOK	350,000	—	—	—	1,900,000	50,000	2,300,000	0.26%
William Wing Lam WONG	100,000	—	—	—	288,000	50,000	438,000	0.05%

Notes:

(i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.

(ii) The corporate interests were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(iii) The other interests in 30,680,000 shares represented the interests held by Sir Gordon Ying Sheung WU ("Sir Gordon WU") jointly with his wife Lady Ivy Sau Ping KWOK WU ("Lady Ivy WU").

(iv) The interests in underlying shares of equity derivatives represented interests in options granted to Directors under the 2003 Share Option Scheme to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options of the Company".

(v) The interests in awarded shares represented interests of awarded shares granted to Directors under the Employees Share Award Scheme of the Company adopted on 25 January 2007 but not yet vested, details of which are set out below:

Directors	Date of award	No. of awarded shares	Vesting date
Josiah Chin Lai KWOK	25/01/2007	90,000	25/01/2009
Robert Van Jin NIEN	25/01/2007	36,000	25/01/2009
Albert Kam Yin YEUNG	25/01/2007	60,000	25/01/2009
Eddie Wing Chuen HO Junior	25/01/2007	36,000	25/01/2009
Barry Chung Tat MOK	25/01/2007	50,000	25/01/2009
William Wing Lam WONG	25/01/2007	50,000	25/01/2009

(vi) The family interests in 21,910,000 shares represented the interests of Lady Ivy WU.

(vii) The corporate interests in 111,250,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (ix).

(viii) The family interests in 124,743,032 shares represented the interests of Sir Gordon WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations.

(ix) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.

(x) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

(B) Associated Corporations

(1) Hopewell Highway Infrastructure Limited ("HHI")

Directors	HHI Shares: Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (i) (interests of controlled corporation)	Other interests	Total interests	% of issued share capital
Sir Gordon Ying Sheung WU	6,249,402	2,491,000 (ii)	10,124,999 (iii)	3,068,000 (iv)	21,933,401 (viii)	0.74%
Eddie Ping Chang HO	1,824,046	136,554	205,000	—	2,165,600	0.07%
Thomas Jefferson WU	5,797,000	—	82,000	—	5,879,000	0.20%
Henry Hin Moh LEE	279,530	—	—	—	279,530	0.01%
Robert Van Jin NIEN	60,000	—	—	—	60,000	0.00%
Lady Ivy Sau Ping KWOK WU	2,491,000 (v)	10,255,402 (vi)	6,118,999 (vii)	3,068,000 (iv)	21,933,401 (viii)	0.74%
David Yau-gay LUI	853	—	—	—	853	0.00%

Notes:

(i) These HHI Shares were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(ii) The interests in 2,491,000 HHI Shares were interests held by Lady Ivy WU.

(iii) The corporate interests in 10,124,999 HHI Shares held by Sir Gordon WU included the corporate interests in 6,118,999 HHI Shares referred to in Note (vii).

(iv) The other interests in 3,068,000 HHI Shares represented the interests held jointly by Sir Gordon WU and Lady Ivy WU.

(v) The interests in 2,491,000 HHI Shares were personal interests beneficially owned by Lady Ivy WU and represented the same block of shares in Note (ii).

(vi) The family interests in 10,255,402 HHI Shares represented the interests of Sir Gordon WU. This figure included 4,006,000 HHI Shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 6,118,999 HHI Shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.

(viii) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

(2) HCNH Insurance Brokers Limited ("HCNH")

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

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

Save as aforesaid, as at 30 June 2008, none of the Directors or chief executives had any other interests or short positions in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options of the Company

The shareholders of the Company approved the adoption of a new share option scheme (the "2003 Share Option Scheme") effective on 1 November 2003.

(A) The 2003 Share Option Scheme will expire on 31 October 2013, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the 2003 Share Option Scheme is set out in (B) below.

(B) The 2003 Share Option Scheme is designated to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

Under the 2003 Share Option Scheme, the maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding) will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of adoption of the 2003 Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the 2003 Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company. As at the date of this report, a total of 67,931,412 shares (representing approximately 7.63% of the issued share capital of the Company) are available for issue under the 2003 Share Option Scheme.

The period under which an option may be exercised will be determined by the Board of Directors of the Company in its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board of Directors of the Company and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 14 days from the date of offer. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option. The exercise price for an option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

(C) Details of the movement of share options under the 2003 Share Option Scheme during the year ended 30 June 2008 were as follows:

			Number of share options						
	Date of grant	*Exercise price per share (HK$)*	*Outstanding at 01/07/2007*	*Granted during the year*	*Exercised during the year*	*Lapsed during the year*	*Outstanding at 30/06/2008*	*Exercise period*	*Closing price before date of grant falling within the year (HK$)*
Directors									
Andy Lee Ming CHEUNG#	08/09/2004	17.10	200,000	—	200,000	—	—	08/09/2004 - 07/09/2007	N/A
Barry Chung Tat MOK	02/09/2005	19.94	2,000,000	—	100,000	—	1,900,000	02/03/2006 - 01/03/2009	N/A
William Wing Lam WONG	10/10/2006	22.44	288,000	—	—	—	288,000	01/11/2007 - 31/10/2013	N/A
Employees	10/10/2006	22.44	8,416,000	—	1,113,400	614,400	6,688,200	01/11/2007 - 31/10/2013	N/A
Employees	15/11/2007	36.10	—	5,248,000	—	—	5,248,000	01/12/2008 - 30/11/2014	35.20
Total			10,904,000	5,248,000	1,413,400	614,400	14,124,200		

Mr. Andy Lee Ming CHEUNG resigned as a Director of the Company with effect from 18 October 2007.

No option was cancelled during the year.

The weighted average closing prices of the shares on the dates immediately before the dates on which the options were exercised by Mr. Andy Lee Ming CHEUNG and Mr. Barry Chung Tat MOK during the year were HK$31.20 and HK$31.60 respectively.

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by the employees during the year was HK$35.28.

The options granted on 8 September 2004 are exercisable from the date of grant while the options granted on 2 September 2005, 10 October 2006 and 15 November 2007 are exercisable in the following manner:

Maximum options exercisable	*Exercise period*
Granted on 2 September 2005	
50% of options granted	02/03/2006 – 01/03/2007
100%* of options granted	02/03/2007 – 01/03/2009
Granted on 10 October 2006	
20% of options granted	01/11/2007 – 31/10/2008
40%* of options granted	01/11/2008 – 31/10/2009
60%* of options granted	01/11/2009 – 31/10/2010
80%* of options granted	01/11/2010 – 31/10/2011
100%* of options granted	01/11/2011 – 31/10/2013
Granted on 15 November 2007	
20% of options granted	01/12/2008 – 30/11/2009
40%* of options granted	01/12/2009 – 30/11/2010
60%* of options granted	01/12/2010 – 30/11/2011
80%* of options granted	01/12/2011 – 30/11/2012
100%* of options granted	01/12/2012 – 30/11/2014

* including those not previously exercised

The fair value of the share options granted during the year with the exercise price per share of HK$36.10 is estimated at approximately HK$43.70 million at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK$35.10 per share at the grant date, the historical volatility of share price of the Company of 33% which is based on the 7 years weekly historical volatility of the Company's share price as at 15 November 2007, expected life of options of 7 years, expected dividend yield of 4.7%, and the risk free rate of 3.384% with reference to the rate on the 7-year Exchange Fund Notes.

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected share price volatility.

Share Options of HHI

(A) The share option scheme of HHI was approved by the written resolutions of the then sole shareholder of HHI passed on 16 July 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16 July 2003 (the "HHI Option Scheme"). The HHI Option Scheme will expire on 15 July 2013. A summary of some of the principal terms of the HHI Option Scheme is set out in (B) below.

(B) The purpose of the HHI Option Scheme is to provide HHI with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the HHI group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the HHI group; (iii) any consultants, professional and other advisers to each member of the HHI group; (iv) any chief executives, or substantial shareholders of HHI; (v) any associates of director, chief executive or substantial shareholder of HHI and (vi) any employees of substantial shareholder of HHI or such other purposes as the board of directors of HHI may approve from time to time.

Under the HHI Option Scheme, the maximum number of shares in HHI which may be issued upon exercise of all options to be granted under the HHI Option Scheme and any other share option scheme of HHI will not exceed 10% of the total number of shares of HHI in issue immediately following completion of the initial public offering, unless a fresh approval of shareholders of HHI is obtained. The maximum entitlement of each participant under the HHI Option Scheme in any 12-month period must not exceed 1% of the issued share capital of HHI. As at the date of this report, a total of 276,560,000 shares (representing 9.3% of the issued share capital of HHI) are available for issue under the HHI Option Scheme.

The period during which an option may be exercised will be determined by the board of directors of HHI at its absolute discretion and shall expire not later than 10 years after the date of grant. Unless otherwise determined by the board of directors of HHI and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for a period of 28 days from the date of offer. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option. The exercise price for an option shall be such price as the board of directors of HHI may in its absolute discretion determine and notified to a participant. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, being the date on which the offer is accepted (or, if such date is not a business day, the next following business day ("Grant Date")); (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Grant Date; and (c) the nominal value of a share in HHI.

(C) Details of the movement of share options under the HHI Option Scheme during the year ended 30 June 2008 were as follows:

	Date of grant	Exercise price per share (HK$)	Number of share options					Exercise period	Closing price before date of grant falling within the year (HK$)
			Outstanding at 01/07/2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30/06/2008		
Employees of HHI	17/10/2006	5.858	6,200,000	–	152,000	1,120,000	4,928,000	01/12/2007 – 30/11/2013	N/A
Employees of HHI	19/11/2007	6.746	–	760,000	–	–	760,000	01/12/2008 – 30/11/2014	6.500
Total			6,200,000	760,000	152,000	1,120,000	5,688,000		

No option was cancelled during the year.

The weighted average closing prices of the shares on the dates immediately before the dates on which the options were exercised by the employees of HHI during the year was HK$6.64.

The options granted on 17 October 2006 and 19 November 2007 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 17 October 2006	
20% of options granted	01/12/2007 – 30/11/2008
40%* of options granted*	01/12/2008 – 30/11/2009
60%* of options granted*	01/12/2009 – 30/11/2010
80%* of options granted*	01/12/2010 – 30/11/2011
100%* of options granted*	01/12/2011 – 30/11/2013
Granted on 19 November 2007	
20% of options granted	01/12/2008 – 30/11/2009
40%* of options granted*	01/12/2009 – 30/11/2010
60%* of options granted*	01/12/2010 – 30/11/2011
80%* of options granted*	01/12/2011 – 30/11/2012
100%* of options granted*	01/12/2012 – 30/11/2014
* including those not previously exercised	

The fair value of the share options granted during the period with the exercise price per share of HK$6.746 is estimated at approximately HK$705,000 at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK$6.55 per share at the Grant Date, the historical volatility of share price of HHI of 23.83% which is based on 5 years weekly historical volatility of HHI's share price from the date of listing to 19 November 2007, expected life of options of 7.03 years, expected dividend yield of 5.78%, and the risk-free rate of 3.33% with reference to the rate on the 7-year Exchange Fund Notes.

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected share price volatility.

Share Awards of the Company

(A) The Share Award Scheme of the Company (the "HHL Award Scheme") was adopted by the Board on 25 January 2007 ("HHL Adoption Date"). Unless terminated earlier by the Board, the HHL Award Scheme shall be valid and effective for a term of 15 years commencing on the HHL Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHL Adoption Date. A summary of some of the principal terms of the HHL Award Scheme is set out in (B) below.

(B) The purpose of the HHL Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Under the HHL Award Scheme, the Board (or where the relevant selected employee is a Director of the Company, the Remuneration Committee) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the HHL Award Scheme and determine the number of shares to be awarded. The Board shall not grant any award of shares which would result in the total number of shares which are the subject of awards granted by the Board under the HHL Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of the Company as at the date of such grant.

(C) Details of the movement of share awards under the HHL Award Scheme for the year under review were set out below:

		Movements during the year			
Vesting Date	*Outstanding at 01/07/2007*	*Awarded*	*Vested*	*Lapsed*	*Outstanding at 30/06/2008*
Directors					
25/01/2008	358,000	—	322,000	36,000	—
25/01/2009	358,000	—	—	36,000	322,000
Total	716,000	—	322,000	72,000	322,000
Weighted average fair value	HK$24.22	—	HK$25.21	HK$24.22	HK$23.22

(D) During the year under review, a total of 72,000 share awards lapsed and the trustee shall hold these returned shares (i.e. the awarded shares which are not vested in accordance with the terms of the Scheme whether as a result of a lapse or otherwise) for the benefit of one or more employees of the Group as it determines at its discretion, after taking into consideration the recommendations of the remuneration committee of the Board.

(E) During the year under review, the dividend income amounted to HK$1,270,000 had been received in respect of the shares held upon the trust for the HHL Award Scheme and shall form part of the trust fund of such trust. The trustee may apply such cash for the purchase of share which shall become returned shares for the purpose of the HHL Award Scheme, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash to the Company, as the trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the remuneration committee of the board of the Company.

Share Awards of HHI

(A) The Share Award Scheme of HHI (the "HHI Award Scheme") was adopted by the board of directors of HHI ("HHI Board") on 25 January 2007 ("HHI Adoption Date"). Unless terminated earlier by the HHI Board, the HHI Award Scheme shall be valid and effective for a term of 15 years commencing on the HHI Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHI Adoption Date. A summary of some of the principal terms of the HHI Award Scheme is set out in (B) below.

(B) The purpose of the HHI Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of HHI group and to give incentive in order to retain them for the continual operation and development of HHI group and to attract suitable personnel for further development of HHI group.

Under the HHI Award Scheme, the HHI Board (or where the relevant selected employee is a director of HHI, the Remuneration Committee of HHI) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the HHI Award Scheme and determine the number of shares to be awarded. The HHI Board shall not grant any award of shares which would result in the total number of shares which are the subject of awards granted by the HHI Board under the HHI Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of HHI as at the date of such grant.

(C) Details of the movement of share awards under the HHI Award Scheme for the year under review were set out below:

Vesting Date	*Outstanding at 01/07/2007*	*Movements during the year*			*Outstanding at 30/06/2008*
		Awarded	*Vested*	*Lapsed*	
Directors of HHI					
25/01/2008	340,000	—	340,000	—	—
25/01/2009	340,000	—	—	—	340,000
Employees of HHI					
25/01/2008	40,000	—	40,000	—	—
25/01/2009	40,000	—	—	—	40,000
Total	760,000	—	380,000	—	380,000
Weighted average fair value	HK$5.94	—	HK$6.21	—	HK$5.68

(D) During the year under review, the dividend income amounted to HK$152,000 had been received in respect of the shares held upon the trust for the HHI Award Scheme and shall form part of the trust fund of such trust. The trustee may apply such cash for the purchase of HHI Shares which shall become returned shares (i.e. the awarded shares which are not vested in accordance with the terms of the HHI Award Scheme whether as a result of a lapse or otherwise) for the purpose of the HHI Award Scheme and shall be held by the trustee for the benefit of one or more employees of HHI, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash to HHI, as the trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the remuneration committee of the board of HHI.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous sections headed "Share Options of the Company", "Share Options of HHI", "Share Awards of the Company" and "Share Awards of HHI", at no time during the year ended 30 June 2008 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Directors' Remuneration

The Directors' fees are determined by shareholders at the annual general meeting and the other emoluments payable to Directors are determined by the Board of Directors with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Service Contracts of Directors

No directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-Executive Directors of the Company are appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund ("MPF") Schemes Ordinance, the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$20,000. The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. During the year, the Group made contributions to the MPF Schemes amounted to HK$8,178,000.

Management Contracts

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

Substantial Shareholders

Save as disclosed under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", as at 30 June 2008, the Company had not been notified of any other interest or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under section 336 of the SFO.

Purchase, Sale or Redemption of Securities

During the year, the Company repurchased 8,474,000 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of HK$259,294,000. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK$21,185,000 was credited to capital redemption reserve and the aggregate consideration was paid out from the Company's retained profits. Details of the repurchases are as follows:

Month of the repurchases	*Total no. of the ordinary shares repurchased*	*Highest price paid per share HK$*	*Lowest price paid per share HK$*	*Aggregate consideration paid (including transaction costs) HK$*
November 2007	62,000	34.65	33.65	2,130,000
December 2007	20,000	33.30	33.30	668,000
January 2008	1,712,000	35.50	30.70	55,966,000
March 2008	3,767,000	32.50	26.15	110,594,000
April 2008	1,806,000	34.05	29.40	56,343,000
May 2008	161,000	33.90	32.85	5,416,000
June 2008	946,000	32.50	28.25	28,177,000
Total	8,474,000			259,294,000

The purchases were made for the benefit of the shareholders with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year ended 30 June 2008.

Confirmation on Independence

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and still considers such Directors to be independent.

Connected Transactions

(A) Management Agreement with Nan Yue

On 1 June 2007, Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (“West Route JV”) entered into a management agreement (“Management Agreement”) with Guangdong Nan Yue Logistics Company Limited (“Nan Yue”), a subsidiary of its PRC partner.

Pursuant to the Management Agreement, Nan Yue would provide to West Route JV the material logistics services, consisting of the planning, procurement and logistics management of the main construction materials for the Phase II West Project (“Material Logistics Services”). The appointment is effective from the date of execution of such agreement and continues for three years or until the completion of the supply of the materials, payment of all material fees and after audit by the relevant departments of West Route JV, whichever is earlier. The appointment may be extended by mutual agreement. The Management Agreement will terminate after the end of the term of appointment of Nan Yue and the expiry of the warranty period (which is 24 months after the completion of the Phase II West Project). The service fee is 2.5% of the fee for the materials supplied for the Phase II West Project and shall be paid on a quarterly basis after deduction of the 5% assurance fee that shall be repayable without interest to Nan Yue upon completion of the term of the Management Agreement. The material shall be purchased by Nan Yue from the relevant material suppliers and supplied to the contractors appointed by West Route JV for the construction of the Phase II West Project ("Construction Contractors"). The material fee shall be payable by Nan Yue to the Construction Contractors. In the event that the relevant material supplier shall fail to supply the materials on time, upon approval by West Route JV, Nan Yue shall take such actions as may be required (including using its own material stock or making purchase separately) to resume the supply of materials for the Phase II West Project.

Pursuant to the Listing Agreement between HHI and the Stock Exchange and the letter dated 7 August 2003 from the Company to the Stock Exchange, West Route JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by HHI group which operates a toll road project, is deemed to be a subsidiary of HHI and the Company for the purposes of the then Chapter 14 of the Listing Rules (which has been subdivided into Chapters 14 and 14A since revisions of the Listing Rules came into effect on 31 March 2004). The relevant PRC partner of West Route JV currently has a 50% interest in each of West Route JV and Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (which is a Sino-foreign co-operative joint venture between West Route PRC Partner and a subsidiary of HHI) and is accordingly deemed to be a connected person of the Company and HHI for the purposes of Chapter 14A of the Listing Rules.

The service fee paid and payable to Nan Yue for the Material Logistics Services provided during the year ended 30 June 2008 under the Management Agreement was RMB11.7 million (2007: Nil).

The Independent Non-executive Directors of the Company have reviewed and confirmed that the Material Logistic Services provided by Nan Yue since the commencement of the Management Agreement and for the financial year ended 30 June 2008 have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms; and in accordance with the Management Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

A reference to the confirmation by the auditor of the Company in relation to the above continuing connected transactions is included under the section headed "External Auditors" in the Corporate Governance Report.

(B) Sale of Ring Road JV

On 9 August 2007, a wholly-owned subsidiary of HHI entered into an agreement with one of the joint venture partners of the Guangzhou East-south West Ring Road joint venture for the sale of its entire interest, including rights, duties and obligations in the Guangzhou East-south West Ring Road joint venture, for a consideration of RMB1,712.55 million. The transaction was completed in September 2007, resulting in a gain on disposal of HK$793 million (before taxation) for the Group. Pursuant to the above-mentioned Listing Agreement between HHI and the Stock Exchange and the letter dated 7 August 2003 from the Company to the Stock Exchange, the Guangzhou East-south West Ring Road joint venture is also deemed to be a subsidiary of the Company and HHI for the purposes of the current Chapters 14 and 14A of the Listing Rules and as the purchaser had a 10% interest in this joint venture, it is accordingly deemed to be a connected person of the Company and HHI for the purposes of Chapter 14A of the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Disclosure under Chapter 13 of the Listing Rules

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

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 10 September 2008

CORPORATE INFORMATION

Board of Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Mr. Eddie Ping Chang HO*
Vice Chairman & Managing Director

Mr. Thomas Jefferson WU
Co-Managing Director

Mr. Josiah Chin Lai KWOK
Deputy Managing Director

Mr. Henry Hin Moh LEE#

Mr. Robert Van Jin NIEN

Mr. Guy Man Guy WU##

Lady Ivy Sau Ping KWOK WU JP#

Ms. Linda Lai Chuen LOKE##

Mr. Albert Kam Yin YEUNG

Mr. David Yau-gay LUI

Mr. Carmelo Ka Sze LEE#

Mr. Eddie Wing Chuen HO Junior

Mr. Lee Yick NAM##

Mr. Barry Chung Tat MOK

Mr. William Wing Lam WONG

* *Also as Alternate Director to Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU*

\# *Non-Executive Directors*

\#\# *Independent Non-Executive Directors*

Audit Committee

Mr. Lee Yick NAM *Chairman*

Ms. Linda Lai Chuen LOKE

Mr. Guy Man Guy WU

Remuneration Committee

Mr. Eddie Ping Chang HO *Chairman*

Mr. Lee Yick NAM

Ms. Linda Lai Chuen LOKE

Company Secretary

Mr. Peter Yip Wah LEE

Registered Office

64th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong
Tel : (852) 2528 4975
Fax : (852) 2861 2068

Solicitors

Woo, Kwan, Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Principal Bankers+

Agricultural Bank of China
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
Bank of East Asia, Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
BNP Paribas
Calyon
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank
China Merchants Bank Co., Limited
Chong Hing Bank Limited
Citibank, N.A.
DBS Bank Limited
Export Development Canada
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Hua Nan Commercial Bank, Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Luso International Banking Limited
Malayan Banking Berhad
Mizuho Corporate Bank, Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
Shanghai Commercial Bank Limited
Shenzhen Development Bank
Sumitomo Mitsui Banking Corporation
Tai Fung Bank Limited
Wing Lung Bank Limited

\+ *names are in alphabetical order*

Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
Tel : (852) 2862 8555
Fax : (852) 2529 6087

Listing Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (Stock Code : 54)

American Depositary Receipt

CUSIP No.	439555301
Trading Symbol	HOWWY
ADR to share ratio	1:1
Depositary Bank	Citibank, N.A., U.S.A.

Investor Relations

Investor Relations Manager
Tel : (852) 2863 4340
Fax : (852) 2861 2068
Email : ir@hopewellholdings.com

Web Page

www.hopewellholdings.com

Note: In the case of any inconsistency between the Chinese translation and the English text of this Annual Report, the English text shall prevail.

FINANCIAL REPORT

CONTENTS

Deloitte.
德勤

TO THE MEMBERS OF HOPEWELL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hopewell Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 138, which comprise the consolidated and Company balance sheets as at 30 June 2008, and the consolidated income statement, the consolidated statement of recognised income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2008 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
10 September 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008

	Notes	2007 HK$'000	2008 HK$'000
Turnover	5	1,000,605	**914,962**
Cost of sales and services		(583,437)	**(479,256)**
		417,168	**435,706**
Other income	7	308,990	**416,973**
Selling and distribution costs		(62,100)	**(85,304)**
Administrative expenses		(271,716)	**(282,479)**
Other expenses	8	(6,133)	**(13,430)**
Gain recognised on transfer of property to investment properties upon completion of development		—	**371,408**
Gain arising from changes in fair value of investment properties		207,777	**270,334**
Gain on disposal of available-for-sale investments	9	319,849	**21,756**
Gain on disposal of jointly controlled entities and associates	10	—	**4,741,457**
Gain on disposal of investment properties		—	**27,106**
Gain on deemed disposal of a subsidiary		7,617	**291**
Finance costs	11	(84,253)	**(86,759)**
Share of profits of			
Jointly controlled entities	12	2,295,917	**1,026,412**
Associates		5,639	**6,743**
Profit before taxation	13	3,138,755	**6,850,214**
Income tax expense	14	(112,118)	**(338,214)**
Profit for the year		3,026,637	**6,512,000**
Attributable to:			
Equity holders of the Company		2,632,127	**5,966,405**
Minority interests		394,510	**545,595**
		3,026,637	**6,512,000**
Dividends	15	772,608	**2,038,718**
		HK$	HK$
Earnings per share	16		
Basic		2.93	**6.65**
Diluted		2.92	**6.62**

CONSOLIDATED BALANCE SHEET

At 30 June 2008

	Notes	2007 HK$'000	2008 HK$'000
ASSETS			
Non-current Assets			
Investment properties	18	6,870,499	**8,031,300**
Property, plant and equipment	19	448,516	**480,373**
Prepaid land lease payments	20	982,611	**969,341**
Properties under development	23	335,653	**442,648**
Interests in jointly controlled entities	24	7,103,156	**5,703,370**
Interests in associates	25	23,625	**22,833**
Other investment project	26	336,866	**—**
Available-for-sale investments	27	18,682	**65,096**
Loan to a jointly controlled entity	28	283,431	**55,451**
		16,403,039	**15,770,412**
Current Assets			
Inventories	29	14,690	**18,457**
Stock of properties	30		
— Under development		287,389	**364,525**
— Completed		23,760	**17,593**
Prepaid land lease payments	20	11,109	**10,650**
Trade and other receivables	31	990,175	**1,117,363**
Deposits and prepayments		55,974	**46,115**
Bank balances and cash held by:	32		
— Hopewell Highway Infrastructure Limited and its subsidiaries		3,904,064	**5,997,274**
— Other entities in the Group		1,853,515	**4,785,087**
		7,140,676	**12,357,064**
Assets classified as held for sale	33	818,333	**—**
		7,959,009	**12,357,064**
Total Assets		24,362,048	**28,127,476**

	Notes	2007 HK$'000	2008 HK$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	38	2,248,458	**2,230,806**
Share premium and reserves	39	16,922,054	**20,915,844**
Equity attributable to equity holders of the Company		19,170,512	**23,146,650**
Share option reserve of a subsidiary	39	1,268	**2,378**
Share award reserve of a subsidiary	39	1,043	**1,124**
Minority interests	39	3,058,754	**3,269,734**
Total Equity		22,231,577	**26,419,886**
Non-current Liabilities			
Warranty provision	44(a)	84,059	**84,059**
Deferred tax liabilities	40	731,922	**882,930**
Amount due to a minority shareholder of a subsidiary	37	—	**59,979**
		815,981	**1,026,968**
Current Liabilities			
Trade and other payables	34	356,926	**489,000**
Rental and other deposits		134,351	**140,293**
Amount due to a jointly controlled entity	35	238,499	**—**
Amounts due to associates	35	10,668	**9,865**
Amount due to a minority shareholder of a subsidiary	37	32,048	**—**
Tax liabilities		48,828	**41,464**
		821,320	**680,622**
Liabilities associated with assets classified as held for sale	33	493,170	**—**
		1,314,490	**680,622**
Total Liabilities		2,130,471	**1,707,590**
Total Equity and Liabilities		24,362,048	**28,127,476**

Thomas Jefferson WU
Co-Managing Director

Josiah Chin Lai KOWK
Deputy Managing Director

COMPANY BALANCE SHEET

At 30 June 2008

	Notes	2007 HK$'000	2008 HK$'000
ASSETS			
Non-current Assets			
Investments in subsidiaries	21	789,048	**924,500**
Amounts due from subsidiaries	22	10,993,622	**12,109,537**
Investments in associates	25	401	**401**
Available-for-sale investments	27	3,000	**3,000**
		11,786,071	**13,037,438**
Current Assets			
Trade and other receivables		1,481	**2,707**
Deposits and prepayments		337	**3,642**
Amounts due from subsidiaries	36	1,747,749	**1,232,967**
Bank balances and cash	32	1,212,183	**4,228,504**
		2,961,750	**5,467,820**
Total Assets		14,747,821	**18,505,258**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	38	2,248,458	**2,230,806**
Share premium and reserves	39	11,822,053	**15,942,661**
		14,070,511	**18,173,467**
Current Liabilities			
Trade and other payables		3,669	**5,446**
Amounts due to associates	35	10,882	**9,865**
Amounts due to subsidiaries	36	662,556	**316,480**
Tax liabilities		203	**—**
Total Liabilities		677,310	**331,791**
Total Equity and Liabilities		14,747,821	**18,505,258**

Thomas Jefferson WU
Co-Managing Director

Josiah Chin Lai KOWK
Deputy Managing Director

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2008

	2007 HK$'000	**2008** **HK$'000**
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	135,548	**334,520**
Gain arising from changes in fair value of other properties before reclassification to investment properties	—	**13,024**
Gain arising from changes in fair value of available-for-sale investments	292,589	**48,174**
Deferred tax liabilities on change in fair value of other properties	—	**(2,149)**
Deferred tax liabilities on change in fair value of available-for-sale investments	(55,974)	**(3,590)**
Net income recognised directly in equity	372,163	**389,979**
Translation reserve realised on disposal of interest in a jointly controlled entity	—	**(76,918)**
Transfer to consolidated income statement on disposal of available-for-sale investments	(319,849)	**(21,756)**
Reversal of deferred tax liabilities on disposal of available-for-sale investments	55,974	**3,590**
Profit for the year	3,026,637	**6,512,000**
Total recognised income for the year	3,134,925	**6,806,895**
Attributable to:		
Equity holders of the Company	2,709,835	**6,217,133**
Minority interests	425,090	**589,762**
	3,134,925	**6,806,895**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2008

	2007 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	3,138,755	**6,850,214**
Adjustments for:		
Interest from bank deposits, loans and receivables	(214,082)	**(288,325)**
Dividend income	(1,422)	**(2,877)**
Depreciation of property, plant and equipment	31,740	**36,595**
Amortisation of prepaid land lease payments	3,227	**2,845**
Share-based payment expense	101,885	**36,883**
Gain recognised on transfer of property to investment properties upon completion of development	—	**(371,408)**
Gain arising from changes in fair value of investment properties	(207,777)	**(270,334)**
Gain on disposal of available-for-sale investments	(319,849)	**(21,756)**
Gain on disposal of jointly controlled entities and associates	—	**(4,741,457)**
Gain on disposal of investment properties	—	**(27,106)**
Gain on deemed disposal of a subsidiary	(7,617)	**(291)**
Loss on disposal of property, plant and equipment	948	**622**
Finance costs	84,253	**86,759**
Share of profits of		
Jointly controlled entities	(2,295,917)	**(1,026,412)**
Associates	(5,639)	**(6,743)**
Operating cash flows before movements in working capital	308,505	**257,209**
Increase in inventories	(3,153)	**(3,767)**
Decrease (increase) in stock of properties	150,945	**(70,969)**
Decrease in trade and other receivables, and deposits and prepayments	52,463	**77,850**
Decrease in deposits received from sale of properties	(41,589)	**—**
Increase (decrease) in trade and other payables, and rental and other deposits	12,141	**(2,094)**
Cash generated from operations	479,312	**258,229**
Tax paid		
Hong Kong Profits Tax	(9,647)	**(15,968)**
Taxation elsewhere	(10,023)	**(29,051)**
Payment for purchase of shares under share award schemes	(116,239)	**—**
NET CASH FROM OPERATING ACTIVITIES	343,403	**213,210**

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 30 June 2008

	Notes	2007 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Interest received		207,584	**292,573**
Dividends received		1,886,780	**576,412**
Additions to investment properties		(296,414)	**(248,294)**
Additions to property, plant and equipment		(22,679)	**(95,329)**
Additions to prepaid land lease payments		(23,427)	**(35,803)**
Investments in jointly controlled entities		(181,896)	**(947,752)**
Repayments from jointly controlled entities		888,138	**1,687,316**
Repayments to associates		(223)	**(803)**
Acquisition of available-for-sale investments		(328,592)	**(63,784)**
Proceeds from disposal of available-for-sale investments		797,431	**65,544**
Disposal of a subsidiary (net of cash and cash equivalents)	41	—	**4,571,600**
Proceeds from disposal of a jointly controlled entity		—	**1,765,907**
Proceeds from disposal of associates		—	**18**
Tax paid on disposal of a jointly controlled entity		—	**(132,376)**
Increase in other investment project		(244,522)	**—**
Additions to properties under development		(96,124)	**(170,825)**
Net proceeds received on disposal of			
Investment properties		35,170	**186,936**
Power plant project		133,724	**—**
Other property, plant and equipment		279	**72**
Acquisition of additional interests in a subsidiary		(7,466)	**(29,572)**
NET CASH FROM INVESTING ACTIVITIES		2,747,763	**7,421,840**
FINANCING ACTIVITIES			
Dividends paid to			
Shareholders		(772,608)	**(2,038,718)**
Minority shareholders of subsidiaries		(302,424)	**(367,297)**
Proceeds from issue of shares by a subsidiary		88,226	**592**
Advances from a minority shareholder of a subsidiary		23,517	**46,921**
Proceeds from issue of shares by the Company		29,609	**30,371**
Repurchase of shares		(18,878)	**(259,294)**
Loan arrangement fees and bank charges paid		(45,139)	**(49,088)**
NET CASH USED IN FINANCING ACTIVITIES		(997,697)	**(2,636,513)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,093,469	**4,998,537**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,649,562	**5,757,579**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		14,548	**26,245**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (representing bank balances and cash)		5,757,579	**10,782,361**

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is 64th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Group is principally engaged in investment in infrastructure projects, property development and investment, property agency and management, hotel investment and management, restaurant operations and food catering.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 July 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008
[5] Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Except for HK(IFRIC)-Int 12, the directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HK(IFRIC)-Int 12 "Service Concession Arrangements" applies to companies that participate in service concession arrangements and provides guidance on the accounting by operators in public-to-private service concession arrangements. Infrastructure within the scope of this interpretation shall not be recognised as property and equipment of the operator because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. The Group's jointly controlled entities, as operators, which have access to infrastructure to provide a public service on behalf of the grantor in accordance with the terms specified in the respective contracts, shall recognise an intangible asset in accordance with HKAS 38 "Intangible Assets" to the extent that the operator received a right to charge users of the public service. This intangible asset, which is with a finite economic life, will be amortised over that life and the amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the jointly controlled entities. If the operator provides construction and upgrade services of the infrastructure, this interpretation requires the operator to account for its revenue and costs in accordance with HKAS 11 "Construction Contracts" for the construction and upgrade services of the infrastructure and to account for the fair value of the consideration received and receivable for the construction and upgrade services as intangible assets. In addition, the operator accounts for the services in relation to the operation of the infrastructure in accordance with HKAS 18 "Revenue".

This interpretation is applicable for the Group's annual periods beginning on 1 July 2008 and should be applied retrospectively. The application of this interpretation may have impact on the share of results of jointly controlled entities of the Group. The Group is in the process of assessing the potential impact.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Investments in subsidiaries

In the Company's balance sheet, investments in subsidiaries are stated at cost less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the jointly controlled entities, which were not accounted for by those entities. Such costs are included in additional cost of investments in jointly controlled entities and are amortised over the joint venture period on the same basis as that adopted by the relevant jointly controlled entity in respect of depreciation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a jointly controlled entity, the attributable amount of the unamortised additional cost of investment is included in the determination of the profit or loss on disposal.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

In the Company's balance sheet, investments in associates are stated at cost less any identified impairment loss.

Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual value, using the straight-line method.

If an item of property, plant and equipment is regarded as an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of change of use is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Properties under development

Properties under development classified as non-current assets are stated at cost less any identified impairment losses. The cost of properties comprises development expenditure, other directly attributable expenses and, where appropriate, borrowing costs capitalised. Depreciation of buildings commences when they are available for use.

Property which is developed as an investment property is included in properties under development and is carried at cost less any impairment loss. Upon the completion of the development, the property is reclassified to investment properties and any difference between the fair value of the property at the time of reclassification and its previous carrying amount is recognised in profit or loss.

When the leasehold land and buildings are in the course of development, the leasehold land component is classified as prepaid land lease payments and amortised over a straight line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the cost of the property under development.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Prepaid land lease payments

Prepaid land lease payments, which represent up-front payments to acquire interests in leasehold land, are stated at cost and amortised over the period of the lease on a straight line basis.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's and the Company's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, loans to a jointly controlled entity, amounts due from subsidiaries and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as "held-to-maturity investments", "financial assets at fair value through profit or loss" and "loans and receivables". At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are not assessed for impairment individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past an average credit period of 15 to 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss. When the trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss.

Impairment losses on available-for-sale equity investments carried at fair value will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities (including amounts due to a jointly controlled entity and associates, amounts due to subsidiaries, trade and other payables and amount due to a minority shareholder of a subsidiary) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Stock of properties

Completed properties and properties under development for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, determined by management based on prevailing market conditions.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the amounts required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rates of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as expenses when employee rendered service entitling them to the contribution.

Equity-settled share-based payment transactions

For share option schemes, the fair value of services received, determined by reference to the fair value of share options granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share option reserve. At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

For share award schemes, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. At the time when the awarded shares are vested, the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to retained profits.

At each balance sheet date, the Group revises its estimates of the number of share options and awarded shares that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in the profit or loss, with a corresponding adjustment to the share option reserve and share award reserve respectively.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Lease of properties

Rental income in respect of properties under operating leases is recognised on a straight line basis over the respective lease term.

Property agency and management

Revenue from the provision of property agency and management services is recognised when the relevant services are provided.

Property development

Revenue from sales of properties is recognised on the execution of binding sales agreement or when the relevant completion certificates are issued by the respective government authorities, whichever is the later, provided all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Infrastructure project investments

Revenue from provision of management services for infrastructure project investment is recognised when services are rendered.

Hotel investment and management

Revenue from hotel investment and management is recognised when the relevant services are provided.

Restaurant operations and food catering

Revenue from restaurant operations and food catering services is recognised when goods are delivered and services are provided.

Interest income

Interests from financial assets are recognised on a time basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividends from investments are recognised when the Group's rights to receive payment have been established.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be reported in the consolidated income statement.

Depreciation of toll expressways operated by jointly controlled entities and amortisation of additional cost of investments in jointly controlled entities

Depreciation of toll expressways operated by jointly controlled entities other than the repavement costs capitalised and amortisation of the Group's additional cost of investments in jointly controlled entities are calculated based on ratio of actual traffic volume compared to the total expected traffic volume throughout the remaining operation period of the respective jointly controlled entities. Depreciation of repavement costs capitalised is calculated based on a similar basis over the estimated useful life of eight years. Adjustments may need to be made to the carrying amount of the Group's interests in jointly controlled entities and share of results of these jointly controlled entities should there be a material difference between the total expected traffic volume and the actual results or should there be a material change in the expected utility and future economic benefits embodied in the repavement costs capitalised.

5. TURNOVER

Turnover comprises mainly income from property letting, agency and management, property development, restaurant operations and food catering, and service fee income from infrastructure project investment and hotel investment and management, and is analysed as follows:

	2007 *HK$'000*	***2008*** ***HK$'000***
Property letting, agency and management	389,950	**485,394**
Property development	225,982	**5,562**
Infrastructure project investment	4,916	**2,455**
Hotel investment and management	204,651	**219,389**
Restaurant operations and food catering	174,287	**202,068**
Other operations	819	**94**
	1,000,605	**914,962**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

The businesses based upon which the Group reports its primary segment information are as follows:

Property investment	—	property letting, agency and management
Property development	—	development of properties
Infrastructure project investment	—	investments in expressway and power plant projects
Hotel investment and management	—	hotel ownership and management
Restaurants and catering	—	restaurant operations and food catering

Segment information about these businesses is presented below.

Turnover

Year ended 30 June

	2007			2008		
	External *HK$'000*	*Inter-segment* *HK$'000*	*Combined* *HK$'000*	*External* *HK$'000*	*Inter-segment* *HK$'000*	*Combined* *HK$'000*
Property investment	389,950	26,263	416,213	**485,394**	**32,152**	**517,546**
Property development	225,982	—	225,982	**5,562**	**—**	**5,562**
Infrastructure project investment	4,916	—	4,916	**2,455**	**—**	**2,455**
Hotel investment and management	204,651	14	204,665	**219,389**	**13**	**219,402**
Restaurants and catering	174,287	—	174,287	**202,068**	**—**	**202,068**
Other operations	819	10,685	11,504	**94**	**8,573**	**8,667**
Eliminations	—	(36,962)	(36,962)	**—**	**(40,738)**	**(40,738)**
Total turnover	1,000,605	—	1,000,605	**914,962**	**—**	**914,962**

Inter-segment revenue was charged at prices determined by management with reference to market prices.

Results

Year ended 30 June

	2007				2008			
	Segment results *HK$'000*	*Jointly controlled entities* *HK$'000*	*Associates* *HK$'000*	*Total* *HK$'000*	*Segment results* *HK$'000*	*Jointly controlled entities* *HK$'000*	*Associates* *HK$'000*	*Total* *HK$'000*
Property investment								
Operations	199,078	(28)	4,861	203,911	**251,053**	**1,237**	**2,135**	**254,425**
Gain recognised on transfer of property to investment properties upon completion of development	—	—	—	—	**371,408**	**—**	**—**	**371,408**
Gain arising from changes in fair value of investment properties	207,777	—	—	207,777	**270,334**	**—**	**—**	**270,334**
Property development	25,986	1,040,653	—	1,066,639	**(31,918)**	**—**	**—**	**(31,918)**
Infrastructure project investment	(8,804)	1,255,292	—	1,246,488	**12,231**	**1,025,175**	**—**	**1,037,406**
Hotel investment and management	52,557	—	—	52,557	**54,877**	**—**	**3,880**	**58,757**
Restaurants and catering	19,403	—	—	19,403	**18,417**	**—**	**—**	**18,417**
Other operations	3,681	—	778	4,459	**(12,191)**	**—**	**728**	**(11,463)**
	499,678	2,295,917	5,639	2,801,234	**934,211**	**1,026,412**	**6,743**	**1,967,366**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business Segments (continued)

Results (continued)

	2007 HK$'000	2008 HK$'000
Segment results		
Company and subsidiaries	499,678	**934,211**
Interest and other income	214,082	**291,465**
Exchange gains, net	25,824	**37,888**
Unallocated corporate expenses	(145,598)	**(150,356)**
	593,986	**1,113,208**
Gain on disposal of available-for-sale investments	319,849	**21,756**
Gain on disposal of jointly controlled entities and associates	—	**4,741,457**
Gain on disposal of investment properties	—	**27,106**
Gain on deemed disposal of a subsidiary	7,617	**291**
Finance costs	(84,253)	**(86,759)**
Share of profits of		
Jointly controlled entities	2,295,917	**1,026,412**
Associates	5,639	**6,743**
Profit before taxation	3,138,755	**6,850,214**
Income tax expense	(112,118)	**(338,214)**
Profit for the year	3,026,637	**6,512,000**

Assets and Liabilities
At 30 June 2008

	Segment assets HK$'000	Interests in and loan to a jointly controlled entity HK$'000	Interests in associates HK$'000	Consolidated total assets HK$'000	Segment liabilities HK$'000	Consolidated total liabilities HK$'000
Property investment	**8,104,771**	**12,385**	**19,524**	**8,136,680**	**298,004**	**298,004**
Property development	**420,788**	**—**	**3,309**	**424,097**	**70,458**	**70,458**
Infrastructure project investment	**11,747**	**5,746,436**	**—**	**5,758,183**	**113,469**	**113,469**
Hotel investment and management	**393,537**	**—**	**—**	**393,537**	**50,728**	**50,728**
Restaurants and catering	**104,238**	**—**	**—**	**104,238**	**23,326**	**23,326**
Other operations	**18,333**	**—**	**—**	**18,333**	**25,139**	**25,139**
	9,053,414	**5,758,821**	**22,833**	**14,835,068**	**581,124**	**581,124**
Available-for-sale investments				**65,096**		**—**
Unallocated assets/liabilities				**13,227,312**		**1,126,466**
				28,127,476		**1,707,590**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business Segments (continued)

Assets and Liabilities (continued)
At 30 June 2007

	Segment assets HK$'000	Interests in and loan to a jointly controlled entity HK$'000	Interests in associates HK$'000	Consolidated total assets HK$'000	Segment liabilities HK$'000	Consolidated total liabilities HK$'000
Property investment	7,159,357	6,472	21,317	7,187,146	285,152	285,152
Property development	319,072	622,261	3,380	944,713	69,949	69,949
Infrastructure project investment	342,578	7,380,115	—	7,722,693	317,649	317,649
Hotel investment and management	386,074	—	—	386,074	41,369	41,369
Restaurants and catering	128,243	—	—	128,243	18,306	18,306
Other operations	18,771	—	—	18,771	29,161	29,161
	8,354,095	8,008,848	24,697	16,387,640	761,586	761,586
Available-for-sale investments				18,682		—
Unallocated assets/liabilities				7,955,726		1,368,885
				24,362,048		2,130,471

Other Information

	2007			2008		
	Capital additions HK$'000	Depreciation and amortisation of segment assets HK$'000	Other non-cash expenses HK$'000	Capital additions HK$'000	Depreciation and amortisation of segment assets HK$'000	Other non-cash expenses HK$'000
Property investment	325,426	6,950	364	**371,089**	**6,754**	**133**
Property development	243	619	—	**21,567**	**1,260**	**—**
Infrastructure project investment	500	435	—	**8,266**	**857**	**—**
Hotel investment and management	6,830	17,782	—	**27,878**	**18,384**	**—**
Restaurants and catering	7,042	3,424	63	**11,204**	**5,640**	**96**
Other operations	218	737	—	**176**	**652**	**—**
Unallocated	130,048	1,793	—	**195,309**	**3,048**	**—**
	470,307	31,740	427	**635,489**	**36,595**	**229**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical Segments

The Group's property investment, hotel investment and management, restaurants and catering activities are mainly carried out in Hong Kong and Macau. All the infrastructure project investments are located in the People's Republic of China (the "PRC") and the property development activities are carried out in Hong Kong, the PRC and Macau. The following table provides an analysis of the Group's turnover by geographical markets:

	Turnover	
	2007 *HK$'000*	***2008*** ***HK$'000***
Hong Kong	759,930	**905,689**
The PRC and Macau	240,675	**9,273**
	1,000,605	**914,962**

The following is an analysis of the carrying amounts of assets and additions to investment properties, property, plant and equipment, and properties under development of the Group, analysed by the geographical areas in which the assets are located:

	Assets		Additions to investment properties, property, plant and equipment, and properties under development	
	2007 *HK$'000*	***2008*** ***HK$'000***	*2007* *HK$'000*	***2008*** ***HK$'000***
Group segment assets				
Hong Kong	7,677,321	**8,655,029**	340,016	**418,565**
The PRC	657,681	**397,746**	243	**21,615**
Other regions	19,093	**639**	—	**—**
	8,354,095	**9,053,414**	340,259	**440,180**
Other assets *(Note)*	16,007,953	**19,074,062**	130,048	**195,309**
	24,362,048	**28,127,476**	470,307	**635,489**

Note: Other assets shown above mainly include interests in and loan to a jointly controlled entity engaged in infrastructure project investment in the PRC, available-for-sale investments and bank deposits.

7. OTHER INCOME

	2007 *HK$'000*	***2008*** ***HK$'000***
Included in other income are:		
Interest from		
Bank deposits	211,788	**283,502**
Loans and other receivables	2,294	**4,823**
Dividend income from		
Listed securities	489	**2,877**
Unlisted investments	933	**—**
Exchange gains, net	65,647	**109,909**

8. OTHER EXPENSES

The other expenses represent charitable donations made by the Group.

9. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

	2007 HK$'000	2008 HK$'000
Proceeds from disposal of listed equity securities	797,431	**65,544**
Carrying amount of investments disposed of	(797,431)	**(65,544)**
Investment revaluation reserve realised on disposal	319,849	**21,756**
	319,849	**21,756**

10. GAIN ON DISPOSAL OF JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

	2007 HK$'000	2008 HK$'000
Gain on disposal of a jointly controlled entity and associates engaged in property development and property management *(Note a)*	—	**3,948,285**
Gain on disposal of a jointly controlled entity engaged in the operation of an expressway *(Note b)*	—	**793,172**
	—	**4,741,457**

Notes:

(a) In June 2007, the Group entered into a conditional agreement with a fellow subsidiary of a shareholder of the Group's jointly controlled entity, Nova Taipa-Urbanizacoes Limitada ("Nova Taipa"), for the disposal of the equity interest in, and loans to, a subsidiary of the Company, Nomusa Limited ("Nomusa"), and the equity interests in two associates, namely, Nova City Property Management Limited ("Nova City") and Nova Taipa Gardens Property Management Limited ("Nova Gardens"), for a total consideration of HK$4,580 million. The sole assets of Nomusa are the 50% equity interest in, and loans to, Nova Taipa which is principally engaged in property development. Nova City and Nova Gardens are principally engaged in property management. In the current year, the disposal was completed and gave rise to a gain amounting to HK$3,948 million which has been recognised in the consolidated income statement for the year. The gain recognised is mainly attributable to the disposal of the Group's equity interest in, and loans to, Nova Taipa.

(b) During the current year, the Group disposed of its entire interest in a jointly controlled entity, Guangzhou E-S-W Ring Road Company Limited ("Ring Road JV"), for a consideration of RMB1,712.55 million. Ring Road JV is principally engaged in the construction, operation and management of the Guangzhou East-South-West Ring Road in the PRC. The disposal gave rise to a gain amounting to HK$793 million which has been recognised in the consolidated income statement for the year.

11. FINANCE COSTS

	2007 HK$'000	2008 HK$'000
Interest reimbursed to a jointly controlled entity *(Note)*	43,398	**20,910**
Loan arrangement fees and bank charges	40,855	**65,849**
	84,253	**86,759**

Note: Ring Road JV (as referred to in note 10(b)) has in the past raised bank loans to finance the development of its road project. The interests of such bank loans were reimbursed by the Hong Kong joint venture partners. During the year, interest reimbursed to Ring Road JV by the Group under such arrangement amounted to approximately HK$21 million (2007: HK$43 million).

12. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	2007 HK$'000	2008 HK$'000
Share of profits of jointly controlled entities before amortisation of additional cost of investments in jointly controlled entities	2,187,371	**1,085,071**
Interest income from loans to, and registered capital contribution made to, jointly controlled entities	234,444	**23,258**
Amortisation of additional cost of investments in jointly controlled entities	(125,898)	**(81,917)**
	2,295,917	**1,026,412**

Interest income from loans to, and registered capital contribution made to, jointly controlled entities includes imputed interest on interest free loans advanced by the Group to a jointly controlled entity amounting to HK$3.6 million (2007: HK$160 million). Such imputed interest for the year ended 30 June 2007 to the extent of HK$120 million is attributable to the early settlement of the interest free loans during that year.

13. PROFIT BEFORE TAXATION

	2007 HK$'000	2008 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	6,135	**6,234**
Depreciation of property, plant and equipment	31,740	**36,595**
Amortisation of prepaid land lease payments	11,109	**10,650**
Less: Amount capitalised to properties under development	(7,882)	**(7,805)**
	3,227	**2,845**
Rental expense in respect of properties under operating leases	1,177	**1,125**
Staff costs (including directors' emoluments)	346,014	**338,095**
Share of tax of jointly controlled entities (included in share of profits of jointly controlled entities)	291,842	**216,636**
Share of tax of associates (included in share of profits of associates)	1,076	**588**
Rental income from investment properties, less attributable outgoings of HK$183,656,000 (2007: HK$150,762,000)	(225,205)	**(279,082)**

14. INCOME TAX EXPENSE

	2007 HK$'000	2008 HK$'000
Hong Kong Profits Tax		
Current year	23,546	**24,529**
Underprovision in respect of prior years	236	**270**
	23,782	**24,799**
Taxation elsewhere		
Current year	15,531	**164,556**
Overprovision in respect of prior years	(4)	**—**
	15,527	**164,556**
Deferred tax *(note 40)*	72,809	**148,859**
	112,118	**338,214**

14. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the year.

The Hong Kong Profits Tax rate applicable to the current year has changed to 16.5%. The deferred tax for the year has been adjusted to reflect the change in tax rate accordingly.

Taxes on profits assessable elsewhere are calculated at the tax rates prevailing in the countries in which the Group operates.

Taxation elsewhere for the current year represents mainly the PRC Enterprise Income Tax amounting to approximately HK$23 million (2007: Nil) on receipt of RMB725 million from the Group's jointly controlled entity, Guangzhou Shenzhen Zhuhai Superhighway Company Limited ("GS Superhighway JV"), in relation to repayment of additional development expenditure for the construction and development of the toll expressway operated by GS Superhighway JV previously incurred by the Group (note 24(a)), and the PRC withholding tax paid in relation to the disposal of interest in Ring Road JV amounting to approximately HK$132 million (2007: Nil) (note 10(b)), which are calculated at the rates prevailing in the PRC.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the People's Republic of China issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rate for certain subsidiaries from 33% to 25% commencing 1 January 2008.

Details of deferred taxation are set out in note 40.

The income tax expense can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007 *HK$'000*	**2008** **HK$'000**
Profit before taxation	3,138,755	**6,850,214**
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	549,282	**1,130,285**
Tax effect of expenses not deductible for tax purposes	22,390	**36,800**
Tax effect of income not taxable for tax purposes	(50,549)	**(723,155)**
Tax effect of tax losses not recognised	18,099	**22,107**
Tax effect of utilisation of and recognition of deferred tax on tax losses not previously recognised	(5,540)	**(16,031)**
Tax effect of utilisation of deductible temporary differences not previously recognised	(378)	**(13)**
Tax effect of share of profits of jointly controlled entities and associates	(402,772)	**(170,471)**
PRC Enterprise Income Tax on the repayment of the Group's additional cost of investments	—	**22,889**
Underprovision in respect of prior years	232	**270**
Decrease in the opening deferred tax liability resulting from a decrease in tax rates	—	**(41,824)**
Effect of reversal of deferred tax previously recognised on reclassification of investment properties to assets classified as held for sale	(26,886)	**—**
Effect of different tax rates of subsidiaries operating in other jurisdictions	8,772	**10,403**
Deferred tax on undistributed earnings of PRC jointly controlled entities derived after 31 December 2007	—	**68,008**
Others	(532)	**(1,054)**
Income tax expense	112,118	**338,214**

15. DIVIDENDS

	2007 *HK$'000*	***2008*** ***HK$'000***
Dividends recognised as distribution during the year		
Final dividend for the year ended 30 June 2007 of HK82 cents per share (2007: year ended 30 June 2006 of HK48 cents per share)	431,407	**737,658**
Special final dividend for the year ended 30 June 2007 of HK35 cents per share	—	**314,854**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust *(Note 38)*	—	**(838)**
	431,407	**1,051,674**
Interim dividend for the year ended 30 June 2008 of HK55 cents per share (2007: year ended 30 June 2007 of HK38 cents per share)	341,473	**493,738**
Special interim dividend for the year ended 30 June 2008 of HK55 cents per share	—	**493,738**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(272)	**(432)**
	341,201	**987,044**
	772,608	**2,038,718**
Dividends proposed		
Final dividend for the year ended 30 June 2008 of HK40 cents per share (2007: year ended 30 June 2007 of HK82 cents per share)	737,658	**356,168**
Special final dividend for the year ended 30 June 2008 of HK110 cents per share (2007: year ended 30 June 2007 of HK35 cents per share)	314,854	**979,463**
	1,052,512	**1,335,631**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(838)	**(591)**
	1,051,674	**1,335,040**

The proposed final dividend and special final dividend of HK40 cents per share and HK110 cents per share respectively have been proposed by the directors and are subject to approval by the shareholders in general meeting.

The proposed final dividend and special final dividend are calculated based on the number of shares in issue, less the dividends for shares held by HHL Employees' Share Award Scheme Trust, at the date of approval of these financial statements.

16. EARNINGS PER SHARE

	2007 HK$'000	2008 HK$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic earnings per share		
Profit for the year attributable to equity holders of the Company	2,632,127	**5,966,405**
Effect of dilutive potential ordinary shares of HHI (note 38):		
Adjustment to the Group's results arising from a dilution of HHI's earnings attributable to warrants and share options issued	(432)	**(651)**
Earnings for the purposes of diluted earnings per share	2,631,695	**5,965,754**

	2007 Number of shares	2008 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	898,306,631	**897,350,773**
Effect of dilutive potential ordinary shares:		
Share options	1,664,525	**3,091,655**
Award shares	500,597	**513,355**
Weighted average number of ordinary shares for the purposes of diluted earnings per share	900,471,753	**900,955,783**

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by HHL Employees' Share Award Scheme Trust.

17. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

The emoluments paid or payable to the Company's directors are as follows:

	Year ended 30 June 2008				
	Directors' fees HK$'000	Basic salaries, allowances and benefits-in-kind HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	600	4,500	—	—	5,100
Mr. Eddie Ping Chang HO	500	3,492	—	—	3,992
Mr. Thomas Jefferson WU	400	3,354	—	24	3,778
Mr. Josiah Chin Lai KWOK	200	3,000	2,338	12	5,550
Mr. Henry Hin Moh LEE	200	1,000	—	—	1,200
Mr. Robert Van Jin NIEN	200	1,430	935	12	2,577
Mr. Guy Man Guy WU	200	—	—	—	200
Lady Ivy Sau Ping KWOK WU	200	—	—	—	200
Ms. Linda Lai Chuen LOKE	200	—	—	—	200
Mr. Albert Kam Yin YEUNG	200	1,638	1,559	12	3,409
Mr. Barry Chung Tat MOK	400	1,992	2,205	12	4,609
Mr. David Yau-gay LUI	200	—	—	—	200
Mr. Carmelo Ka Sze LEE	200	—	—	—	200
Mr. Andy Lee Ming CHEUNG	60	1,444*	2,750	4	4,258
Mr. Eddie Wing Chuen HO Junior	200	819	935	12	1,966
Mr. Lee Yick NAM	400	—	—	—	400
Mr. William Wong Wing LAM	200	1,720	1,299	12	3,231
Mr. Yuk Keung IP	400	—	—	—	400
	4,960	24,389	12,021	100	41,470

* *Including discretionary bonus of HK$800,000.*

17. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES (continued)

(a) Directors' emoluments (continued)

	Year ended 30 June 2007				
	Directors' fees HK$'000	*Basic salaries, allowances and benefits-in-kind HK$'000*	*Share-based payments HK$'000*	*Contributions to provident fund schemes HK$'000*	*Total HK$'000*
Sir Gordon Ying Sheung WU	600	4,500	23,211	—	28,311
Mr. Eddie Ping Chang HO	500	3,492	19,782	—	23,774
Mr. Thomas Jefferson WU	400	3,354	22,995	24	26,773
Mr. Josiah Chin Lai KWOK	200	3,000	3,788	12	7,000
Mr. Henry Hin Moh LEE	200	1,000	—	—	1,200
Mr. Robert Van Jin NIEN	200	1,430	1,515	12	3,157
Mr. Guy Man Guy WU	200	—	—	—	200
Lady Ivy Sau Ping KWOK WU	200	—	—	—	200
Ms. Linda Lai Chuen LOKE	200	—	—	—	200
Mr. Albert Kam Yin YEUNG	200	1,638	2,526	12	4,376
Mr. Barry Chung Tat MOK	400	1,992	3,628	12	6,032
Mr. David Yau-gay LUI	200	—	—	—	200
Mr. Carmelo Ka Sze LEE	200	—	—	—	200
Mr. Andy Lee Ming CHEUNG	200	1,585	1,515	—	3,300
Mr. Eddie Wing Chuen HO Junior	200	819	1,515	12	2,546
Mr. Lee Yick NAM	400	—	—	—	400
Mr. William Wong Wing LAM	90	794	2,105	6	2,995
	4,590	23,604	82,580	90	110,864

Mr. Andy Lee Ming CHEUNG resigned as an executive director of the Company with effect from 18 October 2007. Mr. Yuk Keung IP was appointed and resigned as an independent non-executive director of the Company with effect from 13 August 2007 and 29 February 2008 respectively.

Other than fees of HK$1,200,000 (2007: HK$800,000) paid or payable to the independent non-executive directors which have been included above, no remuneration was paid or is payable to such directors.

(b) Highest paid employees' emoluments

The five individuals in the Group with the highest emoluments are the directors of the Company and details of their emoluments have been disclosed above.

18. INVESTMENT PROPERTIES

	The Group	
	2007 HK$'000	2008 HK$'000
Investment properties at fair value		
At beginning of the year	6,537,344	**6,870,499**
Additions	320,378	**326,604**
Reclassified from:		
— properties under development and prepaid land lease payments *(note b)*	—	**137,578**
— property, plant and equipment and prepaid land lease payments *(note c)*	—	**54,877**
Reclassified to assets classified as held for sale *(Note 33(i))*	(195,000)	**—**
Increase in fair value recognised in consolidated income statement	207,777	**641,742**
At end of the year	6,870,499	**8,031,300**

The Group's investment properties comprise:

	2007 HK$'000	2008 HK$'000
Land and buildings in Hong Kong on		
Long leases	3,391,092	**4,029,000**
Medium-term leases	3,479,407	**4,002,300**
	6,870,499	**8,031,300**

Notes:

(a) All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

(b) During the year, the development of a property was completed. Such property, which is held by the Group to earn rentals and for capital appreciation purposes, has been reclassified from properties under development and prepaid land lease payments to investment properties.

(c) During the year, certain properties with an aggregate fair value of approximately HK$55 million were reclassified from property, plant and equipment and prepaid land lease payments. The difference between the fair value of these properties and their carrying value at the date of transfer amounting to HK$13 million has been dealt with in property revaluation reserve.

(d) The fair value of the Group's investment properties at 30 June 2008 has been arrived at on the basis of a valuation carried as at that date by CB Richard Ellis Limited ("CB Richard"), independent professional property valuers not connected with the Group. The valuation report on these properties is signed by a director of CB Richard who is a member of The Hong Kong Institute of Surveyors ("HKIS"), and the valuations were arrived at by reference to market evidence of recent transaction prices for similar properties and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings in Hong Kong			
	Hotel property HK$'000	*Other properties HK$'000*	*Other assets HK$'000*	*Total HK$'000*
The Group				
COST				
At 1 July 2006	369,543	179,077	324,589	873,209
Additions	—	107	22,572	22,679
Disposals	—	—	(7,502)	(7,502)
At 30 June 2007	369,543	179,184	339,659	888,386
Additions	—	21,028	74,301	95,329
Reclassified to investment properties	—	(35,694)	—	(35,694)
Disposals	—	—	(5,794)	(5,794)
At 30 June 2008	**369,543**	**164,518**	**408,166**	**942,227**
DEPRECIATION				
At 1 July 2006	110,863	50,623	252,919	414,405
Provided for the year	7,392	3,691	20,657	31,740
Eliminated on disposals	—	—	(6,275)	(6,275)
At 30 June 2007	118,255	54,314	267,301	439,870
Provided for the year	7,391	3,461	25,743	36,595
Eliminated on reclassification	—	(9,511)	—	(9,511)
Eliminated on disposals	—	—	(5,100)	(5,100)
At 30 June 2008	**125,646**	**48,264**	**287,944**	**461,854**
CARRYING VALUES				
At 30 June 2007	251,288	124,870	72,358	448,516
At 30 June 2008	**243,897**	**116,254**	**120,222**	**480,373**

An analysis of the carrying values of the buildings in Hong Kong is as follows:

	The Group	
	2007 HK$'000	***2008 HK$'000***
Hotel property on land under medium-term leases	251,288	**243,897**
Other properties on land under		
Long leases	16,084	**15,494**
Medium-term leases	108,786	**100,760**
	124,870	**116,254**

The above items of property, plant and equipment are depreciated over their estimated useful lives from the date on which they become available for their intended use and after taking into account their estimated residual value, using the straight-line method, as follows:

Category of assets	*Estimated useful lives*
Buildings	50 years or the remaining term of the lease of the land on which the buildings are located, whichever is shorter
Other assets	3 to 10 years

20. PREPAID LAND LEASE PAYMENTS

	The Group	
	2007 HK$'000	2008 HK$'000
The Group's prepaid land lease payments comprise:		
Leasehold land in Hong Kong on		
Long leases	858,870	**863,671**
Medium-term leases	134,850	**116,320**
	993,720	**979,991**
Analysed for reporting purposes as		
Non-current asset	982,611	**969,341**
Current asset	11,109	**10,650**
	993,720	**979,991**

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2007 HK$'000	2008 HK$'000
Unlisted shares		
At cost less impairment	780,589	**870,552**
Shares listed in Hong Kong, at cost	8,459	**53,948**
	789,048	**924,500**
Market value of listed shares	10,182	**52,082**

Particulars of the principal subsidiaries are set out in note 49.

22. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries classified under non-current assets are interest free, unsecured and with no fixed repayment terms except for the aggregate principal amount of HK$724 million (2007: HK$557 million) which are repayable in 2013. In the opinion of the directors, based on their assessment as at 30 June 2008 of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the balance sheet date, accordingly these amounts are classified as non-current. The effective interest rate on the amounts due from subsidiaries in respect of the year ranged from 3.3% to 5.8% (2007: 5.8%) per annum, representing the borrowing rates of the relevant subsidiaries.

23. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2007 HK$'000	2008 HK$'000
COST		
At beginning of the year	231,647	**335,653**
Additions	104,006	**221,361**
Transfer to investment properties	—	**(114,366)**
At end of the year	335,653	**442,648**

Included in the cost of properties under development is net interest capitalised totalling HK$55.4 million (2007: HK$55.4 million).

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2007 *HK$'000*	***2008*** ***HK$'000***
Expressway and property projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,368,159	**1,089,843**
Additional cost of investments	4,231,541	**2,756,569**
	5,599,700	**3,846,412**
Share of post-acquisition reserves	2,177,654	**1,879,537**
Less: Accumulated amortisation	(680,670)	**(698,316)**
	7,096,684	**5,027,633**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	—	**631,867**
Share of post-acquisition reserves	—	**32,411**
	—	**664,278**
Other unlisted investments	6,472	**11,459**
	7,103,156	**5,703,370**

As referred in note 10, the Group disposed of certain of its jointly controlled entities during the year.

Particulars of the Group's principal jointly controlled entities at 30 June 2008 are as follows:

Name of company	*Place of establishment*	*Registered capital*	*Principal activity*	*Proportion of registered capital held by the Group*
Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited	The PRC	Nil *(note a)*	Development, operation and management of an expressway	Not applicable
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited	The PRC	RMB2,303,000,000	Development, operation and management of an expressway	50%
SEC & Hopewell Power (Heyuan) Co., Ltd.	The PRC	RMB1,560,000,000	Development and operation of a power plant	40%

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Details of the principal jointly controlled entities at the balance sheet date are as follows:

(a) Phase I of the Guangzhou-Shenzhen-Zhuhai Superhighway ("GS Superhighway")

The GS Superhighway is undertaken by GS Superhighway JV, a joint venture company established in the PRC. The operation period is 30 years from the GS Superhighway's official opening date. The Group's entitlement to the profit of the toll operations of the GS Superhighway is 50% for the initial ten years, 48% for the next ten years and 45% for the last ten years of the operation period. At the end of the operation period, all the immovable assets and facilities of GS Superhighway JV will revert to the PRC partner without compensation.

The Group is entitled to the repayment of the total registered capital of HK$702 million contributed by the Group to GS Superhighway JV of which approximately HK$660 million as at 30 June 2007 carried interest at Hong Kong prime rate, the remaining registered capital contribution made by the Group as at 30 June 2007 were interest-free. The registered capital of HK$702 million and the additional development expenditure for the construction and development of GS Superhighway to the extent of RMB725 million (approximately HK$736 million) previously incurred by the Group have been fully repaid by GS Superhighway JV during the year.

The GS Superhighway was officially opened in July 1997.

(b) Western Delta Route

Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") is established to undertake the construction, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai. Phase I of Western Delta Route ("Phase I West") was officially opened on 30 April 2004 and the operation period for Phase I West is 30 years commencing from 17 September 2003. The total investment for the Phase I West is RMB1,680 million, 35% of which was funded by the registered capital of West Route JV amounting to RMB588 million, which had been contributed by the Group and the joint venture partner of West Route JV in equal share.

The estimated total investment for the Phase II of Western Delta Route ("Phase II West") is RMB4,900 million, 35% of which is to be funded by an increase in the registered capital of West Route JV by RMB1,715 million in total to be contributed by the Group and the joint venture partner of West Route JV in equal share (i.e. each to contribute RMB857.5 million), of which the Group and the joint venture partner of West Route JV had contributed approximately RMB761.4 million and RMB443 million respectively as at 30 June 2008. The expiration date of the joint venture co-operation period for the West Route JV has been extended from 16 September 2033 to 16 September 2038. As at 30 June 2008, the approved registered capital of West Route JV was RMB2,303 million.

The Group is entitled to 50% of the distributable profits from operation of West Route JV. At the end of the joint venture co-operation period, all the immovable assets and facilities of West Route JV will revert to the relevant PRC government department which regulates transportation without compensation. As stated in the joint venture agreement of West Route JV, the joint venture partners are entitled to the repayment of registered capital contribution, which is interest free and with no specific repayment term. Such repayment of registered capital contribution is subject to the applicable PRC rules and regulations. The effective interest rates adopted for measurement at fair value at initial recognition of the registered capital contribution made by the Group to West Route JV range from 6.48% to 7.05% (2007: 6.40% to 6.48%) per annum.

In September 2005, the Group conditionally amended the agreements with the joint venture partner of West Route JV for the investment in and the planning, design, construction and operation of the Phase III of Western Delta Route ("Phase III West") through West Route JV (the "2005 Phase III Amendment Agreements"). Subject to approval of the relevant PRC authorities, the estimated total investment for Phase III West is RMB3,260 million, 35% of which is to be funded by an increase in the registered capital of West Route JV by RMB1,141 million in total to be contributed by the Group and the joint venture partner of West Route JV in equal share (i.e. each to contribute RMB570.5 million). The toll collection period for Phase III West will be subject to approval of the relevant PRC authorities.

Subsequent to the balance sheet date, the Group entered into amendment agreements with the joint venture partner of West Route JV. Please refer to note 51 for details.

24. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

(c) Power plant project in Heyuan City of Guangdong Province, the PRC

Pursuant to a co-operation agreement entered into between the Group and a PRC enterprise, a joint venture company, SEC & Hopewell Power (Heyuan) Co., Ltd. ("Heyuan Power JV"), was established in the PRC during the current year for the joint development of a 2X600 MW power plant in Heyuan City of Guangdong Province, the PRC. The operation period of Heyuan Power JV is 30 years from 14 September 2007, the date of its establishment, and the Group is entitled to 40% of the results from the operation of the power plant.

The summarised financial information in respect of the Group's share of the assets, liabilities, income and expenses of its jointly controlled entities (including the jointly controlled entity classified as held for sale) which are accounted for using the equity method is set out below:

	2007 *HK$'000*	***2008*** ***HK$'000***
Current assets	1,951,570	**383,174**
Non-current assets	8,783,674	**9,776,361**
Current liabilities	1,419,283	**1,847,279**
Non-current liabilities	6,236,412	**5,163,357**
Income	4,066,346	**2,275,032**
Expenses	1,951,408	**1,066,161**

25. INTERESTS IN ASSOCIATES

	The Group	
	2007 *HK$'000*	***2008*** ***HK$'000***
Cost of investments, unlisted	505	**505**
Share of post-acquisition profits and reserves, net of dividends received	23,120	**22,328**
	23,625	**22,833**

	The Company	
	2007 *HK$'000*	***2008*** ***HK$'000***
Unlisted shares, at cost	401	**401**

Particulars of the principal associates are set out in note 50.

25. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's associates (including the associates classified as held for sale) is set out below:

	2007 HK$'000	2008 HK$'000
Total assets	82,629	**83,982**
Total liabilities	(19,267)	**(24,623)**
Net assets	63,362	**59,359**
Group's share of net assets of associates	23,625	**22,833**
Revenue	19,166	**18,071**
Profit for the year	13,514	**7,563**
Group's share of profits of associates for the year	5,639	**6,743**

26. OTHER INVESTMENT PROJECT

During the year, a joint venture company was established to undertake the development of the power plant project referred to in note 24(c). Accordingly, the Group's cost of investment in this power plant project, which represents the Group's contributions to the registered capital of the joint venture company, has been reclassified to "Interests in jointly controlled entities".

27. AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2007 HK$'000	2008 HK$'000
Equity securities, at fair value		
— Listed in Hong Kong	—	**20,350**
— Listed outside Hong Kong	—	**41,549**
	—	**61,899**
Unlisted equity investments, at cost	18,682	**3,197**
	18,682	**65,096**
Market value of listed equity securities	—	**61,899**

	The Company	
	2007 HK$'000	2008 HK$'000
Unlisted equity investments, at cost	3,000	**3,000**

The fair values of the listed equity securities have been determined by reference to the bid prices quoted on the relevant stock exchanges.

The unlisted equity investments are measured at cost because the directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that their fair value cannot be measured reliably.

Included in unlisted equity investments of the Group at 30 June 2007 is an amount of HK$15,485,000 which represents the Group's investment in an entity, the shares of which are listed on a stock exchange outside Hong Kong during the year. Accordingly, such investment has been reclassified and included in equity securities listed outside Hong Kong.

28. LOAN TO A JOINTLY CONTROLLED ENTITY

The loan to a jointly controlled entity carries interest chargeable at Hong Kong prime rate and is unsecured and repayable out of the net cash surplus from the operations of the jointly controlled entity.

The effective interest rate on the loan in respect of the year ranged from 5.25% to 7.75% (2007: 6% to 8%) per annum.

29. INVENTORIES

	The Group	
	2007	***2008***
	HK$'000	***HK$'000***
Hotel and restaurant inventories	14,690	**18,457**

The cost of inventories recognised as an expense during the year amounted to HK$130,091,000 (2007: HK$111,216,000).

30. STOCK OF PROPERTIES

	The Group	
	2007	***2008***
	HK$'000	***HK$'000***
Properties for sale		
Under development	287,389	**364,525**
Completed	23,760	**17,593**
	311,149	**382,118**

The cost of properties recognised as an expense during the year amounted to HK$8,227,000 (2007: HK$173,514,000).

The properties under development are not expected to be substantially realised within one year from the balance sheet date.

31. TRADE AND OTHER RECEIVABLES

Other than rentals receivable, which are payable upon presentation of invoices, the Group allows an average credit period of 15 to 60 days to its trade customers.

The following is an analysis of trade and other receivables outstanding at the balance sheet date:

	The Group	
	2007 *HK$'000*	***2008*** ***HK$'000***
Receivables aged		
0–30 days	28,128	**18,039**
31–60 days	7,405	**8,005**
Over 60 days	10,049	**7,232**
	45,582	**33,276**
Less: Allowance for doubtful debts	(1,670)	**(1,136)**
	43,912	**32,140**
Interest receivable on bank deposits	9,017	**4,769**
Dividend receivable from a jointly controlled entity	403,377	**1,080,454**
Deposit monies from the disposal of interests in, and loans to, a jointly controlled entity and interests in associates *(Note 33(ii))*	458,000	**—**
Proceeds receivable on disposal of investment and property, plant and equipment	75,869	**—**
	990,175	**1,117,363**

The Group has provided fully for all trade receivables past due beyond 90 days because, based on historical experience, it is not probable that such receivables are recoverable.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK$15,578,000 (2007: HK$22,610,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2007 *HK$'000*	***2008*** ***HK$'000***
0–30 days	15,385	**13,071**
31–60 days	2,526	**2,277**
Over 60 days	4,699	**230**
Total	22,610	**15,578**

Movement in the allowance for doubtful debts

	2007 *HK$'000*	***2008*** ***HK$'000***
Balance at beginning of the year	2,654	**1,670**
Recognition (reversal) of impairment losses	415	**(449)**
Amounts written off as uncollectible	(1,399)	**(85)**
Balance at end of the year	1,670	**1,136**

32. BANK BALANCES AND CASH

The Group

Bank balances and cash comprise cash held by the Group and bank deposits with maturity of three months or less which carry interest at market rates which range from 0.8% to 2.2% (2007: 1.5% to 5.3%) per annum.

Included in bank balances and cash are bank deposits held by the subsidiaries amounting to approximately RMB334 million (2007: RMB369 million) and US$391 million (2007: US$466 million) which are denominated in currencies other than the functional currencies of the respective subsidiaries.

The Company

Bank balances and cash comprise cash held by the Company and bank deposits with maturity of three months or less which carry interest at market rates which range from 1.5% to 2.2% (2007: 4.1 % to 5.3%) per annum.

Included in bank balances and cash are bank deposit amounting to approximately US$24 million at 30 June 2007 which was denominated in currency other than the functional currency of the Company.

33. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(i) Assets classified as held for sale comprise:

	The Group	
	2007	*2008*
	HK$'000	*HK$'000*
Investment properties *(Note a)*	195,000	—
Interest in a jointly controlled entity *(Note b)*	204,263	—
Interests in associates *(Note b)*	1,072	—
Long-term loans and receivables *(Note b)*	417,998	—
	818,333	—

(ii) Liabilities associated with assets classified as held for sale comprise:

	The Group	
	2007	*2008*
	HK$'000	*HK$'000*
Deposits received on disposal of investment properties *(Note a)*	35,170	—
Deposit monies in respect of disposal of interests in a jointly controlled entity and associates, and long-term loans and receivables *(Note b)*	458,000	—
	493,170	—

Notes:

(a) During the year ended 30 June 2007, the Group entered into agreements with certain independent third parties for the disposal of its investment properties and completed properties for sale with carrying amounts at 30 June 2007 amounting to HK$195 million and HK$3.8 million, respectively, for a total consideration of HK$240.8 million. The disposals were completed during the year and gave rise to a gain on disposal of the investment properties amounting to HK$27 million recognised in the consolidated income statement.

(b) As referred to in note 10(a), the disposal of the Group's equity interest in, and loans to, a jointly controlled entity and the equity interests in two associates was completed during the current year.

34. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables outstanding at the balance sheet date:

	The Group	
	2007 *HK$'000*	*2008* *HK$'000*
Payables due		
0–30 days	212,519	**226,141**
31–60 days	1,955	**5,109**
Over 60 days	97,179	**79,299**
	311,653	**310,549**
Retentions payable	31,466	**36,004**
Accrued construction costs	—	**127,148**
Accrued long service payment and leave pay	13,807	**15,299**
	356,926	**489,000**

The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

35. AMOUNTS DUE TO A JOINTLY CONTROLLED ENTITY AND ASSOCIATES

The Group
The amount due to a jointly controlled entity is unsecured, interest free and fully repaid during the year.

The Group and the Company
The amounts due to associates are unsecured, interest free and repayable on demand.

36. AMOUNTS DUE FROM/TO SUBSIDIARIES

The Company
The amounts due from subsidiaries classified under current assets and the amounts due to subsidiaries are both unsecured, interest free and repayable within one year or on demand.

37. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

	The Group	
	2007 *HK$'000*	*2008* *HK$'000*
Amount due to a minority shareholder of a subsidiary	32,048	**59,979**
Less: Portion due within one year included in current liabilities	(32,048)	**—**
Portion due after one year	—	**59,979**

The amount due to a minority shareholder of a subsidiary is interest-free and unsecured. The principal amount due to the minority shareholder at 30 June 2008 of HK$79 million has been reduced to its present value of HK$60 million based on management's estimates of future cash payments with a corresponding adjustment of approximately HK$19 million which is regarded as a deemed contribution from the minority shareholder. The effective interest rate adopted for measurement at fair value at initial recognition of the amount due to a minority shareholder of a subsidiary in respect of the year is 3.25%, representing the borrowing rate of the subsidiary.

38. SHARE CAPITAL

	Number of shares 2007 '000	Number of shares 2008 '000	Nominal value 2007 HK$'000	Nominal value 2008 HK$'000
The Group and the Company				
Ordinary shares of HK$2.50 each				
Authorised	1,200,000	**1,200,000**	3,000,000	**3,000,000**
Issued and fully paid				
At beginning of the year	898,565	**899,383**	2,246,413	**2,248,458**
Issued during the year	1,650	**1,413**	4,125	**3,533**
Repurchased during the year	(832)	**(8,474)**	(2,080)	**(21,185)**
At end of the year	899,383	**892,322**	2,248,458	**2,230,806**

During the year, the Company issued a total of 1,413,400 (2007: 1,650,000) ordinary shares of HK$2.50 each for a total cash consideration of HK$30,399,000 (2007: HK$29,635,000) pursuant to the exercise of the share options granted by the Company. These shares rank pari passu in all respects with the other shares in issue.

During the year, the Company repurchased 8,474,000 (2007: 832,000) ordinary shares of the Company on the Hong Kong Stock Exchange, as follows:

Month	Number of ordinary shares repurchased '000	Purchase price per share Highest HK$	Purchase price per share Lowest HK$	Total consideration paid (including transaction costs) HK$'000
November 2007	62	34.65	33.65	2,130
December 2007	20	33.30	33.30	668
January 2008	1,712	35.50	30.70	55,966
March 2008	3,767	32.50	26.15	110,594
April 2008	1,806	34.05	29.40	56,343
May 2008	161	33.90	32.85	5,416
June 2008	946	32.50	28.25	28,177
	8,474			259,294
October 2006	432	22.45	22.25	9,702
November 2006	400	22.95	22.80	9,176
	832			18,878

These repurchases were effected by the directors pursuant to the mandate from the shareholders with a view to benefiting the shareholders as a whole by the enhancement of the earnings per share of the Group.

At 30 June 2008, the Company's 394,000 (2007: 716,000) issued shares with an aggregate nominal value of HK$985,000 (2007: HK$1,790,000) were held by HHL Employees' Share Award Scheme Trust (see note on share award scheme below). In accordance with the trust deed of the HHL Employees' Share Award Scheme Trust, the relevant trustee shall not exercise the voting rights attached to such shares.

38. SHARE CAPITAL (continued)

Share option schemes

(a) *The Company*

In 2003, the Company adopted a share option scheme ("HHL 2003 Scheme") which is effective for a period of 10 years. The principal purpose of this scheme is to provide incentives to directors and any eligible persons the Board may approve from time to time. The Board is authorised under the share option scheme to grant options to executive directors and employees of the Company or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in the Company.

Under the HHL 2003 Scheme, options granted must be taken up within 14 days from the date of the offer letter upon the payment of HK$1 per each grant of option, payable as consideration on acceptance, which is recognised in the consolidated income statement when received.

The following table discloses details of share options which were granted by the Company at nominal consideration and movements in such holdings:

Date of grant	Subscription price per share HK$	Number of shares under options granted: Outstanding at 1 July 2006	Movements during the year: Granted	Reclassified	Exercised	Lapsed	At 30 June 2007: Outstanding	Exercisable	Weighted average closing price at the date of exercise HK$
Directors									
8 September 2004	17.10	1,350,000	—	—	(1,150,000)	—	200,000	200,000	26.94
2 September 2005	19.94	2,500,000	—	—	(500,000)	—	2,000,000	2,000,000	33.98
10 October 2006	22.44	—	—	288,000	—	—	288,000	—	N/A
		3,850,000	—	288,000	(1,650,000)	—	2,488,000	2,200,000	
Employees									
10 October 2006	22.44	—	8,960,000	(288,000)	—	(256,000)	8,416,000	—	N/A
		3,850,000	8,960,000	—	(1,650,000)	(256,000)	10,904,000	2,200,000	
Weighted average exercise price		HK$18.94	HK$22.44	HK$22.44	HK$17.96	N/A	HK$21.88	HK$19.68	

Date of grant	Subscription price per share HK$	Number of shares under options granted: Outstanding at 1 July 2007	Movements during the year: Granted	Exercised	Lapsed	At 30 June 2008: Outstanding	Exercisable	Weighted average closing price at the date of exercise HK$
Directors								
8 September 2004	17.10	200,000	—	(200,000)	—	—	—	30.85
2 September 2005	19.94	2,000,000	—	(100,000)	—	**1,900,000**	**1,900,000**	29.00
10 October 2006	22.44	288,000	—	—	—	**288,000**	**57,600**	N/A
		2,488,000	—	(300,000)	—	**2,188,000**	**1,957,600**	
Employees								
10 October 2006	22.44	8,416,000	—	(1,113,400)	(614,400)	**6,688,200**	**569,800**	35.03
15 November 2007	36.10	—	5,248,000	—	—	**5,248,000**	—	N/A
		10,904,000	5,248,000	(1,413,400)	(614,400)	**14,124,200**	**2,527,400**	
Weighted average exercise price		HK$21.88	HK$36.10	HK$21.51	N/A	**HK$27.18**	**HK$21.90**	

The dates of grant of options referred to above represent the dates on which the options were accepted by the grantees.

38. SHARE CAPITAL (continued)

Share option schemes (continued)

(a) The Company (continued)

The options granted on 8 September 2004 under the HHL 2003 Scheme are exercisable within a period of three years from the date of grant.

The options granted on 2 September 2005 under the HHL 2003 Scheme are exercisable in the following manner:

Number of share options	*Vesting period*	*Exercisable period*
1,250,000	2 September 2005 to 1 March 2006	2 March 2006 to 1 March 2009
1,250,000	2 September 2005 to 1 March 2007	2 March 2007 to 1 March 2009
2,500,000		

The options granted on 10 October 2006 are exercisable in the following manner:

Number of share options	*Vesting period*	*Exercisable period*
1,792,000	10 October 2006 to 31 October 2007	1 November 2007 to 31 October 2013
1,792,000	10 October 2006 to 31 October 2008	1 November 2008 to 31 October 2013
1,792,000	10 October 2006 to 31 October 2009	1 November 2009 to 31 October 2013
1,792,000	10 October 2006 to 31 October 2010	1 November 2010 to 31 October 2013
1,792,000	10 October 2006 to 31 October 2011	1 November 2011 to 31 October 2013
8,960,000		

The options granted on 15 November 2007 are exercisable in the following manner:

Number of share options	*Vesting period*	*Exercisable period*
1,049,600	15 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014
1,049,600	15 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014
1,049,600	15 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014
1,049,600	15 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014
1,049,600	15 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014
5,248,000		

38. SHARE CAPITAL (continued)

Share option schemes (continued)

(a) The Company (continued)

On 10 October 2006, the Company granted options under the HHL 2003 Scheme at nominal consideration to certain employees to subscribe for a total of 8,960,000 ordinary shares in the Company. The fair values of the options granted on that date are HK$43,981,000 which were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Closing share price at date of grant	HK$22.25
Exercise price	HK$22.44
Expected volatility	26%
Option life	7 years
Risk-free rate	3.956%
Expected dividend yield	3.8%
Suboptimal exercise factor	2

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

On 15 November 2007, the Company granted options under the HHL 2003 Scheme at nominal consideration to certain employees to subscribe for a total of 5,248,000 ordinary shares in the Company. The fair values of the options granted on that date are HK$43,669,000 which were calculated using the Binomial option pricing model. The inputs into the model were as follows:

Closing share price at date of grant	HK$35.10
Exercise price	HK$36.10
Expected volatility	33%
Option life	7 years
Risk-free rate	3.384%
Expected dividend yield	4.7%
Suboptimal exercise factor	2

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised the total expense of HK$24,488,000 for the year (2007: HK$15,125,000) in relation to share options granted by the Company.

(b) HHI

A share option scheme ("HHI Scheme") was adopted by HHI pursuant to the written resolutions of the shareholder of HHI passed on 16 July 2003 and approved by the shareholders of the Company at an extraordinary general meeting held on 16 July 2003. The HHI Scheme shall be valid and effective for a period of 10 years and the principal purpose of which is to provide incentives to directors and any eligible persons the Board of HHI may approve from time to time. The Board of HHI is authorised to grant options under the HHI Scheme to executive directors and employees of the Company, HHI or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in HHI.

Options granted must be taken up within 28 days from the date of the offer letter upon payment of HK$1 per each grant of option, payable as consideration on acceptance, which is recognised in the consolidated income statement when received.

38. SHARE CAPITAL (continued)

Share option schemes (continued)

(b) *HHI* (continued)

The following table discloses the details of share options granted under the HHI Scheme by HHI to its directors and employees, who are not directors of the Company, at nominal consideration:

Date of grant	Subscription price per share HK$	Number of shares under options granted: Outstanding at 1 July 2006	Movements during the year: Granted	Movements during the year: Exercised	Movements during the year: Lapsed	At 30 June 2007: Outstanding	At 30 June 2007: Exercisable	Weighted average closing price at the date of exercise HK$
8 September 2004	4.875	2,400,000	—	(2,400,000)	—	—	—	7.22
17 October 2006	5.858	—	6,200,000	—	—	6,200,000	—	N/A
		2,400,000	6,200,000	(2,400,000)	—	6,200,000	—	
Weighted average exercise price		HK$4.875	HK$5.858	HK$4.875	N/A	HK$5.858	N/A	

Date of grant	Subscription price per share HK$	Number of shares under options granted: Outstanding at 1 July 2007	Movements during the year: Granted	Movements during the year: Exercised	Movements during the year: Lapsed	At 30 June 2008: Outstanding	At 30 June 2008: Exercisable	Weighted average closing price at the date of exercise HK$
17 October 2006	5.858	6,200,000	—	(152,000)	(1,120,000)	**4,928,000**	**1,088,000**	6.65
19 November 2007	6.746	—	760,000	—	—	**760,000**	**—**	N/A
		6,200,000	760,000	(152,000)	(1,120,000)	**5,688,000**	**1,088,000**	
Weighted average exercise price		HK$5.858	HK$6.746	HK$5.858	N/A	**HK$5.977**	**HK$5.858**	

The options granted to certain employees on 17 October 2006 are exercisable in the following manner:

Number of share options	*Vesting period*	*Exercisable period*
1,240,000	1 December 2006 to 30 November 2007	1 December 2007 to 30 November 2013
1,240,000	1 December 2006 to 30 November 2008	1 December 2008 to 30 November 2013
1,240,000	1 December 2006 to 30 November 2009	1 December 2009 to 30 November 2013
1,240,000	1 December 2006 to 30 November 2010	1 December 2010 to 30 November 2013
1,240,000	1 December 2006 to 30 November 2011	1 December 2011 to 30 November 2013
6,200,000		

38. SHARE CAPITAL (continued)

Share option schemes (continued)

(b) *HHI* (continued)

The total fair values of the options determined at the dates of grant using the Binomial option pricing model are HK$5,814,000. The inputs into the model were as follows:

Closing share price at date of grant	HK$5.700
Exercise price	HK$5.858
Expected volatility	23%
Option life	6.4–6.9 years
Risk free rate	3.969%
Expected dividend yield	4.75%
Suboptimal exercise factor	2

Expected volatility was determined by using the historical volatility of the HHI's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The options granted to certain employees on 19 November 2007 are exercisable in the following manner:

Number of share options	*Vesting period*	*Exercisable period*
152,000	19 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014
152,000	19 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014
152,000	19 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014
152,000	19 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014
152,000	19 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014
760,000		

The total fair values of the options determined at the date of grant using the Binomial option pricing model are HK$705,000. The inputs into the model were as follows:

The following assumptions were used to calculate the fair values of share options:

Closing share price at date of grant	HK$6.550
Exercise price	HK$6.746
Expected volatility	23.83%
Option life	7 years
Risk free rate	3.33%
Expected dividend yield	5.78%
Suboptimal exercise factor	2

Expected volatility was determined by using the historical volatility of the HHI's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised the total expense of HK$2,125,000 for the year (2007: HK$1,743,000) in relation to share options granted by HHI.

38. SHARE CAPITAL (continued)

Share award scheme

(a) *The Company*

On 25 January 2007, an employees' share award scheme ("HHL Share Award Scheme") was adopted by the Company. The HHL Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHL Share Award Scheme, the Group has set up a trust, HHL Employees' Share Award Scheme Trust, for the purpose of administering the HHL Share Award Scheme and holding the awarded shares before they vest.

During the year ended 30 June 2007, a total of 3,374,000 shares in the Company were awarded to certain directors of the Company at no consideration. No shares were awarded in the current year. The awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof. Details of the movements of shares of the Company awarded are as follows:

		Movements during the year			
Vesting date	*Outstanding at 1 July 2006*	*Awarded*	*Vested*	*Lapsed*	*Outstanding at 30 June 2007*
Directors					
25 January 2007	—	2,658,000	(2,658,000)	—	—
25 January 2008	—	358,000	—	—	358,000
25 January 2009	—	358,000	—	—	358,000
	—	3,374,000	(2,658,000)	—	716,000
Weighted average fair value	N/A	HK$25.92	HK$26.38	N/A	HK$24.22

		Movements during the year			
Vesting date	*Outstanding at 1 July 2007*	*Awarded*	*Vested*	*Lapsed*	*Outstanding at 30 June 2008*
Directors					
25 January 2008	358,000	—	(322,000)	(36,000)	**—**
25 January 2009	358,000	—	—	(36,000)	**322,000**
	716,000	—	(322,000)	(72,000)	**322,000**
Weighted average fair value	HK$24.22	N/A	HK$25.21	HK$24.22	**HK$23.22**

During the year ended 30 June 2007, 3,374,000 shares of the Company were acquired at a total cost of HK$102,109,000.

The total fair value of the awarded shares determined at the date of grant was HK$87,445,000, of which HK$7,799,000 (2007: HK$75,733,000) was recognised as an expense for the year.

38. SHARE CAPITAL (continued)

Share award scheme (continued)

(a) The Company (continued)

The following assumptions were used to calculate the fair value of awarded shares:

Closing share price at date of grant	HK$28.65
Option life	1–3 years
Expected volatility	
— First year	22.15%
— Second year	20.26%
— Third year	25.28%
Expected dividend yield	2.6%
Risk free rate	
— First year	3.89%
— Second year	3.92%
— Third year	3.93%

The fair value of the awarded shares was determined by reference to the closing share price at date of grant after deductions of the present value of foregone dividend during the vesting period and the fair value of put option in relation to the restricted period of the shares which was determined by using the Black-Scholes option pricing model.

The variables and assumptions used in computing the fair value of the awarded shares are based on the directors' best estimate. The value of awarded shares varies with different variables of certain subjective assumptions.

(b) HHI

On 25 January 2007, an employees' share award scheme ("HHI Share Award Scheme") was adopted by HHI. The HHI Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHI Share Award Scheme, HHI has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the HHI Share Award Scheme and holding the awarded shares before they vest.

During the year ended 30 June 2007, a total of 1,940,000 shares in HHI had been awarded to a director of the Company and employees of the Group at no consideration. No shares in HHI were awarded in the current year. The awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof.

Details of the movements of shares of HHI awarded are as follows:

Vesting date	*Outstanding at 1 July 2006*	*Movements during the year* Awarded	*Vested*	*Outstanding at 30 June 2007*
A director				
25 January 2007	—	800,000	(800,000)	—
Employees				
25 January 2007	—	380,000	(380,000)	—
25 January 2008	—	380,000	—	380,000
25 January 2009	—	380,000	—	380,000
	—	1,140,000	(380,000)	760,000
	—	1,940,000	(1,180,000)	760,000
Weighted average fair value	N/A	HK$6.38	HK$6.65	HK$5.94

38. SHARE CAPITAL (continued)

Share award scheme (continued)

(b) *HHI* (continued)

Vesting date	*Outstanding at 1 July 2007*	*Movements during the year* Awarded	*Movements during the year* Vested	*Outstanding at 30 June 2008*
Employees				
25 January 2008	380,000	—	(380,000)	**—**
25 January 2009	380,000	—	—	**380,000**
	760,000	—	(380,000)	**380,000**
Weighted average fair value	HK$5.94	N/A	HK$6.21	**HK$5.68**

During the year ended 30 June 2007, 1,940,000 shares of HHI were acquired at a total cost of HK$14,129,000.

The total fair value of the awarded shares determined at the date of grant was HK$12,369,000, of which HK$2,471,000 (2007: HK$9,284,000) was recognised as an expense for the year.

The following assumptions were used to calculate the fair value of the awarded shares:

Closing share price at date of grant	HK$7.38
Option life	1–3 years
Expected volatility	
— First year	25.18%
— Second year	21.80%
— Third year	23.47%
Expected dividend yield	4.36%
Risk free rate	
— First year	3.89%
— Second year	3.92%
— Third year	3.93%

The fair value of the awarded shares was determined by reference to the closing share price at date of grant after deductions of the present value of foregone dividend during the vesting period and the fair value of put option in relation to the restricted period of the shares which was determined by using the Black-Scholes option pricing model.

The variables and assumptions used in computing the fair value of the awarded shares are based on the directors' best estimate. The value of awarded share varies with different variables of certain subjective assumptions.

HHI Warrants

In connection with the listing of the shares in HHI in 2003, HHI issued warrants to the Company's shareholders which entitle the holders thereof to subscribe for shares in HHI at a subscription price of HK$4.18 per share subject to adjustment during the three-year period commencing on 6 August 2003. The HHI Warrants were listed on the Hong Kong Stock Exchange.

During the year ended 30 June 2007, 18,307,997 HHI Warrants carrying an aggregate subscription price of HK$76,527,427 were exercised by the warrant holders resulting in the issuance of 18,307,997 ordinary shares in HHI. The remaining 2,007,353 HHI Warrants lapsed upon expiry of the warrants on 5 August 2006.

39. SHARE PREMIUM AND RESERVES

	Attributable to equity holders of the Company															
	Share premium HK$'000	*Capital redemption reserve HK$'000*	*Capital reserve HK$'000*	*Translation reserve HK$'000*	*PRC statutory reserves HK$'000*	*Property revaluation reserve HK$'000*	*Investment revaluation reserve HK$'000*	*Share option reserve HK$'000*	*Share award reserve HK$'000*	*Shares held for share award scheme HK$'000*	*Retained profits HK$'000*	*Total HK$'000*	*Equity component of share option reserve of a subsidiary HK$'000*	*Equity component of share award reserve of a subsidiary HK$'000*	*Minority interests HK$'000*	*Total HK$'000*
At 1 July 2006	8,657,496	2,668	83,010	71,146	70,955	—	27,260	5,295	—	—	6,069,562	14,987,392	—	—	2,862,080	17,849,472
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	104,968	—	—	—	—	—	—	—	104,968	—	—	30,580	135,548
Gain arising from changes in fair value of available-for-sale investments	—	—	—	—	—	—	292,589	—	—	—	—	292,589	—	—	—	292,589
Deferred tax liabilities on change in fair value of available-for-sale investments	—	—	—	—	—	—	(55,974)	—	—	—	—	(55,974)	—	—	—	(55,974)
Net income recognised directly in equity	—	—	—	104,968	—	—	236,615	—	—	—	—	341,583	—	—	30,580	372,163
Transfer to consolidated income statement on disposal of available-for-sale investments	—	—	—	—	—	—	(319,849)	—	—	—	—	(319,849)	—	—	—	(319,849)
Reversal of deferred tax liabilities on disposal of available-for-sale investments	—	—	—	—	—	—	55,974	—	—	—	—	55,974	—	—	—	55,974
Profit for the year	—	—	—	—	—	—	—	—	—	—	2,632,127	2,632,127	—	—	394,510	3,026,637
Total recognised income (expenses) for the year	—	—	—	104,968	—	—	(27,260)	—	—	—	2,632,127	2,709,835	—	—	425,090	3,134,925
Issue of shares	26,874	—	—	—	—	—	—	(1,364)	—	—	—	25,510	—	—	—	25,510
Shares issue expenses	(26)	—	—	—	—	—	—	—	—	—	—	(26)	—	—	—	(26)
Repurchase of shares	—	2,080	—	—	—	—	—	—	—	—	(18,878)	(16,798)	—	—	—	(16,798)
Dividends to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(302,424)	(302,424)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(7,466)	(7,466)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	15,125	75,733	—	—	90,858	1,268	6,756	3,003	101,885
Shares vested under the share award schemes of the Group	—	—	—	—	—	—	—	—	(70,107)	—	(10,334)	(80,441)	—	(5,713)	5,713	(80,441)
Purchase of shares for unvested shares under the share award scheme of the Company	—	—	—	—	—	—	—	—	—	(21,668)	—	(21,668)	—	—	—	(21,668)
Deemed disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	72,758	72,758
Transfers between reserves	—	—	—	—	8,574	—	—	—	—	—	(8,574)	—	—	—	—	—
Dividends recognised as distribution during the year *(note 15)*	—	—	—	—	—	—	—	—	—	—	(772,608)	(772,608)	—	—	—	(772,608)
At 30 June 2007	8,684,344	4,748	83,010	176,114	79,529	—	—	19,056	5,626	(21,668)	7,891,295	16,922,054	1,268	1,043	3,058,754	19,983,119

39. SHARE PREMIUM AND RESERVES (continued)

	Attributable to equity holders of the Company															
	Share premium HK$'000	*Capital redemption reserve HK$'000*	*Capital reserve HK$'000*	*Translation reserve HK$'000*	*PRC statutory reserves HK$'000*	*Property revaluation reserve HK$'000*	*Investment revaluation reserve HK$'000*	*Share option reserve HK$'000*	*Share award reserve HK$'000*	*Shares held for share award scheme HK$'000*	*Retained profits HK$'000*	*Total HK$'000*	*Equity component of share option reserve of a subsidiary HK$'000*	*Equity component of share award reserve of a subsidiary HK$'000*	*Minority interests HK$'000*	*Total HK$'000*
At 1 July 2007	8,684,344	4,748	83,010	176,114	79,529	—	—	19,056	5,626	(21,668)	7,891,295	16,922,054	1,268	1,043	3,058,754	19,983,119
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	269,460	—	—	—	—	—	—	—	269,460	—	—	65,060	334,520
Gain arising from changes in fair value of other properties before reclassification to investment properties *(note 18(c))*	—	—	—	—	—	13,024	—	—	—	—	—	13,024	—	—	—	13,024
Gain arising from changes in fair value of available-for-sale investments	—	—	—	—	—	—	48,174	—	—	—	—	48,174	—	—	—	48,174
Deferred tax liabilities on change in fair value of other properties	—	—	—	—	—	(2,149)	—	—	—	—	—	(2,149)	—	—	—	(2,149)
Deferred tax liabilities on change in fair value of available-for-sale investments	—	—	—	—	—	—	(3,590)	—	—	—	—	(3,590)	—	—	—	(3,590)
Net income recognised directly in equity	—	—	—	269,460	—	10,875	44,584	—	—	—	—	324,919	—	—	65,060	389,979
Translation reserve realised on disposal of interest in a jointly controlled entity	—	—	—	(56,025)	—	—	—	—	—	—	—	(56,025)	—	—	(20,893)	(76,918)
Transfer to consolidated income statement on disposal of available-for-sale investments	—	—	—	—	—	—	(21,756)	—	—	—	—	(21,756)	—	—	—	(21,756)
Reversal of deferred tax liabilities on disposal of available-for-sale investments	—	—	—	—	—	—	3,590	—	—	—	—	3,590	—	—	—	3,590
Profit for the year	—	—	—	—	—	—	—	—	—	—	5,966,405	5,966,405	—	—	545,595	6,512,000
Total recognised income for the year	—	—	—	213,435	—	10,875	26,418	—	—	—	5,966,405	6,217,133	—	—	589,762	6,806,895
Issue of shares	32,604	—	—	—	—	—	—	(5,738)	—	—	—	26,866	—	—	—	26,866
Shares issue expenses	(28)	—	—	—	—	—	—	—	—	—	—	(28)	—	—	—	(28)
Repurchase of shares	—	21,185	—	—	—	—	—	—	—	—	(259,294)	(238,109)	—	—	—	(238,109)
Dividends to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(367,297)	(367,297)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(29,572)	(29,572)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	24,488	7,799	—	—	32,287	1,552	1,804	1,240	36,883
Change in profit sharing of a jointly controlled entity	—	—	—	(2,535)	(3,106)	—	—	—	—	—	—	(5,641)	—	—	(2,086)	(7,727)
Contribution from minority shareholders of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,034	1,034
Deemed contribution from a minority shareholder *(note 37)*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	18,990	18,990
Shares vested under the share award schemes of the Group	—	—	—	—	—	—	—	—	(8,117)	9,745	(1,628)	—	—	(1,723)	—	(1,723)
Deemed disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(442)	—	(1,091)	(1,533)
Transfers between reserves	—	—	—	—	5,529	—	—	—	—	—	(5,529)	—	—	—	—	—
Dividends recognised as distribution during the year *(note 15)*	—	—	—	—	—	—	—	—	—	—	(2,038,718)	(2,038,718)	—	—	—	(2,038,718)
At 30 June 2008	**8,716,920**	**25,933**	**83,010**	**387,014**	**81,952**	**10,875**	**26,418**	**37,806**	**5,308**	**(11,923)**	**11,552,531**	**20,915,844**	**2,378**	**1,124**	**3,269,734**	**24,189,080**

39. SHARE PREMIUM AND RESERVES (continued)

	Shares premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Share award reserve HK$'000	Share held for share award scheme HK$'000	Retained profits HK$'000	Total HK$'000
The Company								
At 1 July 2006	8,657,496	2,668	9,872	5,295	—	—	2,584,856	11,260,187
Profit for the year and total income recognised for the year	—	—	—	—	—	—	1,337,039	1,337,039
Issue of shares	26,874	—	—	(1,364)	—	—	—	25,510
Shares issue expenses	(26)	—	—	—	—	—	—	(26)
Repurchase of shares	—	2,080	—	—	—	—	(18,878)	(16,798)
Recognition of equity-settled share-based payments	—	—	—	15,125	75,733	—	—	90,858
Shares vested under the share award scheme of the Company	—	—	—	—	(70,107)	—	(10,334)	(80,441)
Purchase of shares for unvested shares under the share award scheme of the Company	—	—	—	—	—	(21,668)	—	(21,668)
Dividends recognised as distribution during the year *(note 15)*	—	—	—	—	—	—	(772,608)	(772,608)
At 30 June 2007	8,684,344	4,748	9,872	19,056	5,626	(21,668)	3,120,075	11,822,053
Profit for the year and total income recognised for the year	—	—	—	—	—	—	6,338,310	6,338,310
Issue of shares	32,604	—	—	(5,738)	—	—	—	26,866
Shares issue expenses	(28)	—	—	—	—	—	—	(28)
Repurchase of shares	—	21,185	—	—	—	—	(259,294)	(238,109)
Recognition of equity-settled share-based payments	—	—	—	24,488	7,799	—	—	32,287
Shares vested under the share award scheme of the Company	—	—	—	—	(8,117)	9,745	(1,628)	—
Dividends recognised as distribution during the year *(note 15)*	—	—	—	—	—	—	(2,038,718)	(2,038,718)
At 30 June 2008	**8,716,920**	**25,933**	**9,872**	**37,806**	**5,308**	**(11,923)**	**7,158,745**	**15,942,661**

40. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting periods.

	Accelerated tax depreciation HK$'000	Fair value adjustments on investment properties HK$'000	Arising from business combinations (Note) HK$'000	Undistributed earnings of PRC jointly controlled entities HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 July 2006	147,967	478,431	246,208	—	(212,668)	(825)	659,113
Charge (credit) to consolidated income statement	20,455	9,481	(4,690)	—	47,592	(29)	72,809
At 30 June 2007	168,422	487,912	241,518	—	(165,076)	(854)	731,922
Charge (credit) to consolidated income statement							
— Current year	23,810	105,887	(864)	68,008	(5,267)	(891)	190,683
— Effect of change in tax rate	(9,624)	(27,881)	(13,801)	—	9,433	49	(41,824)
Charge to reserve	—	—	—	—	—	2,149	2,149
At 30 June 2008	**182,608**	**565,918**	**226,853**	**68,008**	**(160,910)**	**453**	**882,930**

Note: Such deferred tax liabilities are attributable to taxable temporary differences arising on initial recognition of assets which were acquired in business combinations.

The deferred tax assets and liabilities have been offset for the purposes of balance sheet presentation.

At the balance sheet date, the Group had available unused tax losses of HK$1,550 million (2007: HK$1,439 million) to offset against future profits. A deferred tax asset of HK$161 million (2007: HK$165 million) in respect of tax losses of HK$975 million (2007: HK$943 million) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$575 million (2007: HK$496 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

41. DISPOSAL OF A SUBSIDIARY

As referred to note 10(a), the Company completed the disposal of its subsidiary, Nomusa, during the year.

	2007 HK$'000	2008 HK$'000
Net assets disposed of:		
Assets held for sale *(note 33 (i))*		
Interest in a jointly controlled entity	—	**204,263**
Long-term loans and receivables	—	**417,998**
	—	**622,261**
Gain on disposal	—	**3,949,339**
Net cash received	—	**4,571,600**
Sale consideration received, satisfied in cash	—	**4,579,982**
Expenses paid on disposal	—	**(8,382)**
	—	**4,571,600**

41. DISPOSAL OF A SUBSIDIARY (continued)

The resulting gain on disposal of HK$3,949,339,000 (2007: Nil) is included in the gain on disposal of jointly controlled entities and associates in the consolidated income statement.

The subsidiary disposed of did not contribute to the Group's profit before taxation for the year (2007: HK$1,041 million) and the subsidiary did not contribute to the Group's cash flows for the year (2007: Cash inflow of HK$832 million). The subsidiary did not contribute to the Group's turnover for the years ended 30 June 2008 and 2007.

42. PROJECT COMMITMENTS

(a) Expressway projects

At 30 June 2008, the Group had outstanding commitments to make capital contribution to a jointly controlled entity, West Route JV, of approximately RMB96 million (2007: RMB682 million) for the development of Phase II West.

At 30 June 2008, the Group had agreed, subject to approval of the relevant authorities, to make capital contribution of approximately RMB571 million (2007: RMB571 million) to West Route JV for the development of Phase III West.

In addition to the above, the Group's attributable share of the commitments of certain jointly controlled entities of the Group in respect of the acquisition of property and equipment, and construction of Phase II West contracted for but not provided totalling approximately HK$1,658 million at 30 June 2008 (2007: HK$1,426 million).

(b) Power plant project

During the year, a joint venture company has been established for the development of a power plant project (see note 24(c)). The total investment of the power plant project is estimated to be of RMB5,200 million. The Group has agreed to make capital contribution to the joint venture company amounting to RMB624 million, all of which has been contributed by the Group up to 30 June 2008.

In addition to the above, the Group's share of the commitments of the joint venture company, which was established during the year, in respect of the development of the power plant is as follows:

	2008 HK$'000	*2007 HK$'000*
Authorised but not yet contracted for	**19,305**	—
Contracted for but not provided	**733,544**	—
	752,849	—

At 30 June 2007, development expenditure contracted for in respect of the development of the power plant amounted to approximately RMB2,683 million and the Group has funded the development of the power plant amounting to approximately RMB337 million.

(c) Commercial and hotel property project

During the year, the Group entered into a cooperative agreement with a PRC party to develop and lease a commercial and hotel complex property in Guangzhou, the PRC. Under the agreement, the Group is mainly responsible for the fitting-out of the property and the purchase of machinery and equipment required for the operation of the property at the estimated total costs of not less than RMB1,000 million. Upon the completion of the property development, the Group is entitled to operate the property for a specified period by paying fixed amounts of monthly rental, which will be increased progressively with a maximum annual rental of RMB178 million. Total rental payable under the operating period is approximately RMB3.5 billion. Up to the balance sheet date, the Group had not incurred any material cost for this property project.

42. PROJECT COMMITMENTS (continued)

(d) Property development

(i) Projects undertaken by the Group

	2007 *HK$'000*	***2008*** ***HK$'000***
Authorised but not yet contracted for	646,679	**861,952**
Contracted for but not provided	111,975	**150,638**
	758,654	**1,012,590**

(ii) Project undertaken by a jointly controlled entity

	2007 *HK$'000*	***2008*** ***HK$'000***
Group's share of property development expenditure		
Authorised but not yet contracted for	245,448	**—**
Contracted for but not provided	2,705	**—**
	248,153	**—**

(e) Property renovation

	2007 *HK$'000*	***2008*** ***HK$'000***
Property renovation expenditure contracted for but not provided	278,209	**9,551**

43. OPERATING LEASE COMMITMENTS

The Group as lessor

Rental income from investment properties earned during the year is approximately HK$463 million (2007: HK$376 million). At the balance sheet date, the investment properties of the Group with an aggregate carrying amount of approximately HK$6,800 million (2007: HK$6,007 million which included the investment properties reclassified as "Assets classified as held for sale") were rented out under operating leases. These properties have committed tenants for the next one to ten years without termination options granted to the tenants.

At the balance sheet date, the Group had contracted with tenants for the following future minimum payments under non-cancellable operating leases:

	The Group	
	2007 *HK$'000*	***2008*** ***HK$'000***
Within one year	236,028	**301,721**
In the second to fifth years inclusive	259,655	**333,509**
After five years	4,760	**5,352**
	500,443	**640,582**

44. CONTINGENCIES

(a) Disposal of CEPA

In connection with the disposal by the Group of its interests in Consolidated Electric Power Asia Limited ("CEPA") in prior years, the Group entered into an agreement with the purchaser under which the purchaser and its affiliates agreed to release and discharge the Group from all claims whatsoever they may have against the Group arising under the sale agreement. The Group has also agreed to release and discharge the purchaser and its affiliates from all claims whatsoever the Group may have against them. In this connection, the Group has given certain performance undertakings and indemnities to the purchaser and its affiliates, for which a provision totalling approximately HK$84 million had been made in the consolidated financial statements in prior years. The provision represents management's best estimate of the costs and expenses required to discharge the Group's obligations and liabilities under such agreement. The directors are of the opinion that the provision is not expected to be payable within one year from the balance sheet date and, accordingly, is classified as non-current.

(b) Guarantees

(i) A subsidiary of the Company acted as guarantor for the repayment of the mortgage bank loans granted to purchasers of the subsidiary's properties amounted to HK$7 million at 30 June 2008 (2007: HK$140 million).

(ii) During the year, a bank guarantee of approximately RMB28 million was given by a jointly controlled entity of the Group for its purchase of machineries from overseas suppliers. Such guarantee remained outstanding at 30 June 2008. The Group's share of the guarantee of the jointly controlled entity amounted to approximately RMB11 million as at 30 June 2008 (2007: Nil).

(iii) The credit facilities of the Company's subsidiaries to the aggregate extent of HK$13,965 million (2007: HK$10,250 million) are guaranteed by the Company. Such facilities were utilised to the extent of HK$13 million (2007: HK$13 million) at 30 June 2008.

(iv) Pursuant to the relevant agreements entered into among the joint venture partners of a jointly controlled entity, the Group has given guarantees for the repayment of the jointly controlled entity's bank loans, of which RMB890 million and HK$500 million were utilised at 30 June 2007. The Group's obligation in this respect was released and discharged following the completion of the disposal of the jointly controlled entity during the current year.

45. 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 consolidated income statement represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$20,000.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total costs charged to the consolidated income statement for the year of HK$8,178,000 (2007: HK$8,402,000) represent contributions paid or payable to the schemes by the Group in respect of the current accounting period. At the balance sheet date, there were no forfeited contributions available to reduce future obligations.

46. RELATED PARTY TRANSACTIONS

In additions to the transactions and balances with related parties disclosed above, the Group has the following transactions with related parties:

The remuneration paid or payable to the Group's key management personnel amounted to HK$67 million (2007: HK$121 million), which comprises share-based payments of HK$14 million (2007: HK$86 million) and short term benefits of HK$44 million (2007: HK$35 million). Such remuneration is determined by the Board having regard to the performance of individuals and market trends.

47. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and premium, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess budgets of major projects taking into account of the provision of funding. Based on the operating budgets, the directors consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

48. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		*The Company*	
	2007	***2008***	*2007*	***2008***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
Financial assets:				
Loans and receivable at amortised cost (including cash and cash equivalents)	7,449,183	**11,955,175**	13,955,035	**17,573,715**
Available-for-sale investments	18,682	**65,096**	3,000	**3,000**
	7,467,865	**12,020,271**	13,958,035	**17,576,715**
Financial liabilities				
Liabilities at amortised cost	624,334	**543,545**	677,107	**331,791**

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include available-for-sale investments, loan to a jointly controlled entity, trade and other receivables, amounts due from subsidiaries, bank balances and cash, trade and other payables, amounts due to a jointly controlled entity/associates/subsidiaries and a minority shareholder of a subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner. The Group's overall strategy remains unchanged from that of the prior year.

48. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

The main risks arising from the Group's and the Company's financial instruments are market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below:

Market risks

(i) *Currency risk*

The Group and the Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange fluctuations arise. Certain of the Group's and the Company's financial assets and liabilities are denominated in Hong Kong dollars, Renminbi ("RMB") or United States dollars ("US dollars") which are currencies other than the functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

The Group

	Assets		*Liabilities*	
	2007 HK$'000	***2008 HK$'000***	*2007 HK$'000*	***2008 HK$'000***
Hong Kong dollars	286,571	**58,712**	45,352	**73,606**
RMB	378,471	**380,023**	39	**59**
US dollars	3,654,921	**3,050,778**	1,452	**1,569**

The Company

	Assets		*Liabilities*	
	2007 HK$'000	***2008 HK$'000***	*2007 HK$'000*	***2008 HK$'000***
RMB	356,098	**389,032**	—	**—**
US dollars	184,518	**155**	—	**—**

Currency risk sensitivity analysis

As Hong Kong dollars are pegged to US dollars, it is assumed that there would be no material currency risk exposure on between these two currencies. The Group's and the Company's foreign currency risk is mainly concentrated on the fluctuations of RMB against Hong Kong dollars. The sensitivity analysis below includes only currency risk related to RMB and Hong Kong dollars denominated monetary items of group entities whose functional currencies are Hong Kong dollars and RMB respectively. The sensitivity analysis of the Group also includes currency risk exposure on inter-company balances.

The Group

At the balance sheet date, if the exchange rate of RMB against Hong Kong dollars had been strengthened/ weakened by 5% , which is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates, the Group's profit would increase/decrease by approximately HK$73.9 million for the year ended 30 June 2008 (2007: HK$6.9 million).

The Company

At the balance sheet date, if the exchange rate of RMB against Hong Kong dollars had been strengthened/ weakened by 5%, which is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates, the Company's profit would increase/decrease by approximately HK$19.4 million for the year ended 30 June 2008 (2007: HK$17.8 million).

48. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risks (continued)

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed rate bank deposits. The Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits and amounts due from subsidiaries. It is the Group's policy to keep certain amount of bank deposits at fixed interest rate.

The Group is exposed to cash flow interest rate risk in relation to loan to a jointly controlled entity (note 28) carrying floating interest rate and certain bank deposits which are subject to changes in prevailing floating interest rates. The Company has insignificant cash flow interest rate risk exposure related to bank deposits carried at floating interest rates. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market interest rate.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the Group's exposure to interest rates in relation to interest bearing loan to a jointly controlled entity and bank deposits carrying prevailing interest rates at the balance sheet date and on the assumption that the amount outstanding at the balance sheet date was outstanding for the whole year and held constant throughout the financial year.

The Group

If interest rates on interest bearing loan to a jointly controlled entity had been 50 basis points higher/lower, which is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates, the Group's profit for the year ended 30 June 2008 would increase/decrease by approximately HK$3.0 million (2007: HK$2.9 million). The analysis is prepared assuming the amount outstanding at the balance sheet was outstanding for the whole year.

(iii) *Price risk*

The Group is exposed to equity price risk in relation to its listed available-for-sale investments. The management will closely monitor the equity price risk and will mitigate the risk exposure should the need arise. The Group's equity price risk is mainly concentrated on equity instruments quoted in well-established stock exchanges.

Price risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk on listed equity investments at the reporting date.

If the prices of the listed available-for-sale investments carried at fair value had been 10% higher/lower, the Group's investment valuation reserve would increase/decrease by HK$6.2 million (2007: Nil).

Credit risk

As at 30 June 2008, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets stated in the balance sheets and the amount of financial guarantees issued by the Group or the Company as disclosed in Note 44(b).

The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other than loan to a jointly controlled entity and the dividend receivable from a jointly controlled entity, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. In order to minimise the credit risk, the directors of the Company reviews the recoverable amount of each individual amounts due from subsidiaries at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

The credit risks of the Group and the Company on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

48. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The Group's total assets less current liabilities and the Group's net current assets at 30 June 2008 amounted to HK$27,447 million (2007: HK$23,048 million) and HK$11,676 million (2007: HK$6,645 million) respectively.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of the available banking facilities and ensures compliance with loan covenants.

The following table details the contractual maturity of the Group and the Company for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rate at the balance sheet date.

Liquidity and interest risk tables

The Group

	Repayable on demand or less than 1 month HK$'000	*1-2 months HK$'000*	*Over 2 months but not more than 1 year HK$'000*	*1-5 years HK$'000*	*Over 5 years HK$'000*	*Total undiscounted cash flows HK$'000*	*Carrying amount at 30.6.2007 HK$'000*
2007							
Non-interest bearing							
Trade and other payables	212,519	1,955	128,645	—	—	343,119	343,119
Amount due to a jointly controlled entity	238,499	—	—	—	—	238,499	238,499
Amounts due to associates	10,668	—	—	—	—	10,668	10,668
Amount due to a minority shareholder of a subsidiary	32,048	—	—	—	—	32,048	32,048
	493,734	1,955	128,645	—	—	624,334	624,334

	Repayable on demand or less than 1 month HK$'000	***1-2 months HK$'000***	***Over 2 months but not more than 1 year HK$'000***	***1-5 years HK$'000***	***Over 5 years HK$'000***	***Total undiscounted cash flows HK$'000***	***Carrying amount at 30.6.2008 HK$'000***
2008							
Non-interest bearing							
Trade and other payables	**226,141**	**5,109**	**242,451**	**—**	**—**	**473,701**	**473,701**
Amounts due to associates	**9,865**	**—**	**—**	**—**	**—**	**9,865**	**9,865**
Amount due to a minority shareholder of a subsidiary	**—**	**—**	**—**	**—**	**78,969**	**78,969**	**59,979**
	236,006	**5,109**	**242,451**	**—**	**78,969**	**562,535**	**543,545**

48. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

The Company

	Repayable on demand or less than 1 month HK$'000	1-2 months HK$'000	Over 2 months but not more than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30.6.2007 HK$'000
2007							
Non-interest bearing							
Trade and other payables	3,669	—	—	—	—	3,669	3,669
Amounts due to associates	10,882	—	—	—	—	10,882	10,882
Amounts due to subsidiaries	662,556	—	—	—	—	662,556	662,556
	677,107	—	—	—	—	677,107	677,107

	Repayable on demand or less than 1 month HK$'000	1-2 months HK$'000	Over 2 months but not more than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30.6.2008 HK$'000
2008							
Non-interest bearing							
Trade and other payables	**5,446**	**—**	**—**	**—**	**—**	**5,446**	**5,446**
Amounts due to associates	**9,865**	**—**	**—**	**—**	**—**	**9,865**	**9,865**
Amounts due to subsidiaries	**316,480**	**—**	**—**	**—**	**—**	**316,480**	**316,480**
	331,791	**—**	**—**	**—**	**—**	**331,791**	**331,791**

(c) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of available-for-sale investments with standard terms and conditions which are traded on active liquid markets is determined with reference to quoted market bid prices.

- The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

49. PRINCIPAL SUBSIDIARIES

The following list contains only the details of the subsidiaries at 30 June 2008 which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. Except as otherwise indicated, all the subsidiaries are private companies incorporated and are operating principally in the place of incorporation and all issued shares are ordinary shares. None of the subsidiaries had any loan capital outstanding during the year or at the end of the year.

		Proportion of nominal value of issued capital held by the Company		
Name of company	*Paid up issued capital*	*Directly %*	*Indirectly %*	*Principal activities*
Incorporated in Hong Kong:				
Banbury Investments Limited	2 shares of HK$1 each	100	—	Property investment
Bayern Gourmet Food Company Limited	3,000,000 shares of HK$1 each	—	90	Manufacture and sales of food
Chee Shing Company Limited	9,680 shares of HK$100 each	100	—	Provision of management services
Exgratia Company Limited	2 shares of HK$1 each	100	—	Property investment
GardenEast Limited (formerly known as Hopewell 110 Limited)	10,000 shares of HK$100 each	—	100	Property investment
HH Finance Limited	100,000 shares of HK$10 each	100	—	Loan financing
HHI Finance Limited	1 share of HK$1 each	—	73.01	Loan financing
HITEC Management Limited	2 shares of HK$1 each	—	100	Property management
Hopewell China Development (Superhighway) Limited (ii)	2 shares of HK$1 each and 4 non-voting deferred shares of HK$1 each	—	71.18	Investment in expressway project
Hopewell Centre Management Limited	209,200 shares of HK$100 each	—	100	Property management
Hopewell Construction Company, Limited	200,000 shares of HK$100 each	—	100	Construction, project management and investment holding

49. PRINCIPAL SUBSIDIARIES (continued)

Name of company	*Paid up issued capital*	*Proportion of nominal value of issued capital held by the Company* Directly %	Indirectly %	*Principal activities*
Incorporated in Hong Kong: (continued)				
Hopewell Food Industries Limited	1,000,000 shares of HK$1 each	—	100	Restaurant operation
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (ii)	2 shares of HK$1 each and 2 non-voting deferred shares of HK$1 each	—	73.01	Investment in expressway project
Hopewell Hotels Management Limited (formerly known as Mega Hotels Management Limited)	3,000,000 shares of HK$1 each	—	100	Hotel management
Hopewell Property Management Company Limited	2 shares of HK$100 each	—	100	Building and carpark management
Hopewell Real Estate Agency Limited (formerly known as Hopewell Housing Limited)	30,000 shares of HK$100 each	—	100	Property agents and investment holding
H-Power Investor (HK) Limited	1 share of HK$1 each	—	87.5	Investment in a power station project
International Trademart Company Limited	2 shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	—	100	Property investment and operation of a trademart
IT Catering and Services Limited	2 shares of HK$1 each	—	100	Restaurant operations and provision of catering services
Kowloon Panda Hotel Limited	2 shares of HK$100 each and 20,000 non-voting deferred shares of HK$100 each	—	100	Property investment, hotel ownership and operations
Lok Foo Company Limited	52,000 shares of HK$100 each	100	—	Investment holding
Panda Place Management Limited	2 shares of HK$1 each	—	100	Property management

49. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued capital held by the Company — Directly %	Proportion of nominal value of issued capital held by the Company — Indirectly %	Principal activities
Incorporated in Hong Kong: (continued)				
QRE Plaza Limited (formerly known as Hopewell 108 Limited)	1,000 shares of HK$100 each	—	100	Property investment
Slipform Engineering Limited	1,000,001 shares of HK$1 each	—	100	Construction, project consultant and investment holding
Wetherall Investments Limited	2 shares of HK$1 each and 2 non-voting deferred shares of HK$1 each	—	100	Property investment and investment holding
Yuba Company Limited	10,000 shares of HK$1 each	—	100	Property investment
Established in the PRC:				
廣州市合和(花都)置業發展有限公司 (iii)	RMB99,200,000 (registered capital)	—	95	Property development
廣州市冠暉物業管理有限公司 (iv)	RMB500,000 (registered capital)	—	76	Property management
Incorporated in the British Virgin Islands:				
Anber Investments Limited	1 share of US$1 each	—	100	Investment holding
Hopewell (Huadu) Estate Investment Company Limited (i)	1 share of US$1 each	100	—	Investment holding
H-Power Investor Limited	16 shares of US$1 each	—	87.5	Investment holding
Procelain Properties Ltd. (i)	1 share of US$1 each	—	100	Property investment
Singway (B.V.I.) Company Limited (i)	1 share of US$1 each	—	100	Property investment
Incorporated in the Cayman Islands:				
Delta Roads Limited (i)	46,422 shares of HK$10 each	—	100	Investment holding
Hopewell Highway Infrastructure Limited (v)	2,970,478,283 shares of HK$0.1 each	0.29	72.72	Investment holding

49. PRINCIPAL SUBSIDIARIES (continued)

Notes:

(i) Operating principally in Hong Kong

(ii) Operating principally in the PRC

(iii) Sino foreign cooperative joint venture registered in the PRC

(iv) Limited liability company registered in the PRC

(v) Hopewell Highway Infrastructure Limited, a company listed on the Hong Kong Stock Exchange, is operating in Hong Kong and 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 participate 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 Hong Kong Companies Ordinance.

50. PRINCIPAL ASSOCIATES

Particulars regarding the principal associates at 30 June 2008, which are incorporated and operating in Hong Kong, are as follows:

Name of company	*Proportion of nominal value of issued capital held by the Group %*	*Principal activities*
Granlai Company Limited	46	Property investment
HCNH Insurance Brokers Limited	25	Insurance brokerage

The directors are of the opinion that a complete list of all the associates will be of excessive length. Particulars of the associates, including those associates 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 Hong Kong Companies Ordinance.

51. POST BALANCE SHEET EVENTS

The following events have taken place subsequent to 30 June 2008:

(a) On 30 July 2008, the Group entered into an agreement with certain companies beneficially owned by Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU, directors of the Company, for the acquisition of the entire interest in a property investment company for a consideration of HK$208.4 million. Details of the transaction are disclosed in the announcement dated 30 July 2008 issued by the Company.

(b) On 2 September 2008, the Group entered into amendment agreements in relation to Phase III West with the joint venture partner of West Route JV, subject to the approval of the Company's and HHI's shareholders and the relevant PRC authorities, to adjust the total investment for Phase III West to RMB5,600 million, instead of RMB3,260 million as contemplated under the 2005 Phase III Amendment Agreements (the "2008 Phase III Amendment Agreements", which effectively replaced the 2005 Phase III Amendment Agreements). 35% of the adjusted total investment will be funded by an increase in the registered capital of West Route JV by RMB1,960 million to be contributed by the Group and the joint venture partner of West Route JV in equal share. The adjusted total capital contribution thereon to be made by the Group to West Route JV for the development of Phase III West will be RMB980 million, instead of RMB570.5 million as contemplated under the 2005 Phase III Amendment Agreements.

On 2 September 2008, the Group entered into amendment agreements in relation to Phase II West with the joint venture partner of West Route JV, subject to the approval of the Company's and HHI's shareholders and the relevant PRC authorities, to increase the total investment for Phase II West by RMB2,300 million to RMB7,200 million. 35% of the increase in total investment will be funded by an increase in the registered capital of West Route JV by RMB805 million to be contributed by the Group and the joint venture partner of West Route JV in equal share. The additional capital contribution thereon to be made by the Group to West Route JV for the development of Phase II West is RMB402.5 million.

The registered capital of West Route JV after the above post balance sheet events will be RMB5,068 million subject to the approval of the Company's and HHI's shareholders and the relevant PRC authorities.

52. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 75 to 138 were approved and authorised for issue by the Board of Directors on 10 September 2008.

LIST OF MAJOR PROPERTIES

A. COMPLETED INVESTMENT PROPERTIES AND HOTEL PROPERTY (UNLESS OTHERWISE SPECIFIED, THESE PROPERTIES ARE HELD UNDER MEDIUM TERM LEASES):

Property	*Location*	*Use*	*Site area (sq.m.)*	*Gross floor area (sq.m.)*	*Group's interest (%)*
Hongkong International Trade & Exhibition Centre	1 Trademart Drive. Kowloon Bay, Kowloon	Conference, exhibition, restaurant, office, commercial and carparks	22,280	161,575*	100
Hopewell Centre (Long-term lease)	183 Queen's Road East, Wanchai, Hong Kong	Commercial, office and carparks	5,207	78,102*	100
QRE Plaza	202 Queen's Road East, Wanchai, Hong Kong	Commercial use	464	7,454	100
Panda Hotel	3 Tsuen Wah Street, Tsuen Wan, New Territories				
— Hotel property		Hotel operation		47,167	100
— Shopping arcade & carparks		Commercial and carparks		24,595*	100
			5,750	71,762	
80 carparking spaces at Wu Chung House	3/F–5/F, 213 Queen's Road East, Hong Kong	Carparks	N/A	N/A	100

* *Excluding carparking spaces.*

B. PROPERTIES AND STOCK OF PROPERTIES UNDER DEVELOPMENT:

Property/land	*Location*	*Use*	*Stage of completion*	*Site area (sq.m.)*	*Gross floor area^ (sq.m.)*	*Group's interest (%)*
Hopewell Centre II	Ship Street, Kennedy Road, Hau Fung Lane, Wanchai, Hong Kong	Hotel complex with recreation, shopping, restaurant and other commercial facilities (Development at planning stage)	Under planning stage	5,835.8#	164,091	100
GardenEast, 214–224 Queen's Road East	214–224 Queen's Road East & 9–19 Sam Pan Street, Wanchai, Hong Kong	Residential and commercial use (fitting-out works planned to be completed in 1st quarter of 2009)	Superstructure works in final stage	1,082	9,000	100
12 Broadwood Road	12 Broadwood Road, Happy Valley, Hong Kong	Residential use (Planned to be completed in 2nd half of 2010)	Superstructure works in progress	2,116	11,000	100
Hopewell New Town	Huadu district, Guangzhou, China	Residential, commercial, logistic and social facilities				95
		— Initial Phase	Completed	N/A	17,632	
		— Remaining Phases	Under planning stage	743,000	1,650,000	

Note:

^ Approximate gross floor area under present planning.

Total development site area of the land required for the property development is about 10,315 sq.m. of which a total of 5,835.8 sq.m. are held by the Group and the remaining will be acquired by the Group mainly by way of land exchange with the government at a premium yet to be finalised.

Financial Calendar

Interim results announcement	28 February 2008
Closure of Register	17 March 2008 to 20 March 2008 *(both days inclusive)*
Interim dividend and special interim divided paid ***(HK55 cents and HK55 cents respectively per ordinary share)***	26 March 2008
Final results announcement	10 September 2008
Closure of Register	6 October 2008 to 13 October 2008 *(both days inclusive)*
Annual General Meeting	13 October 2008
Proposed final dividend and special final dividend payable ***(HK40 cents and HK110 cents respectively per ordinary share)***	on or about 14 October 2008

財務日誌

公佈中期業績	二零零八年二月二十八日
暫停辦理股份過戶登記	二零零八年三月十七日至二零零八年三月二十日 *(包括首尾兩天在內)*
派付中期股息及特別中期股息 ***(每普通股分別為港幣55仙及港幣55仙)***	二零零八年三月二十六日
公佈全年業績	二零零八年九月十日
暫停辦理股份過戶登記	二零零八年十月六日至二零零八年十月十三日 *(包括首尾兩天在內)*
股東週年大會	二零零八年十月十三日
派付建議之末期股息及特別末期股息 ***(每普通股分別為港幣40仙及110仙)***	約於二零零八年十月十四日

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