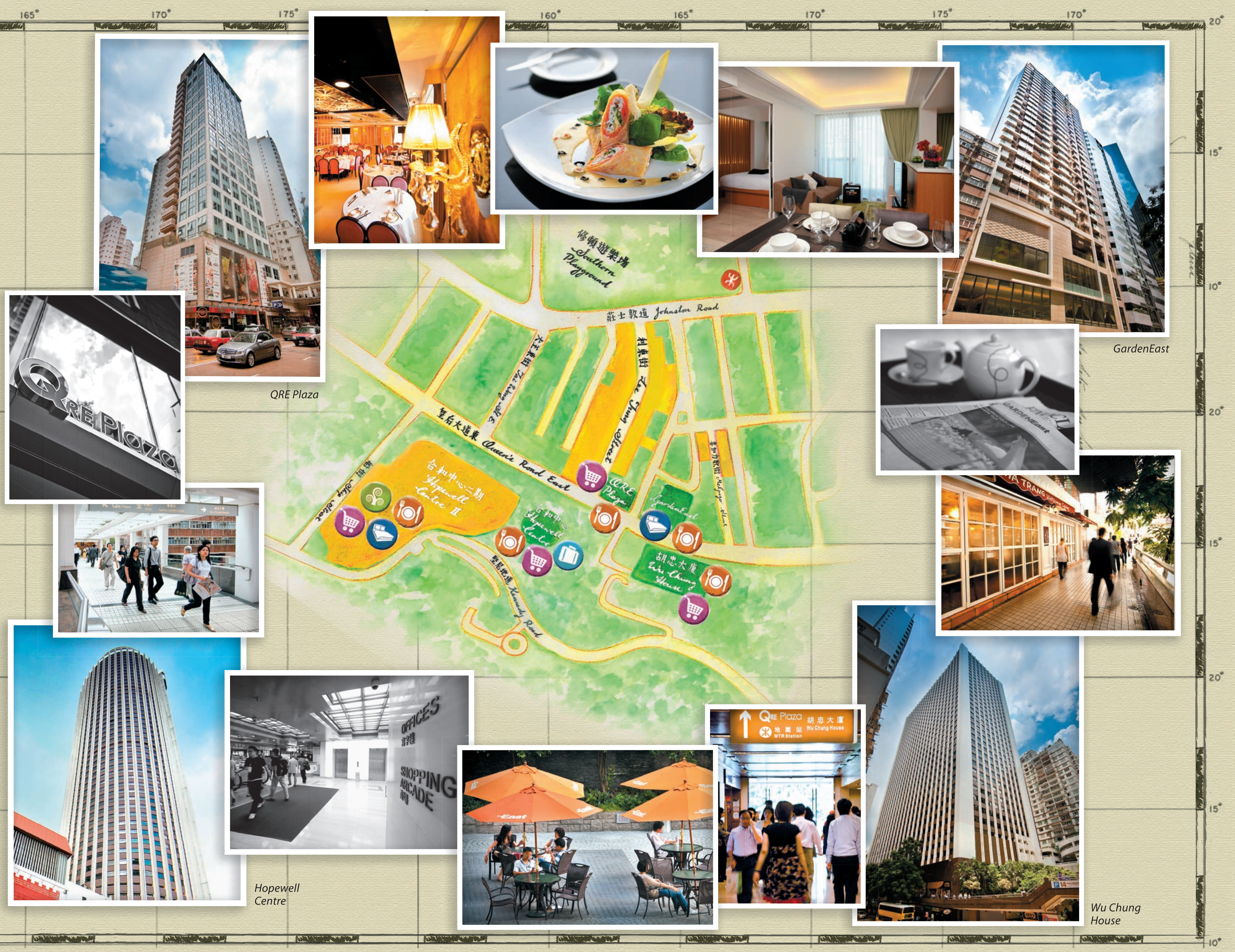
Hopewell Holdings Limited, a Hong Kong-based group, was listed on the Stock Exchange of Hong Kong in 1972 (stock code: 54). Over the years, the Group has established a solid foundation in its core businesses of property and infrastructure in Hong Kong and the Pearl River Delta. Well recognized of its vision and pioneering projects, the Group adopts a long-term business strategy which facilitates the timely capture of high-potential business opportunities.

With our roots deeply planted in Wanchai, we have been an active player in the redevelopment and revitalization of the area since the late 1960s and witnessed its transformation into a major business centre. Looking ahead, our existing and new projects will constitute a strong property portfolio well positioned to capitalize on the strengths of Wanchai, and will play a significant role in mapping the future of this thriving district.

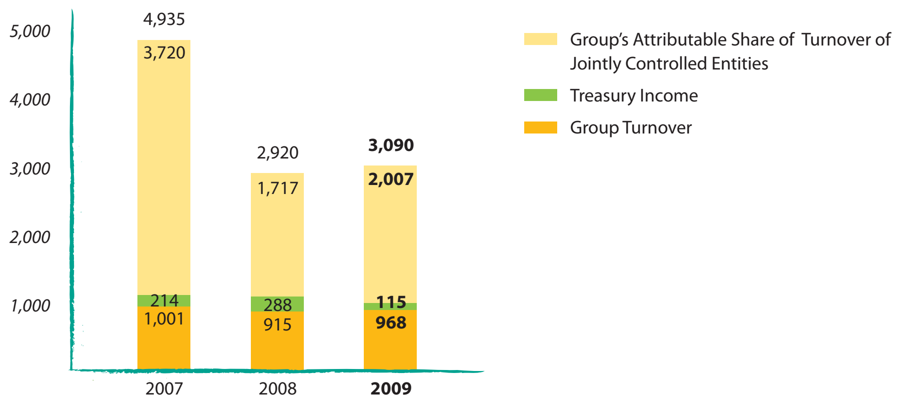
Strengthen Existing Base, Build for the Future



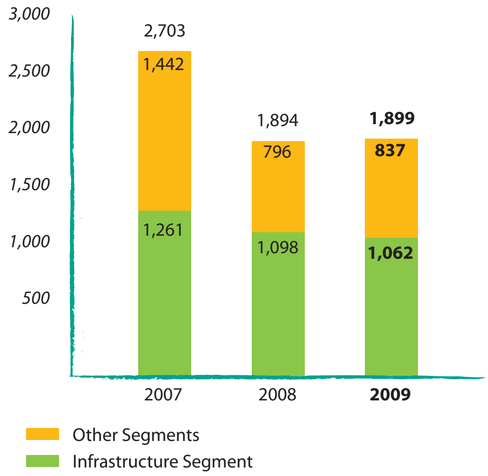
CONTENTS

FINANCIAL HIGHLIGHTS

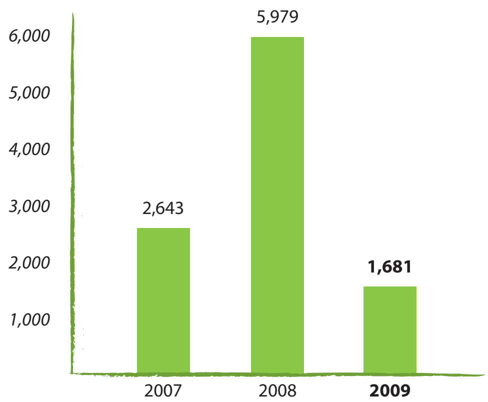
Turnover (HK$m)



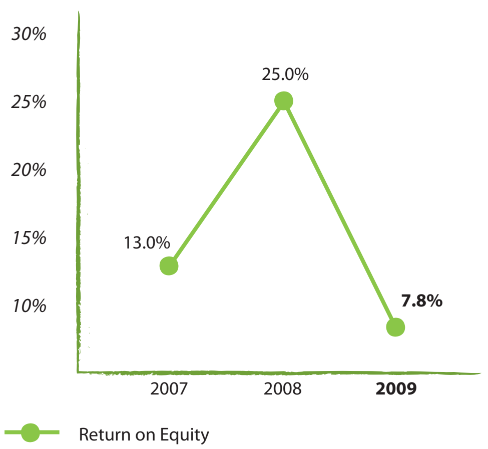
Earnings before Interest and Tax (HK$m)



Profit Attributable to Equity Holders (HK$m)

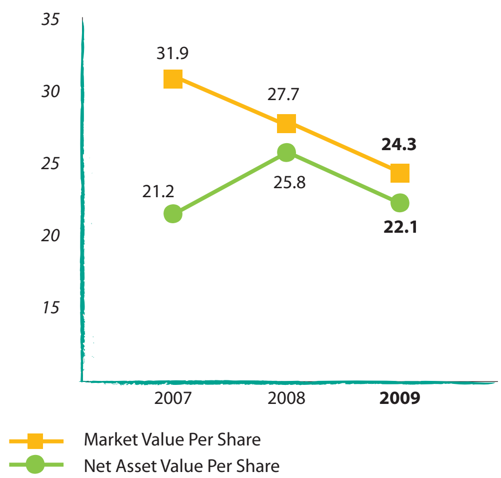


Return on Equity*



* Based on net profit before property revaluation gain and attributable deferred tax

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



5-YEAR FINANCIAL SUMMARY

Consolidated Results *(in HK$ million)*	*Year ended 30 June*				
	2005 (restated)	*2006 (restated)*	*2007 (restated)*	*2008 (restated)*	***2009***
Turnover	634	823	1,001	915	968
Profit before taxation	2,329	2,685	3,154	6,868	2,219
Taxation	(74)	(68)	(112)	(339)	(221)
Profit before minority interests	2,255	2,617	3,042	6,529	1,998
Minority interests	(340)	(356)	(399)	(550)	(317)
Profit attributable to equity holders	**1,915**	**2,261**	**2,643**	**5,979**	**1,681**

Consolidated Balance Sheet *(in HK$ million)*	*As at 30 June*				
	2005 (restated)	*2006 (restated)*	*2007 (restated)*	*2008 (restated)*	***2009***
Investment properties	6,116	6,537	6,870	8,031	9,240
Property, plant and equipment	441	459	449	480	570
Prepaid land lease payment	791	973	983	969	909
Properties under development	201	232	336	443	382
Interests in jointly controlled entities	6,371	6,803	6,964	5,561	6,705
Long-term loans and receivables	1,216	1,039	283	55	25
Defeasance/pledged deposits	94	–	–	–	–
Other non-current assets	33	310	379	89	63
Current assets	4,233	4,884	7,959	12,357	5,888
Total assets	**19,496**	**21,237**	**24,223**	**27,985**	**23,782**
Non-current liabilities	(811)	(743)	(816)	(1,021)	(1,221)
Current liabilities	(905)	(545)	(1,314)	(681)	(574)
Total liabilities	**(1,716)**	**(1,288)**	**(2,130)**	**(1,702)**	**(1,795)**
Share based compensation reserves of a subsidiary	–	–	(2)	(4)	(3)
Minority interests	(2,430)	(2,823)	(3,021)	(3,232)	(2,601)
Shareholders' equity	**15,350**	**17,126**	**19,070**	**23,047**	**19,383**

Per Share Basis	*2005 (restated)*	*2006 (restated)*	*2007 (restated)*	*2008 (restated)*	***2009***
Basic earnings per share (HK cents)	214	252	294	666	**190**
Dividend per share (HK cents)	80	84	155	260	**472**
Interim	12	36	38	55	**40**
Final	38	48	82	40	**58**
Special	30	–	35	165	**374#**
Net asset value per share (HK$)	17.1	19.1	21.2	25.8	**22.1**

 # Including extraordinary special interim dividend of HK330 cents and distribution in specie of shares in HHI of HK43.7 cents.

Financial Ratios	*2005 (restated)*	*2006 (restated)*	*2007 (restated)*	*2008 (restated)*	***2009***
Net debt to equity	N/A	N/A	N/A	N/A	**N/A**
Return on equity	11.0%	11.2%	13.0%	25.0%	**7.8%**
Dividend payout ratio	43%	39%	57%	40%	**57%Δ**

Δ Excluding extraordinary special interim dividend of HK330 cents and distribution in specie of shares in HHI of HK43.7 cents.

CHAIRMAN'S STATEMENT

> "The Company believes that its strategic expressway network in the PRD region and its property investment portfolio will provide sustainable results and attractive yield to the shareholders of the Company in the long run."

I am pleased to report to shareholders that Hopewell Holdings Limited and its subsidiaries (the "Group") achieved satisfactory results for the financial year ended 30 June 2009. The Group's turnover for the year rose 6% to HK$3,090 million while the earnings before interest and tax increased marginally to HK$1,899 million as compared to last year. In the absence of substantial non-recurring exceptional gains, profit attributable to equity holders dropped 72% to HK$1,681 million from last year's HK$5,979 million (restated), the latter included exceptional gains of HK$4,791 million. Basic earnings per share was HK$1.90, representing a decrease of 71% over HK$6.66 (restated) of last year.

Final Dividend

The Board of Directors (the "Board") has proposed a final dividend of HK58 cents per share in respect of the year ended 30 June 2009. Together with the interim dividend of HK40 cents and an extraordinary special interim dividend of 330 cents per share already paid, total cash dividends for the year will be HK428 cents per share, representing an increase of 65% from last year's HK260 cents (which included special dividends in the total of HK165 cents per share).

The Company also paid a non-cash special interim dividend for the year, which was effected by way of a distribution in specie of shares in Hopewell Highway Infrastructure

Limited ("HHI"). Eligible shareholders received one ordinary share in HHI ("HHI Share") for every whole multiple of 10 ordinary shares in the Company held by them. An aggregate of 88,027,402 ordinary shares of HHI were distributed to the eligible shareholders. Based on the closing price of HHI Share as traded on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 31 March 2009 (the date of distribution of HHI Shares), the aggregate market value of the HHI Shares distributed to the eligible shareholders was approximately HK$385 million, which represents a distribution of approximately HK43.7 cents per share of the Company.

Total dividends for this year comprise cash dividends of HK428 cents per share and non-cash special interim dividend by way of a distribution in specie of HHI shares. Excluding the extraordinary special interim dividend of HK$3.3 per share and the non-cash special interim dividend by way of distribution in specie of shares, total dividends for this year represents a 57% payout of net profits (before effect of property revaluation gain).

Subject to approval of the shareholders at the forthcoming annual general meeting to be held on 13 October 2009, the proposed final dividend will be paid on or about 14 October 2009 to shareholders as registered at the close of business on 13 October 2009.

Closure of Register

The Register of Members of the Company will be closed from Wednesday, 7 October 2009 to Tuesday, 13 October 2009, 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, 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 Tuesday, 6 October 2009.

Business Review

During the year under review, the financial tsunami originated in 2007 from the United States of America continued to affect the global economy and resulted in the collapse of global stock markets in September 2008 and the world-wide credit crunch in first half of 2009. The economies of The People's Republic of China ("PRC") and Hong Kong have inevitably been affected. Nonetheless, the PRC Central Government has adopted a series of measures to tackle the difficulties brought along by the financial crisis, including a proactive fiscal policy, a moderately loose monetary policy and a stimulus package in the order of RMB4 trillion. These measures have obtained initial success.

The economic growth of the Pearl River Delta ("PRD") region slowed down with a year-on-year growth rate in gross domestic product of about 10% for 2008. As the liberalization measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement (the "CEPA") deepen, the economic integration of Hong Kong and the PRD region continues to accelerate. The economy of Hong Kong benefits from the integration and remains strong as evidenced in its robust domestic demand.

Properties — rental

The performance of the Group's investment properties remained strong for the year, with occupancy maintained at a high level while rental rates held strong. The total revenue from the Group's rental property business in Hong Kong achieved a growth of 14% as compared to last year, even though the spot rent experienced a mild downward adjustment in the last quarter of the financial year. The average occupancy rate of Hopewell Centre, the Group's flagship property, remained at a high level of about 93%. Several shops in Wu Chung House were acquired, further expanding the Group's portfolio in the area. During the year, the completion of GardenEast not only brought additional rental revenue, but also synergy to the Group's investment portfolio of retail properties in the Wanchai district. On Kowloon side, the rise in overall occupancy rate of the Hongkong International Trade and Exhibition Centre ("HITEC") boosted its rental revenue for the year by 18% when compared to last year.

Within the Group, the hospitality business was the most affected by the global financial crisis and the human swine influenza during the year, as well as the new PRC policy forbidding travel agencies from offering tour packages below cost. The average room occupancy rate of the Panda Hotel dropped slightly to 80% for the year. The total revenue of the Panda Hotel slightly decreased by 3% for the year, partly offset by the significant improvement in the banquet business which recorded a growth of 29%.

Properties — development

Hopewell Centre II: It has been 15 years since the Company's original plan for the Hopewell Centre II project was officially approved. After various rounds of consultation and internal review, the Company announced its revised plan in November 2008. This revised plan strikes a balance between economic development and environmental protection, under which the total number of storeys, floor area and hotel rooms have been drastically reduced while the original size of the green park and the scale of the road improvement works has remained intact and undiminished. This fully demonstrated the Company's commitment to building Wanchai a sustainable and modern business district.

Significant economic benefits will cascade from the project. At a cost of about HK$5 billion, it will usher in a revitalized Wanchai, creating over 4,000 jobs of different nature, during and after the construction period. The Company is committed to the project and will continue to drive it forward with an aim for completion in 2016.

Lee Tung Street Project: The Group has formed a joint venture project with Sino Land Company Limited ("Sino") which has successfully won the bid for the redevelopment of Lee Tung Street and McGregor Street (commonly called the "Lee Tung Street Project"), under Hong Kong's urban renewal plan administered by the Urban Renewal Authority ("URA"). Majority of the project is high-grade residential towers located in prime area which is linked by subway to the Wanchai MTR Station. Construction is planned to commence by the end of 2009.

Hopewell Centre II and the Lee Tung Street Project, are also expected to bring synergy with the Company's existing properties in Wanchai including Hopewell Centre, QRE Plaza and GardenEast.

Hopewell New Town in Huadu: The residential property market in the PRC, including Guangzhou, has rebounded significantly since the downturn in 2008. With the more relaxed mortgage policy of PRC banks toward first time buyers and the improvement in general economic environment, the sentiment in PRC residential property market stays positive.

The prospects of sale of residential units of Hopewell New Town in Huadu, due for sale in the fourth quarter of 2009, are brightening.

12 Broadwood Road: The superstructure work of 12 Broadwood Road, Happy Valley, a luxurious residential property development, is progressing ahead of schedule. It is currently planned to be completed in the second quarter of 2010.

Infrastructure

As for toll road business, the earnings before interest and tax for the year increased by 8% while the profit attributable to shareholders decreased by 47% as compared to last year, mainly due to the inclusion of the non-recurring gain on disposal of the Group's interests in the Guangzhou East-South-West Ring Road ("ESW Ring Road") and exchange gain from appreciation of Renminbi in last year's results. During the year, it was announced that the estimated total amount of investment for Phase II and Phase III of the Western Delta Route ("Phase II West" and "Phase III West" respectively) will be increased to RMB12.8 billion and the contribution of registered capital by HHI will be increased by the total amount of approximately RMB812 million, subject to the approval by the relevant PRC authorities. The construction of Phase II West remains on track and is planned to be completed by the end of June 2010. Application for project approval of Phase III West was made. Depending upon the approval progress, it is currently planned to commence the construction of Phase III West in 2010 with completion in approximately 3 to 4 years.

With the continuous growth in car ownership in Guangdong, traffic and toll revenue of Guangzhou-Shenzhen Superhighway ("GS Superhighway") from Class 1 small cars rose to a historical high since the opening of the GS Superhighway. Although the export sector in Guangdong was hit hard in the fourth quarter of 2008, there were signs that its impact on the traffic and toll revenue from Classes 4 and 5 commercial vehicles had stabilized after a drop in the first quarter of 2009.

The first unit of the ultra super-critical coal-fired power plant project in Heyuan City, Guangdong Province ("Heyuan Power Plant") commenced commercial operation in January 2009, with total electricity of 1,134GWh generated in the first half of 2009. The second unit has also commenced operation in August 2009. The project is expected to generate cleaner energy to Guangdong Province as well as satisfactory results for the Group.

Being part of our corporate social responsibility initiatives, the various green measures implemented for the Group's properties have produced good results for the year, including the significant energy savings after the installation of water cooled chillers in the Group's core buildings. In March 2009, Hopewell Centre has been qualified as "*Good Energy Performance*" under the Hong Kong Energy Efficiency Registration Scheme for Building administered by the Electrical and Mechanical Services Department of the Hong Kong Government.

As at the balance sheet date, the Group had no outstanding corporate debt and cash balances of about HK$5.3 billion (the Group (other than HHI subgroup) : HK$2.5 billion; HHI subgroup : HK$2.8 billion) and available committed banking facilities of HK$17.0 billion (the Group (other than HHI subgroup) : HK$13.4 billion; HHI subgroup : HK$3.6 billion). This strong financial position enables us to capture any good investment opportunities in future.

Prospects

The last few months of 2008 saw the worst decline in the world economic environment since the end of World War II. With conscious and forceful efforts taken by the governments of major countries, there are signs of stabilization throughout the world. The economic growth rate of PRC remains high among developing countries. Furthermore, the swift policy reactions and proactive stimulative measures put in place by the PRC government to reform the economic structure and to maintain the economic growth of the country will help ensure the sustainable development of the economy in the long run.

Growth of the property business comes from facility upgrading and expansion of the portfolio through new projects. Besides the planned completion of the luxurious residential rental property development at 12 Broadwood Road in second quarter of 2010, the Hopewell Centre II project and the Lee Tung Street Project allow the Group to benefit from the revitalization of Wanchai. Upon the completion of Hopewell Centre II, the Group's property and hospitality operations will be expanded significantly.

With the completion of the Phase II West, the total length of the toll expressway in operation will be increased by about one-third, thus the recurring income base of the infrastructure business will be further enhanced. It is currently targeted that breakeven in cash flow would be achieved for the first year's operation of Phase II West. Further integration between Hong Kong and Guangdong will see freer cross-border vehicular traffic flow, enhancing the potential road users on the highway system.

As to the power business, the second unit of the Heyuan Power Plant has commenced operation in August 2009. Upon full operation, the Heyuan Power Plant is targeted to generate satisfactory return to the Group. In view of the consistent and strong demand for clean renewable electricity power, the Group is also actively developing its own technology for large-scale wind turbines. The Company believes that the power industry will continue to benefit from the steadily growing demand for electricity in the PRC as a whole.

Following the announcement of a series of urban integration agreements by Guangzhou and neighbouring Foshan City and the further liberalization measures under the CEPA, the pace of economic integration of the PRD region, Hong Kong and Macau will continue to accelerate. This will foster the economic development of the PRD region as well as Hong Kong and the Group's focused investment within such regions will benefit. The Company believes that its strategic expressway network in the PRD region and its property investment portfolio will provide sustainable results and attractive yield to the shareholders of the Company in the long run.

Change of Director

Ir. Leo Kwok Kee LEUNG was appointed a Non-Executive Director of the Company with effect from 1 July 2009. He has resigned from the board of directors of HHI on the same day.

Acknowledgement

I would like to take this opportunity to thank our shareholders, customers, suppliers and business partners for their continuous support and contribution. 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, 26 August 2009

PROFILE OF DIRECTORS

EXECUTIVE DIRECTORS

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

Aged 73, he is the Chairman of the Board of the Company. He is also the Chairman of HHI, the listed subsidiary of the Company, and 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 WU Ivy Sau Ping KWOK *JP*, 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 the PRC	
Deputy Director	Chinese People's Political Consultative Conference – Overseas Chinese Affairs Committee
Director	United Nations Association of China
Advisor	China Development Bank
In Hong Kong	
Vice President	The Real Estate Developers Association of Hong Kong
Patron	Hong Kong Logistic Association
Honorary Vice President	Hong Kong Football Association Limited

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 District of Shunde, PRC
• The City of Guangzhou, PRC	• The District of Nanhai, PRC
• The City of Foshan, PRC	• The District of Huadu, PRC
• The City of Shenzhen, 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 76, he has been the Managing Director of the Company since January 2002 and the Vice Chairman of the Company since August 2003. He is the Chairman of the Remuneration Committees of the Company, 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 also a director and 50% beneficial owner of HCNH Insurance Brokers Limited, of which the Group has a minority stake. 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. He is responsible for the overall management 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, a member of the Hong Kong SAR Government Steering Committee on the Promotion of Electric Vehicles, a council member of The Hong Kong Polytechnic University, a member of the Court of The Hong Kong University of Science and Technology, Vice Chairman of The Chamber of Hong Kong Listed Companies, a member of the board of directors of The Community Chest of Hong Kong and The Hong Kong Sports Institute Limited, 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.

Mr. WU is a son of Sir Gordon Ying Sheung WU, Chairman of the Board and Lady WU Ivy Sau Ping KWOK, Non-Executive Director of the Company.

Mr. Josiah Chin Lai KWOK

Aged 57, 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 by training. 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 62 and an Executive Director of the Company since 1980. He is 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 58, he was appointed as an Executive Director of the Company in November 2002 and is also a director of various subsidiaries of the Company. He is an experienced architect and mainly responsible for overseeing property development and construction. 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 64, 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 40, he was appointed as an Executive Director of the Company since August 2003 and is also a director of certain subsidiaries of the Company. 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 is now involved in the power plant business. 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 51, 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 52, 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. He is mainly responsible for property sales and leasing and 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 WU Ivy Sau Ping KWOK *JP*

Aged 60 and a Non-Executive Director of the Company, she joined the Board in August 1991. She serves on the committees and boards of numerous 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 49, 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 seven other public companies listed on 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 and Ping An Insurance (Group) Company of China, Ltd, two other public companies listed on the Stock Exchange. He is also a deputy chairman of the Listing Committee of the Stock Exchange.

Ir. Leo Kwok Kee LEUNG

Aged 50, a Non-Executive Director of the Company since 1 July 2009, he joined a subsidiary of the Company in 1993. He was previously in-charge of the architecture, engineering and construction of all in-house projects of the Company for about 10 years before he was transferred to HHI in 2003. He is an experienced engineer and an expert in designing and applying slipform and climbform techniques. He worked for Ove Arup & Partners before joining the Company and acquired a wide range of design and construction experiences in Europe, Africa and Asia in highways, bridges, buildings, dams and tunnel structures. He graduated from Imperial College of the University of London with a Master of Science degree with Distinction in Earthquake Engineering and Structural Dynamics. He was also awarded a Bachelor of Science degree with First Class Honours from the Council for National Academic Awards in Civil Engineering as well as the Institution of Civil Engineers' Prize for his outstanding undergraduate performance. In 2004, he was further awarded the PRC National Class 1 Registered Structural Engineers qualification. He serves as committee members to a number of Professional Institutions and he was the Chairman of the Hong Kong Branch of The Institution of Highways and Transportation (2006-2007). He was an Executive Director of HHI from 2003 to 2009 and responsible for the planning, design, engineering and construction of projects within HHI.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guy Man Guy WU

Aged 52 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 71 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 62, 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.

Building for The Future

Well orchestrated commercial, hotel and residential property projects serving present needs and future aspirations.

PROPERTIES

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	221,000
QRE Plaza	Wanchai, Hong Kong Island	Commercial	77,000
GardenEast	Wanchai, Hong Kong Island	Residential and Commercial	96,500

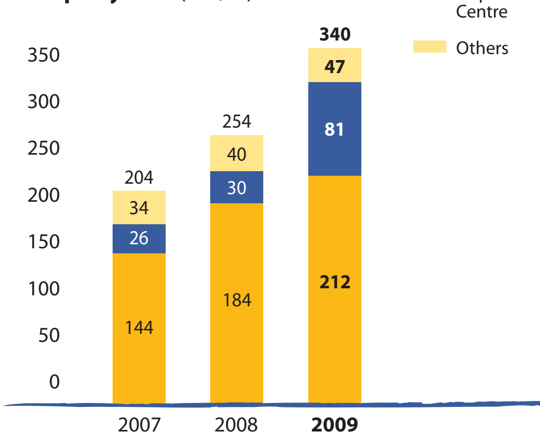
Rental properties under development

Property	Location	Use	Approximate GFA (sq. ft.)
12 Broadwood Road	Happy Valley, Hong Kong Island	Residential	113,900

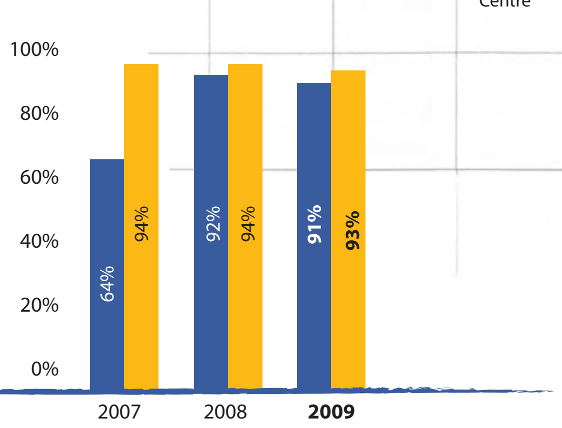
Occupancy rate of commercial properties

Avg. Occupancy Rate	FY08	FY09	Change %
Hopewell Centre	94%	93%	– 1%
HITEC Office	92%	91%	– 1%
EMax	79%	91%	+12%
Panda Place	83%	84%	+1%
QRE Plaza	21%	62%	+41%

Hong Kong Rental Property EBIT (HK$m)



Hopewell Centre and HITEC Average Occupancy (%)



"The East"

"The East" is a brand name created for a dining and entertainment community conveniently located in Wanchai. First launched in December 2007, "The East" now comprises a cluster of retail outlets at Hopewell Centre, QRE Plaza, Wu Chung House and GardenEast with a total gross floor area of approximately 273,000 square feet. At present, 22 food and beverage outlets and 26 lifestyle stores are in operations. Through better coordinated marketing and promotional efforts, the branding is gradually building up. With the synergy achieved from the retail element of the different buildings involved and the upcoming redevelopment in Wanchai, we expect rental performance would be further enhanced.

the East
Queen's Road East

A. RENTAL

Hopewell Centre, Wanchai

Hopewell Centre, the 840,000-square-foot flagship of the Group's rental properties, recorded a 19% growth in rental income compared with last year and an average occupancy rate of 93%. Despite volatility in financial markets, the rental performance of the property was bolstered by stable occupancy over the year and improvement in rental rates. As part of its continuing efforts in providing quality environment and facilities to the tenants and retail customers of Hopewell Centre, the Group is currently refurbishing the lift lobby and carpark by phases after completing the modernization works of the office floors. The first phase of the carpark renovation was completed in May 2009. The Group has also implemented various green initiatives to improve the facilities of the property while saving energy and protecting the environment. Such constant enhancement has proved to be effective in drawing more and more professional and multi-national companies to relocate their offices to Hopewell Centre. Complemented by "The East" brand, the retail portion of Hopewell Centre has successfully attracted more quality food and beverage operators, offering a wider variety of dining choices to tenants and visitors of the building.

QRE Plaza*, Wanchai*

QRE Plaza, one of the key components of "The East", comprises 25 storeys and is conveniently connected to Hopewell Centre and Wu Chung House by a footbridge. Benefitting from its unique design together with "The East" promotion efforts, it has been attracting encouraging leasing response. In February 2009, the Town Planning Board agreed to rezone QRE Plaza site to "commercial" use, paving the way for full operation of the building. It further strengthens this 77,000 square-foot commercial building as a one-stop dining and entertainment hub to both retailers and diners. As of 30 June 2009, the occupancy rate was 79% and a further 9% of the total floor area is under active lease negotiation. Up to the middle of August 2009, occupancy rate reached 83%.

GardenEast*, Wanchai*

This newly completed 96,500-square-foot 28-storey property provides 216 high quality serviced apartments with three retail shops at the podium level. The occupation permit of the property was issued in September 2008. The development will be held for long-term investment. This conveniently located property offers stylish and high quality accommodation in the heart of Wanchai commercial district, targeting the lucrative market of expatriates and young professionals. Operations started in February 2009 and marketing of the shops and the apartments has obtained encouraging response. The second floor of the retail portion is leased to a stylish western restaurant. It is expected that the additional retail element will bring new momentum to "The East". As of 30 June 2009, about 60% of the serviced apartments were leased. Demand for quality serviced apartments remains strong and as of the middle of August 2009, around 82% of the total units have been leased with an additional 3% of the total units under active negotiation.

Wu Chung House, *Wanchai*

The property investment portfolio of the Group has been further strengthened after the acquisition of several retail outlets at Wu Chung House during the year under review. These premises, with a total gross floor area of 17,670 square feet, are fully let to a number of well-known retailers and provide enhanced rental revenue to the Group.

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

HITEC, a commercial and retail complex comprising office, convention/exhibition halls and shopping mall known as EMax, provides unrivalled convenience and opportunities for event organizers and retail operators after repositioning into a top-notch multifaceted property in 2007.

For the year ended 30 June 2009, HITEC achieved a historical high overall average occupancy rate of 91% and rental income has been improving.

EMax, a 900,000-square-foot shopping and entertainment destination in HITEC, has attracted a wide variety of tenants offering food & beverage, pet accessories and services, home design and furniture, car show, bowling, retail and entertainment. The average retail occupancy rate of EMax increased from 79% for last year to 91% for the year ended 30 June 2009. After the opening of the tourist department store in the fourth quarter of 2008, the footfalls of visitors at EMax have increased remarkably. The visitor number is expected to grow further with the forthcoming opening of a new restaurant on the whole 14th Floor in September 2009 by an experienced operator as the flagship outlet.

Star Hall, the only large scale multi-purpose venue in Eastern Kowloon, measuring 30,000 square feet of column-free space capable of accommodating audiences up to 3,600, has completed its first year of full operation. Star Hall's first movie premiere in July 2009 has shown its capacity in hosting grand mega movie premieres and gained very positive feedback from the industry which immediately attracted subsequent bookings for movie premieres. After the first year of operation, Star Hall has firmly established itself as a popular venue for concerts, movie premieres, and banquets. Advance bookings of the venue have been made up to end of 2010. The business of Star Hall constitutes a major portion of convention and exhibition revenue of HITEC. The overall convention and exhibition revenue increased by 15 % compared with last year.

For the 650,000-square-foot office portion of HITEC, a portion of the floor area on 13th Floor has been converted from club operation into office space so as to bring more revenue for the property as a whole. Average occupancy rate for the office portion was 91% for the year ended 30 June 2009 as compared to 92% for last year.

Panda Place, Tsuen Wan

Panda Place, a 221,000-square-foot shopping mall situated on the lower floor and basement of the Panda Hotel, is located within convenient walking distance from both Tsuen Wan and Tai Wo Hau MTR stations. Since the completion of the major renovation works in the second half of 2005, the mall has provided retailers with excellent business opportunities. Aggressive leasing strategies and promotional activities have attracted a wide variety of the tenants covering food and beverage, fashion and accessories, home design, lifestyle, education and entertainment. Despite intense competition amongst other shopping malls in the district, the average occupancy rate of Panda Place reached 84% for the year ended 30 June 2009 and rental income for the year rose by 15% compared with last year. On-going upgrading works alongside trade-mix enhancement programs have been implemented to facilitate the shopping mall to become a dynamic and exciting landmark in Tsuen Wan.

B. HOSPITALITY

Panda Hotel, Tsuen Wan

During the year under review, the increase in supply of hotel rooms, the global financial crisis, the human swine influenza and the PRC's new travel policy forbidding agencies from offering tour packages below cost posed immense challenges for Panda Hotel and the tourism industry in Hong Kong.

Average room occupancy for the year decreased slightly to 80% while average room rate slid marginally as compared to last year. Since May 2009, the occupancy has remained low at around 50%, and room rates have remained soft, mainly due to the new travel policy. Total room revenue for the year was HK$134 million, representing a 6% decrease from last year. Total hotel revenue decreased by 3% to HK$204 million as compared to last year, partly offset by the significant improvement in the banquet business which grew by 29%. Mainland visitors made up the majority of our hotel guests while tourists from short-haul markets, corporate and long staying guests also contributed to a steady flow of guest arrivals.

To maintain the competitiveness of Panda Hotel in the market, flexible pricing strategy and various marketing programmes are being deployed to sustain the business volume. Furthermore, Panda Hotel will maintain tight control of expenses and staff cost, as well as speed up the ongoing guestroom renovation and facility upgrading plans in order to remain competitive and prepare for market rebound.

Although there was a market downturn for the restaurant business, the food and beverage operation of Panda Hotel has achieved a steady growth in its business volume. Total food and beverage revenue for the year was HK$67 million, which was 2% above that for last year.

Restaurant & Catering Services

The restaurant and catering services of the Group, comprising the food and beverage operations of the HITEC ("HITEC F&B"), Hopewell Food Industries Limited ("Hopewell Food") and Bayern Gourmet Food ("BGF") maintained the overall business volume at a similar level as last year.

The HITEC F&B continued to enjoy a steady growth in revenue of 7.2% to HK$77 million compared to last year. The improvement for the year is mainly attributed to the growth in patronage of EMax and Star Hall and the series of innovative promotions launched.

Hopewell Food operates the "R66 Revolving Restaurant"("R66") at Hopewell Centre and "The Queen's Palace Restaurant" at QRE Plaza. The revenue of R66 for the year was affected by the outbreak of human swine influenza and the global economic downturn, which led to a decrease in visitors' arrival to Hong Kong. Nonetheless, the R66, the only revolving restaurant in Hong Kong, continues to be a very popular venue amongst tourists and local residents. The Queen's Palace Restaurant, a specialized Chinese restaurant located at QRE Plaza, opened on 8 September 2008. Since its opening, it has attracted residents and office workers nearby.

The revenue of BGF for the year decreased by 10% to HK$90 million as compared to last year. Operating in a weak domestic consumption market, BGF has adopted stringent cost control measures and managed to achieve a slight increase in profit margin. BGF also took this opportunity to develop new products and explore new customer base in preparation for market rebound.

C. DEVELOPMENT

Hopewell Centre II, Wanchai

The Company revised the development plan of "Hopewell Centre II" in November 2008. This revised plan strikes a balance between economic development and environmental protection, under which the total number of storeys will be reduced to about 55 while the total floor area will be decreased to about 101,600 square metres. The height of the building, 210 metres above the principal datum, will be lower than the adjacent Hopewell Centre. Hopewell Centre II will be Hong Kong Island's first conference hotel with about 1,024 hotel rooms. The total investment is currently planned to be about HK$5 billion, including a HK$400 million road improvement plan, a green park open for public use and an extensive tree planting plan. The road improvement plan will help solve traffic problems in the area and enhance the safety of pedestrians.

Following the support of the Wan Chai District Council in January 2009, the related road improvement works of the project was gazetted on 9 April 2009. The 60-day period for submitting written opinions to the Government ended on 8 June 2009. Going forward, the Company will establish two preparatory committees for Hopewell Centre II Green Park and for Conservation and Revitalization of Nam Koo Terrace respectively. Members of the Committees will include district representatives and relevant professionals or experts. Under the current plan, Hopewell Centre II is targeted for completion in 2016. The Company will continue to strengthen its communications with various stakeholders and drive forward the project in line with established procedures.

Lee Tung Street Project, Wanchai

In June 2009, a joint venture company formed by the Company and Sino was awarded the tender for the Lee Tung Street Project in Wanchai by Urban Renewal Authority ("URA"). The 50:50 joint venture brings together our long term establishment and experience in Wanchai and Sino's strong track record in residential sales and experience in URA projects.

The Lee Tung Street/McGregor Street area is an iconic landmark that is widely known and full of historic value. Situated in a prime location on Hong Kong Island, together with a subway link to Wanchai MTR Station, the Lee Tung Street Project is also expected to bring superior transportation network to the area.

The project is highlighted with its iconic and unique characteristics by incorporating redevelopment, heritage conservation, revitalisation and green elements.

The redevelopment project possesses a site area of approximately 88,500 square feet, and will provide a total gross floor area of about 835,000 square feet upon its completion. The project is planned to comprise about 731,000 square feet for residential use, 86,000 square feet for a themed shopping mall, and 18,000 square feet to be handed over to URA.

Under the present plan, the joint venture intends to invest about HK$8.3 billion in this project. Construction works is planned to commence before end of 2009 and be completed by 2015. Upon completion, the project will further strengthen the Company's rental properties portfolio under the commercial portion and enhance its properties income base through the provision of over 1,000 premium residential units, to be sold in 2013 at the earliest. The project is also expected to bring synergy to the Company's existing properties in Wanchai including Hopewell Centre, QRE Plaza and GardenEast.

Hopewell New Town, Huadu, Guangzhou

The Group owns a 95% interest in Hopewell New Town. The project is a composite development with a site area of approximately 610,200 square metres. It comprises apartments, townhouses, commercial and recreational facilities which are being developed in phases. Phase 1B comprises 6 apartment buildings of approximately 17,000 square metres. Phase 2 comprises 48 units of townhouses and 10 blocks of apartments with total gross floor area of approximately 95,000 square metres. Occupation permit for the 48 townhouses (approximately 14,000 square metres) of Phase 2 now being marketed has been obtained in June 2009. Some apartment units of both phases will be made available for sale in the fourth quarter of 2009 and

completion scheduled in first half of 2010. Under the current plan, a total of 419 units or approximately 55,000 square metres (of which approximately 25% are townhouses and 75% are apartments) of Phases 1B and 2 will be made available for sale in the financial year ending 30 June 2010. The planned total investment for Phase 1B and Phase 2 are about RMB50 million and RMB300 million respectively.

Despite the downturn of the PRC residential property market in 2008 in terms of both transaction volume and price, there have been signs of rapid recovery since early 2009. In Guangzhou, the purchasing power of home-buyers remains strong, and which supports the property price recovery. Furthermore, PRC banks have relaxed policies on some loan applications, particularly for first time home buyers, resulting in mortgage growth and a positive market sentiment. The long term outlook of Huadu's housing market is positive.

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

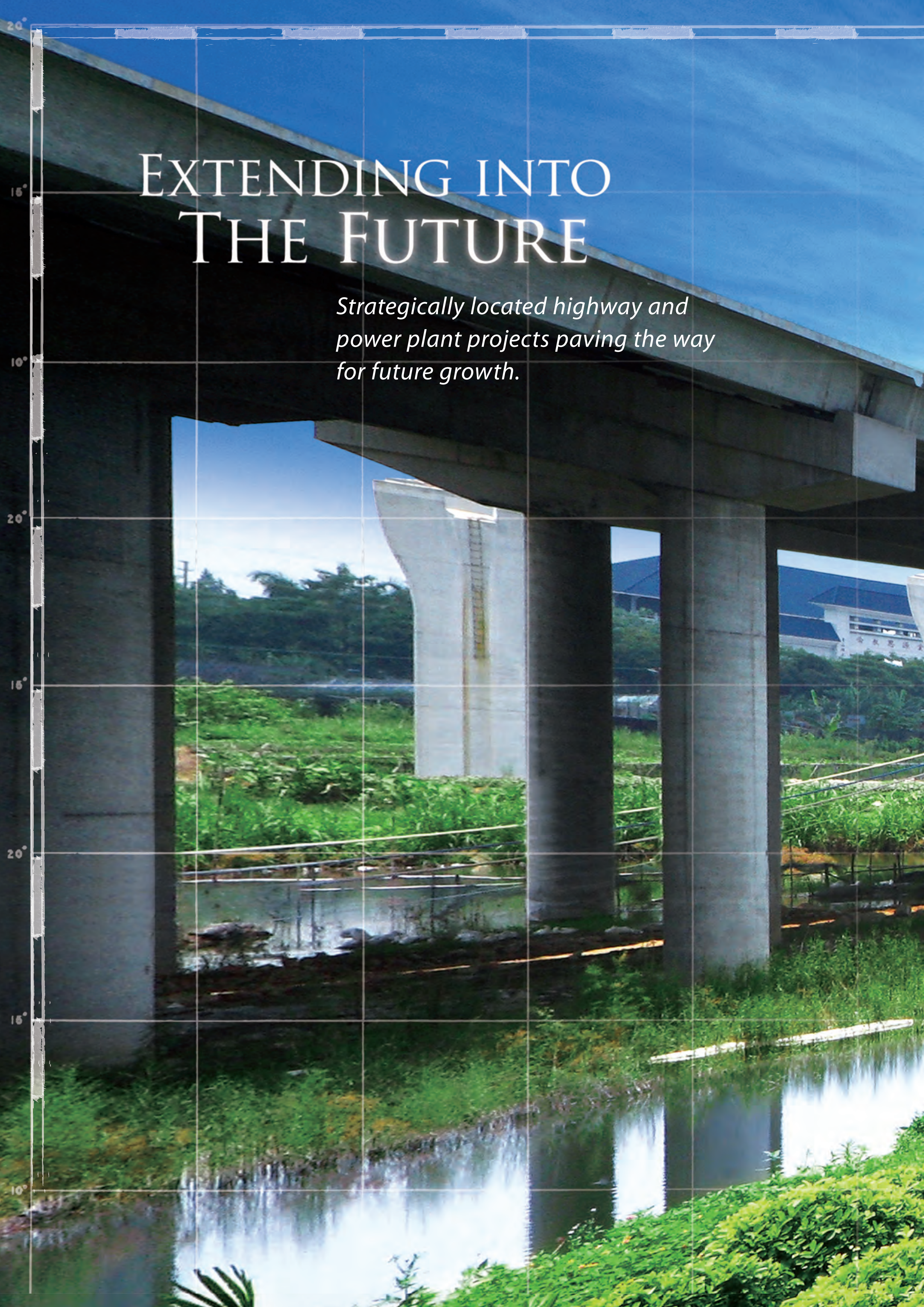
The project is situated at the Zhujiangxincheng region of Tianhe District, the central business district of Guangzhou. It has a planned total gross floor area of about 232,000 square metres (including basements). Pursuant to the agreement entered between a subsidiary of the Company and the landlord, Guangzhou Lie De Economic Company Limited ("Liede Company"), an integrated commercial property will be built jointly by both parties. The subsidiary of the Company will be responsible for fitting-out and equipping the property and the premises will be leased to the subsidiary of the Company after its completion under an operating lease arrangement. Under the present plan, the Group intends to invest not less than RMB1,000 million in this project. The development is planned to comprise a high quality commercial complex. The construction works are planned to start in the third quarter of 2010 with completion planned in 2015.

12 Broadwood Road, Happy Valley

The site is being redeveloped into a 45-storey luxurious apartment building with 78 residential units, a fully-equipped clubhouse, spacious landscaped areas and carparks. The property will be held for rental, targeting the premium residential market. The development has a gross floor area of approximately 113,900 square feet. Construction is progressing smoothly and the development is scheduled for completion in the second quarter of 2010. The currently planned total investment is about HK$700 million. Upon completion, the development will further strengthen the Group's recurring rental income base. Preliminary leasing plan is being formulated.

Extending into The Future

Strategically located highway and power plant projects paving the way for future growth.



INFRASTRUCTURE

A. 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 2009, GS Superhighway and Phase I West recorded a decrease in aggregate average daily traffic of 2% to 342,000 vehicles and an increase in aggregate average daily toll revenue of 3% to RMB9.36 million. Both the toll revenue of GS Superhighway and Phase I West increased, and the aggregate total toll revenue amounted to RMB3,416 million.

In response to the rising operating costs, HHI continued to apply effective measures to control the costs and enhance the operating efficiency of the joint venture companies. These ongoing measures included promoting staff productivity, strengthening energy savings, containing the rise in administrative expenses and so on. In addition, HHI also reduced its finance costs by choosing flexible financial products offered by PRC banks with reasonable low interest rates to refinance loans bearing higher interest rates borrowed by the joint-venture companies.

The construction of Phase II West is planned to be completed and ready for operation by the end of June 2010. The opening of Phase II West to traffic will help expand HHI’s toll revenue base. The application for the project approval of Phase III West is under review by the National Development and Reform Commission. Subject to the progress of approval, it is currently planned that construction of Phase III West will commence in 2010 and be completed in approximately 3 to 4 years. Although the market prices of construction materials have rebounded recently, they are still lower than those seen in September 2008 when HHI entered into agreements for further investments in Phase II West. Since the prices of the steel required to complete Phase II West have been locked up at levels below which were provided in the increased investment budget in September 2008, it is expected that the final construction cost of Phase II West will be lower than the budgeted cost of RMB7,200 million.

The economic development of the western bank of the PRD region will be integrated, optimized and accelerated in view of the initiatives laid down in the Outline of the Eleventh Five-Year Plan for the National Economic and Social Development in Guangdong Province and the Outline of the Plan for the Reform and Development of the PRD (2008–2020) promulgated by the National Development and Reform Commission in December 2008. Moreover, the construction of the Hong Kong-Zhuhai-Macau Bridge is expected to commence earlier in late 2009. All these will facilitate the further expansion and enhancement of the regional highway network, bringing synergy effect to the Western Delta Route.

In addition, it was also reported that the authorities concerned in PRC and Hong Kong have actively been studying to introduce a short-term quota for cross-border private cars. It is believed that arrangements are being considered to grant one-off cross-border licenses to Hong Kong registered private cars crossing the border at Shenzhen Bay Port before the end of 2009. HHI believes that such arrangements will be beneficial to GS Superhighway.

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%

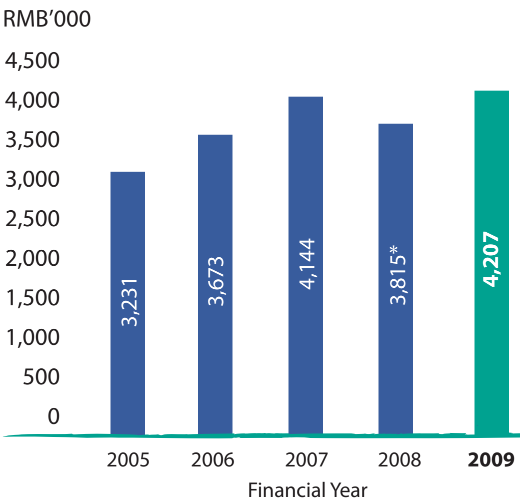
Guangzhou-Shenzhen Superhighway

GS Superhighway is a 122.8 km long, fully lit, closed expressway with a total of 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 and Changhu Expressway in Dongguan, Jihe Expressway and Nanping Expressway in Shenzhen, as well as some major cities, ports and airports in the region.

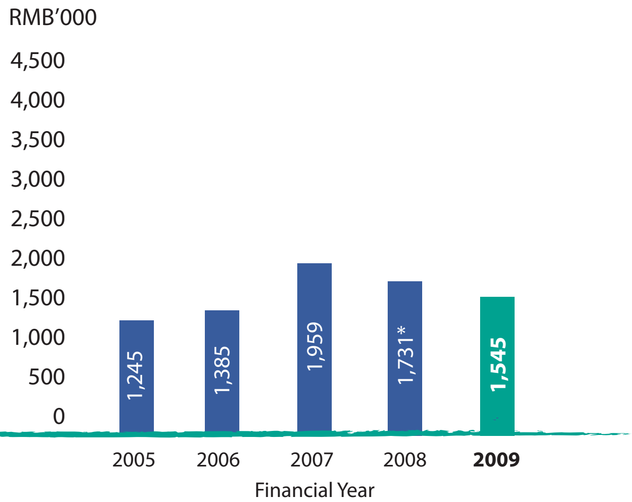
During the year under review, GS Superhighway's average daily traffic slid 2% to 314,000 vehicles as compared to that of last year, while its average daily toll revenue increased 3% to RMB8.95 million. The total annual toll revenue amounted to RMB3,266 million.

The maintenance and improvement works of the north-bound lanes of the Xintang to Dongguan section of GS Superhighway had been completed and the section was re-opened to traffic on 9 July 2008. Its toll revenue and traffic had gradually been

Class 1 —
Average Daily Toll Revenue (FY2005-2009)



Classes 4 & 5 —
Average Daily Toll Revenue (FY2005-2009)



* *Part of GS Superhighway closed for maintenance in phases during October 2007 to July 2008*

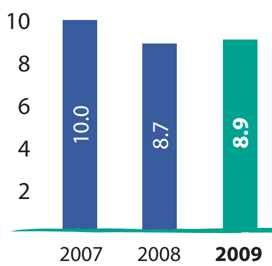
rebounding. However, since the fourth quarter of 2008, the import and export trades of Guangdong have slumped due to the financial tsunami and the global economic downturn. In the first half of 2009, the aggregate amount of imports and exports fell 21% as compared to the same period last year. In addition, due to the continuous implementation of the "Green-Lane" policy as well as the traffic diversion caused by the new roads nearby, the toll revenue and traffic of GS Superhighway recovered at a pace slower than expected. The traffic slightly dropped 2% as compared to that of last year. Nevertheless the traffic and toll revenue of Class 1 small cars rose to a historical high level, whereas that from Classes 4 and 5 commercial vehicles had stabilized after a drop in the first quarter of 2009. Currently, the daily toll revenue has rebounded to a level comparable to that of 2006 when the historical high of daily toll revenue was recorded. HHI believes that following the economic recovery of Guangdong, the traffic and toll revenue of GS Superhighway will regain their momentum of growth.

From mid-July to December of 2009, the section between Guangqing interchange and Cencun interchange of Guangzhou Northern Ring Road is completely closed for maintenance works. Some vehicles may have to take a detour to enter or exit GS Superhighway. Preliminary observations showed that the closure would have minimal impact on the traffic and toll revenue of GS Superhighway.

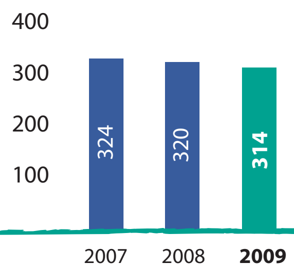
HHI and the joint venture companies have always attached great importance to traffic safety. Over the years, ample resources have been deployed to upgrade and enhance the safety and service facilities of GS Superhighway, with a view to providing drivers with a safe, comfortable and speedy expressway. An intelligent traffic management system, jointly installed by the joint venture company and the Traffic Management

GUANGZHOU-SHENZHEN SUPERHIGHWAY

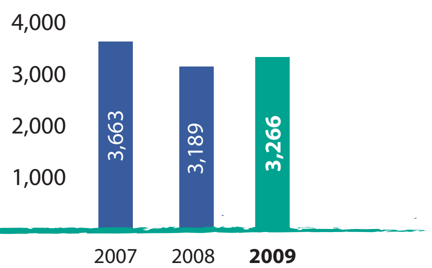
Average Daily Toll Revenue (RMB'm)



Average Daily Traffic
No. of vehicles (in thousand)



Annual Toll Revenue
(RMB'm)



Department of Guangdong Provincial Public Security Bureau, was completed and put into operation in January 2009. GS Superhighway is now the first model toll expressway in Guangdong to have adopted such an intelligent system. The system helps further enhance the efficiency of traffic surveillance in detecting and handling traffic accidents so as to minimize congestions and casualties. In addition, in collaboration with the traffic police, the close supervision of the 100 plus traffic surveillance cameras along the road and the use of global positioning system installed in GS Superhighway's patrol and rescue vehicles, the joint venture company is able to attain the "4-Fast" principles of traffic accident handling, namely, "Fast Discovery, Fast Arrival, Fast Handling and Fast Clearance", to ensure smooth traffic.

In July 2008, HHI, through GS Superhighway's joint venture company, co-organized a large-scale, province-wide traffic safety educational promotion campaign with the Traffic Management Department of Guangdong Provincial Public Security Bureau. Over 100,000 volumes of Chinese literature «Analects of Confucius» inserted with traffic safety tips were distributed to the general public free of charge, for the dual purpose of promoting traffic safety and traditional Chinese culture.

Since the opening of the GS Superhighway over a decade, the joint venture company has developed into one of the most sizeable and well-managed corporations in PRC highway industry. In mid-2009, it sets up a corporate culture department so as to further strengthen its core values, promote management quality, enhance corporate competitiveness, foster cohesion and team spirit among the staff, and bring into full play the corporate mission of delivering quality services.

To meet the rising traffic demand, the feasibility study on widening GS Superhighway to an expressway with a total of ten lanes in dual directions is being conducted and fine-tuned. Upon completion, an application will be submitted to the authorities for approval according to the relevant regulations.

According to media reports, the construction works of the 49 km Dongguan section and the 30 km Shenzhen section of the Guangzhou-Shenzhen Coastal Expressway are planned to be completed by the end of 2010 and by the end of 2012 respectively. HHI will pay attention to its progress. Given GS Superhighway's strategic location in the highway network of the PRD region and its planned expansion into a ten-lane expressway, HHI believes that its leading position as the main artery within the region can hardly be surpassed.

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 I of the Western Delta Route

The Western Delta Route is scheduled to be built in three phases. Its first phase, Phase I West, has commenced operation since April 2004. Phase I West is a 14.7 km closed expressway with a total of six lanes in dual directions connecting ESW Ring Road to the north, and National Highway 105 and Bigui Road of Shunde to the south. Currently, it is the only expressway linking Guangzhou and Shunde. Phase I West made profits and generated positive cash flow in its first full year of operation in financial year 2004/05.

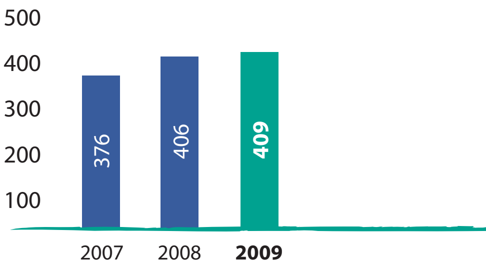
The growth in traffic and toll revenue of Phase I West slackened during the year, primarily because of the slump in import and export trades in Guangdong and the mutual recognition of vehicles' annual passes between Guangzhou and Foshan since October 2008. Under this mutual recognition, vehicles of either city are exempted from paying toll for using grade 1 toll roads and toll bridges of the other city. Moreover, the substantial growth in traffic and toll revenue of Phase I West last year after ESW Ring Road became toll-free since September 2007 resulted in higher base figures. During the year, Phase I West's average daily traffic was 28,000 vehicles which was comparable to that of last year, and average daily toll revenue rose 1% to RMB409,000. The total annual toll revenue amounted to RMB149 million.

From mid-July to December of 2009, the section between Guangqing interchange and Cencun interchange of Guangzhou Northern Ring Road is completely closed for maintenance works. Some vehicles may detour ESW Ring Road to access GS Superhighway. This may cause traffic congestion in ESW Ring Road at the section linking Phase I West and may affect the latter's traffic and toll revenue. However, since mid-August 2009 to end March 2010, the Sanshan West Bridge leading to the Sanshan Container Port in Nanhai is fully closed for maintenance works. Most vehicles, especially trucks, are to be diverted to Phase I West according to the recent traffic police public notice. Taking into account of the net effect of the two closures, it is expected that the traffic and toll revenue of Phase I West will have a mild growth in the coming year.

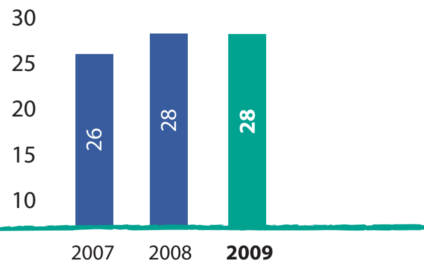
According to the highway network planning of Guangzhou and Foshan, several highways currently under planning or construction will be connected to Phase I West upon completion in the next few years. These include Foshan First Ring Road extension link, Pingzhou-Danzao Expressway and Pingzhou-

PHASE I WEST

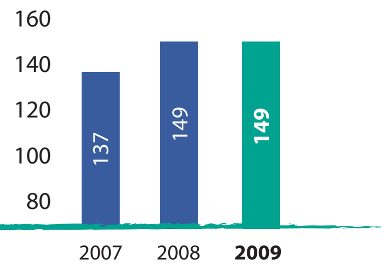
Average Daily Toll Revenue (RMB thousand)



Average Daily Traffic
No. of vehicles (in thousand)



Annual Toll Revenue
(RMB'm)



Nansha Expressway as well as Guangzhou-Gaoming Expressway etc., all of which will serve as drivers for the future growth of Phase I West and the entire Western Delta Route. Besides, the largest railway station in Asia situated in Panyu District of Guangzhou, adjacent to Phase I West, is scheduled to commence operation in phases by the end of 2009, and set to boost the passenger car traffic of Phase I West. In the near future, Phase I West is expected to benefit from the robust economic growth of Foshan and the completion of the connecting expressways and railway station nearby. Moreover, as Phase II West is going to commence operation by the end of June 2010, Phase I West will become more competitive and more dynamic in its future growth.

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 II of the Western Delta Route

Phase II West is a 46 km closed expressway with a total of six lanes in dual directions. It is connected to Phase I West in Shunde at the northern end and extends southwards to Zhongshan, linking with the National Highway 105 and the proposed Xiaolan Expressway and the new Qijiang Highway in Zhongshan. Upon completion, Phase I West and Phase II West will be the only expressways linking Guangzhou to the central area of Zhongshan. The construction of Phase II West is currently planned to be completed and operational by the end of June 2010.

According to the reasons stated in the joint announcement made by the Company and HHI on 2 September 2008, the investment budget for Phase II West was adjusted to RMB7,200 million. HHI therefore entered into an amendment agreement for the joint investment in, construction and operation of Phase II West with its PRC partner (the same PRC partner of Phase I West) on the same day to increase HHI's share of the registered capital for the project by approximately RMB402.5 million. The agreement has been submitted to the Ministry of Transport and the National Development and Reform Commission for approval.

Although the market prices of construction materials have rebounded recently, they are still lower than those seen in September 2008 when HHI entered into the agreement for further investment in Phase II West. Moreover, since the prices of the steel required to complete Phase II West have been locked up at levels below which were provided in the increased investment budget, it is expected that the final construction cost of Phase II West will be lower than the budgeted cost of RMB7,200 million.

The difference between the budgeted investment amount and the registered capital of Phase II West is financed by banks in PRC. Loan facility has been obtained by the joint venture company.

Based on the annual toll revenue for the first full year of operation of GS Superhighway and Phase I West, Phase II West is targeted to achieve a breakeven of cash flow in its first full year of operation. Preliminary estimation suggests that if Phase II West's annual toll revenue for its first full year of operation amounts to approximately RMB6.5 million per kilometer, a breakeven of cash flow will be achieved. If it is over RMB9.5 million, profits will be attained. During the year under review, the toll revenue of Phase I West amounted to about RMB10 million per kilometer.

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%

Phase III of the Western Delta Route

Phase III West is a 38 km closed expressway with a total of six lanes in dual directions. It is connected to Phase II West in Zhongshan at the northern end and extends southwards to connect to the highway network in Zhuhai.

According to the joint announcement made by the Company and HHI on 2 September 2008, the investment budget for Phase III West was adjusted to RMB5,600 million. Similar to the case of Phase II West, HHI entered into an amendment agreement for the joint investment in, construction and operation of the Phase III West with its PRC partner (the same PRC partner of Phase I West) on the same day to increase HHI's share of the registered capital for the project by approximately RMB409.5 million. The agreement is now being processed by the National Development and Reform Commission. Subject to the progress of approval, Phase III West is currently planned to commence construction in 2010 and to be completed in approximately 3 to 4 years.

To encounter the global financial tsunami and as an incentive for enterprises to invest in the construction of capital asset projects, PRC Government has lowered the minimum capital requirements since early 2009 for certain qualified projects of which their construction has not yet started. In particular, the capital requirement for expressway projects has been lowered from 35% to 25% of the total investment amount. Phase III West is expected to benefit from this change. When the approval of the relevant authorities is obtained, the capital which HHI is required to inject into Phase III West will be reduced by RMB280 million, from RMB980 million to RMB700 million.

HHI will endeavour to expedite the construction of Phase II West and Phase III West and have them completed earlier. It is expected that upon full completion, the Western Delta Route will be the only expressway linking up Guangzhou, Foshan, Zhongshan and Zhuhai, as well as the most direct and convenient expressway leading to Macau. It will become a strategic expressway on the western bank of the PRD region.

B. HEYUAN POWER PLANT

Heyuan Power Plant Project is a 2 x 600 MW ultra super-critical coal-fired power plant located in Heyuan City. It is one of the most efficient and environmental friendly coal-fired power plants in Guangdong Province today.

The Group currently holds 35% effective interest in Heyuan Power Plant which is a joint venture between our subsidiary and Shenzhen Energy Group Company Limited. The joint venture builds, owns and operates the power plant. The project cost is planned to be about RMB5.2 billion, of which 30% as equity has been fully injected and the remaining RMB3.64 billion is funded by a syndicated project loan signed in February 2008.

Based on generation technology, the power plant has achieved higher plant efficiency than the sub-critical technology used in China. Heyuan Power Plant is in the process of applying for Clean Development Mechanism ("CDM") of the Kyoto Protocol. In addition to the revenue from power sales, the project may benefit from CDM in generating other source of income. Unit 1 of the power plant has commenced operation in January 2009, and the total electricity generated during the first half of 2009 was 1,134GWh. Unit 1 average utilization rate was 44% in the financial year ended 30 June 2009, as capacity was limited by certain new transmission lines which were not yet completed until 27 July 2009. After the commencement of operation of Unit 2 in August 2009 and the completion of such new transmission lines, the combined average utilization rate of Units 1 and 2 reached 75% in the first week. The project will supply electricity to Guangdong Province, in particular to Heyuan and Huizhou City.

In July and August 2008, the on-grid tariff rate with desulphurization of Guangdong's coal fired power plants was increased twice by 11% from RMB 0.4532/kWh to RMB0.5042/kWh. The currently approved tariff rate for Unit 1 is RMB0.4892/kWh. Application for an increase of tariff rate for desulphurization is in process. Qinhuangdao's coal price (5,500 kcal/kg) has also substantially fallen 46% from the peak in 2008 to the level of RMB560/ton at the end of June 2009. Such improved business environment alleviates the pressure on the profitability of the PRC power industry operators. In the financial year ended 30 June 2009, the joint venture company had an operating profit with Unit 1 in operation for 6 months. This was on the back of average coal price of RMB550/ton and on-grid tariff rate of RMB0.4892/kWh. However, a net loss was recorded for the financial year ended 30 June 2009, mainly due to the pre-operating expenses incurred. With Unit 2 commencing operation in August 2009 and based on the current coal price of RMB560/ton, on-grid tariff rate with desulphurization of RMB0.5042/kWh and 60% utilization rate, the Heyuan Power Plant project is targeted to have a positive contribution in the financial year ended 30 June 2010.

With a goal to achieve an 8% GDP growth in 2009, the PRC government has introduced a RMB4 trillion stimulus package to boost its economy, which is further supported by the launching of a moderately loose monetary policy. RMB7 trillion new bank facilities have been made by the commercial banks in China for the first half of 2009. As a result, an increase of 7.1% in the GDP of PRC was recorded for the first half of 2009, and it rose 7.9% in the second quarter of 2009 alone. Despite there is a negative growth of 4.5% in the electricity consumption in Guangdong Province for the first half of 2009, a positive growth of 6.7% was recorded for June 2009, compared to the same period of last year. Given the steady power demand in Guangdong, the management is confident that Heyuan Power Plant project will offer reasonable and stable return in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

GROUP RESULTS

Overview

Despite the global financial crisis and the general economic downturn, the Group was able to maintain a steady growth in its businesses in the year ended 30 June 2009. Both the turnover and earnings before interest and tax ("EBIT") have improved as compared with the previous year. The net profit figures, however, were grossly affected by the exceptional items. In last year, the Group benefited from the disposals of the Group's interest in a Macau property development project and in the Guangzhou East-South-West Ring Road project ("ESW Ring Road"). The absence of such exceptional gain in current year has caused a significant drop in the net profit.

For the year ended 30 June 2009, the Group's turnover by activities and their respective earnings before interest and tax are reported as follows:

	Turnover		Earnings before interest & tax	
In HK$ million	*2008*	***2009***	*2008 (restated)*	***2009***
Property letting, agency & management	485	**554**	254	**340**
Gain recognised on transfer of property to investment properties upon completion of development	—	**—**	371	**511**
Property development	6	**4**	(32)	**(29)**
Hotel operations, restaurant & catering	421	**410**	77	**68**
Toll road investment (net of interest and tax)*	1,720	**1,809**	1,098*	**1,062***
Power plant (net of interest and tax)*	—	**198**	(43)*	**(8)***
Others	288	**115**	169	**(45)**
(Note)	2,920	**3,090**	1,894	**1,899**

	Results	
In HK$ million	*2008 (restated)*	***2009***
Earnings before interest & tax	1,894	**1,899**
Finance cost	(87)	**(35)**
Taxation	(159)	**(187)**
Recurring profit	1,648	**1,677**
Exceptional items	4,791	**146**
Fair value gain on investment properties	270	**209**
Taxation in respect of the exceptional items and net fair value gain on investment properties	(180)	**(34)**
Profit for the year	6,529	**1,998**
Minority interests	(550)	**(317)**
Profit Attributable to Equity Holders of the Company	5,979	**1,681**

* Comprised share of net profit after interest and tax of jointly controlled entities

Note: Reconciliation to Consolidated Income Statement

	Turnover		Results	
In HK$ million	*2008*	***2009***	*2008 (restated)*	***2009***
Turnover/EBIT per Financial Review	2,920	**3,090**	1,894	**1,899**
Less:				
Treasury income	(288)	**(115)**	—	**—**
Share of turnover of jointly controlled entities engaged in				
— Toll road investment	(1,717)	**(1,809)**	—	**—**
— Power plant	—	**(198)**	—	**—**
Add:				
Gain arising from changes in fair value of investment properties	—	**—**	270	**209**
Gain arising from distribution in specie of shares in a subsidiary	—	**—**	—	**144**
Gain on disposal of available-for-sale investments	—	**—**	22	**2**
Gain on disposal of jointly controlled entities and associates	—	**—**	4,742	**—**
Gain on disposal of investment properties	—	**—**	27	**—**
Finance costs	—	**—**	(87)	**(35)**
Turnover/Profit before taxation per Consolidated Income Statement	915	**968**	6,868	**2,219**

Turnover

Turnover for the year ended 30 June 2009, including treasury income of group companies and the Group's attributable share of toll revenue of jointly controlled entities engaging in toll roads and power plant turnover, has gone up 6% to HK$3,090 million from HK$2,920 million of last year. The growth was the result of continued improvement in property letting, agency & management and toll road business, together with the commencement of power plant operation in the year.

Earnings before Interest and Tax

The Group's EBIT increased slightly to HK$1,899 million from HK$1,894 million of last year. The Property letting division recorded substantial growth of 34% in EBIT, mainly due to rise in rental income and successful cost control. This growth and the increase in "Gain recognised on transfer of property to investment properties upon completion of development" were partially offset by the decrease in treasury income which is grouped under "Others". Toll road's EBIT was able to maintain at a high level of HK$1,062 million despite a slight drop in road traffic. The share of loss in power plant of HK$8 million is mainly affected by the pre-operating expenses of Heyuan Power Plant booked in current year. Hotel operations, restaurant & catering division, however, was adversely affected by the global financial crisis, new PRC travel policy on tour packages pricing and the human swine influenza and a conceivable decline in EBIT was recorded. The drop in treasury income was due primarily to the plunge in deposit interest rates during the year.

Exceptional Items

Exceptional items for the year represented the gain arising from distribution in specie of shares in a subsidiary as dividend of HK$144 million and the gain on disposal of available-for-sale investments of HK$2 million. Gain from exceptional items of HK$4,791 million for the last year represented (i) gain on disposal of the Group's interest in the Macau property project of HK$3,948 million; (ii) gain on disposal of the Group's interest in ESW Ring Road of HK$793 million (after tax: HK$661 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.

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders was HK$1,681 million, representing a drop of 72% over HK$5,979 million of the last year. The decrease was mainly due to the drop in exceptional gain in current year as discussed in above.

Liquidity and Financial Resources

As of 30 June 2009, the Group's cash balances and available banking facilities are as below:

	As at 30 June	
In HK$ million	*2008*	***2009***
Cash		
HHI and its subsidiaries ("HHI Group")	5,997	**2,775**
HHL Group (excluding HHI Group)	4,785	**2,503**
	10,782	**5,278**
Available Committed Banking Facilities		
HHI Group	3,600	**3,600**
HHL Group (excluding HHI Group)	13,350	**13,350**
	16,950	**16,950**
Cash and Available Committed Banking Facilities		
HHI Group	9,597	**6,375**
HHL Group (excluding HHI Group)	18,135	**15,853**
	27,732	**22,228**

Maturity Profile of the Major Available Committed Banking Facilities	Maturity Date
HK$3,600 million syndicated loan for HHI Group	13 October 2010
HK$5,350 million syndicated loan for HHL Group (excluding HHI Group)	30 June 2011
HK$7,000 million syndicated loan for HHL Group (excluding HHI Group)	28 September 2014

On top of the above available committed banking facilities, the Group's available uncommitted banking facilities amounted to HK$502 million as at 30 June 2009 (HK$602 million as at 30 June 2008).

The main reasons for the decrease of cash balance over the last year are the payments of dividends and capital expenditures on developing and existing projects.

As at 30 June 2009, there was no corporate debt outstanding. The Group's financial position remains strong. With the cash balances in hand as well as the available banking facilities, the Group has sufficient financial resources to cater for its operating activities, present and potential investment activities.

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 did not have any hedging arrangement to hedge the interest rate or exchange rate exposures during the year. However, the Group will continue to closely monitor such exposures from time to time.

The Group generally places all cash in short-term deposits denominated mainly in Hong Kong dollar and United States dollar. The Group has not invested in any Accumulator, Equity Linked Note or other financial derivative instruments during the year.

Project Commitments
Details of the project commitments are set out in note 40 to the consolidated financial statements.

Contingencies
Details of the contingent liabilities are set out in note 42 to the consolidated financial statements.

Charges on Assets
As at 30 June 2009, none of the Group's assets were pledged to secure any loans or banking facilities.

Material Acquisitions or Disposals
In order to strengthen the portfolio under "The East", the Group acquired the entire equity interests in Mingway Company, Limited ("Mingway") from a company beneficially owned by certain directors of the Company for a total consideration of HK$208.4 million during the year ended 30 June 2009. Mingway is principally engaged in property investment and its principal asset is its sole ownership of certain shops at Wu Chung House.

On 23 June 2009, the tender offer submitted by Grand Site Development Limited ("Grand Site"), a company jointly held by the Group and Sino Land Group, was accepted by the URA in respect of the development of the Lee Tung Street Project in Wanchai, covering a total site area of approximately 88,500 square feet. The Group and Sino Land Group will jointly hold and develop the Lee Tung Street Project through their respective shareholding of 50% in Grand Site. The total capital commitment of the Group in relation to Grand Site is expected to be approximately HK$4.15 billion, representing 50% of the budgeted development and related costs of the Lee Tung Street Project of approximately HK$8.3 billion. For details, please refer to the announcement made by the Company on 26 June 2009, entitled "Discloseable Transaction, Formation of a Joint Venture, Acquisition of Interest in Land".

MANAGEMENT DISCUSSION AND ANALYSIS

Others

Employees and Remuneration Policies

The Group had approximately 1,230 employees as at 30 June 2009. It offered competitive remuneration packages to employees based on the prevailing market practices and individual performance. The Group provided share option and share award schemes 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. Discretionary bonuses would be granted to employees subject to individual performance as well as the business performance of the Group. The Group provided medical insurance coverage to all staff members and offered Group Personal Protector to senior staff.

On top of offering competitive remuneration packages, the Group also invested in human capital development by providing relevant training programs to enhance employee productivity. Training programs are designed after taking into account employees' knowledge and skill gaps identified during performance appraisals. The overall training objectives are to enhance employees' personal productivity, prepare for their future roles and thereby contribute to the business success. In addition to formal training programs, the Group also provides other learning opportunities such as on-the-job training and seminars to relevant employees. Examples of training programs and seminars are set out in the Corporate Social Responsibility Report.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Introduction

At Hopewell Holdings Limited, stimulating sustainable community growth is as important as promoting long-term business growth. We believe that a thriving community facilitates our continuous business success. This has driven us to devote significant resources every year to build a solid corporate social responsibility (CSR) program.

Our early efforts in carrying out CSR can be traced back to the late 1960s when we first started our urban renewal projects in Wanchai. In Mainland China, our infrastructure projects such as power stations and expressways have facilitated the economic growth of the Pearl River Delta. In recent years, environmental initiatives became an essential part of our CSR program. Increasing energy efficiency will continue to be a key area of our works in the environmental front. To promote the well-being of the community, we consider the ongoing communication with our stakeholders as vitally important. We will continue to listen to their views and work together with them to achieve a win-win scenario.

Highlights

With strong management commitment and active staff participation, we continued to achieve significant progress in CSR in the past year:

Facilitating community activities

Over 150 community and charitable events were held in our properties including Hopewell Centre, EMax and Panda Place.

Supporting the Hong Kong 2009 East Asian Games

We are the venue sponsor of three sports events, namely Bowling, Cue Sports and DanceSport, in the upcoming Hong Kong 2009 East Asian Games.

Good energy performance recognized

Hopewell Centre, the flagship property of the Group, was recognized for "Good Energy Performance" under the Energy Efficiency Registration Scheme for Buildings.

Joining the "Green Hong Kong • Carbon Audit" Campaign

We became a "Carbon Audit • Green Partner" and undertook to carry out activities in support of greenhouse gas emission reduction.

Promoting environmentally friendly power generation

Unit 1 and Unit 2 of the Heyuan Power Plant, one of the most efficient and environmentally friendly coal-fired power plants in Guangdong Province, have commenced commercial operation in January and August 2009 respectively.

Care for the Community

Facilitating community initiatives

Throughout the years, we have been facilitating the work of community and charitable organizations by offering venues in our various properties throughout Hong Kong without charge for community and fund-raising events. In the past year alone, we supported over 150 such events.

Consistent with our strong management commitment to CSR, we continued to support various community and charitable initiatives such as Walk for Millions and Corporate Challenge organized by the Community Chest, and charity walks like the PHAB Walk for Integration. Our staff members have played an indispensable role in our efforts in promoting community care. They have participated in an array of voluntary works such as visiting single elderly residents, organizing Christmas parties for mentally handicapped children and grassroots families, as well as participating in Flag Day sales.

Supporting local sports development

2009 marks an important year in local sports development as Hong Kong will host the largest East Asian Games (EAG) in history in terms of number of sports and athletes. We are proud to be the venue sponsor at HITEC in Kowloon Bay for three of the sports events, namely Bowling, Cue Sports and DanceSport this December. To help promote the Games, we sponsored the "Sports Talks cum Sports Demonstration & Participation" of "Promotion of Hong Kong Athletes' Readiness in Participating in the 5th EAG" held at HITEC in July 2009. In addition, Panda Hotel, a wholly owned subsidiary of Hopewell Holdings, will support the EAG by offering accommodation and catering service to athletes at competitive rates and has been selected as one of the official hotels of the EAG.

We supported the Hong Kong Athletes Career & Education Programme of the Sports Federation & Olympic Committee of Hong Kong, China and recruited an elite athlete in December 2008 to help implement our community programs with special focus on youth development and sports programs. This is a further step to strengthen our community involvement and also well demonstrates our support to career development of local athletes.

Enhancing traffic safety

Traffic safety on our two heavily used toll roads in Guangdong Province is our major concern and we achieved a significant milestone in January 2009 with the commencement of operation of an intelligent traffic management system installed by the GS Superhighway joint venture company in conjunction with the Traffic Management Department of Guangdong Provincial Public Security Bureau.

In addition, traffic safety is further enhanced with the collaboration with the traffic police, the close supervision of more than 100 traffic surveillance cameras along the road as well as the installation of global positioning system in GS Superhighway's patrol and rescue vehicles. We will continue our endeavours in facility upgrade and in close collaboration with local traffic police to ensure a safe driving environment for all road users.

Boosting Economic Development, Stimulating Community Growth

The Company has a long-standing tradition of promoting community growth through supporting economic development of the local community. Early urban renewal efforts had revitalized a run-down part of Queen's Road East in Wanchai, turning it into a major business area. Current projects such as The East and GardenEast also help boost local business activities. Looking ahead, the Hopewell Centre II Project and Lee Tung Street/McGregor Street Project are set to further enhance the revitalization of the district.

Realizing the significant benefits brought by facilitating people flow and logistics between Hong Kong and Mainland China, the Company has promoted, invested, designed and built the Shenzhen Railway Station Customs and Frontier Inspection Building (1985) and the Huanggang Cross Border Inspection Complex in Shenzhen (1991). The GS Superhighway (1994), the first and only expressway connecting Guangzhou, Dongguan, Shenzhen and Hong Kong, serves as a major artery in the PRD and brings significant economic value to the region. Other subsequent investment and construction projects in the region include the Shunde Roads (1993), Boca Tigris Bridge (1997) and Guangzhou East-South-West Ring Road (2000).

Since mid-1980s, the Company has been involved in the development of power plants in Guangdong Province. This greatly helps to relieve the problem of power shortage and fuel the economic development of the area. The Shajiao 'B' Power Station (1987), the first power station built by the Company in Mainland China, had a capacity amounting to about one quarter of total capacity of Guangdong power grid at that time, and played a leading role in the economic development of Guangdong Province at the beginning of the Open Door Policy. The 2x600MW Heyuan Power Plant, our most recent power project located in a less developed part of the Province, will again help support the economic development of the surrounding area.

Care for the Environment

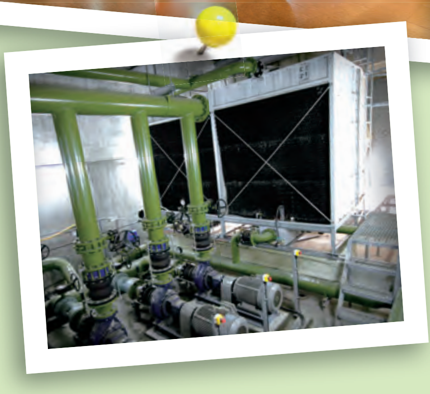
Introducing energy saving initiatives in existing properties

A rigorous approach was adopted in reviewing the energy consumption of our existing properties and identifying cost-effective measures to increase energy efficiency. For instance, extensive equipment upgrades have been carried out in Hopewell Centre in the past few years to increase energy efficiency, such as the implementation of water-cooled air-conditioning and upgrading of power factor of electrical systems. Other ongoing measures include installation of energy efficient lighting at common areas, car parks and offices of the Group, as well as the modernization of lift equipment to promote energy saving and improve riding comfort. To enhance environmental friendliness of the building, air handling units were retrofitted to improve air quality and motion sensors were installed for water tap to reduce water consumption.

In March 2009, Hopewell Centre was recognized for its "Good Energy Performance" under the Energy Efficiency Registration Scheme for Buildings launched by the Electrical & Mechanical Services Department. Less than 30 local private commercial buildings have been registered as buildings with "Good Energy Performance". Hopewell Centre is among a handful few buildings completed in the early 1980s that have been recognized.

Incorporating environmentally friendly features in new property projects

In Hopewell New Town, our composite development project in Huadu, Guangzhou, solar heater water boilers were installed for row houses and swimming pool changing rooms. Energy saving lamps were also installed for most of the lightings in the development. In addition, we plan to adopt a wide range of energy saving building technologies and environmentally friendly design in the Liede Integrated Commercial Project, such as reflective glazing system to reduce energy consumption and water circulation system that maximizes the use of waste water. Furthermore, the greenery ratio will exceed 30% to enhance the environmental friendliness of the Project.



Reducing greenhouse gas emissions

Demonstrating our strong commitment to reducing greenhouse gas (GHG) emissions, we became a Carbon Audit • Green Partner in 2008 whereby we undertook to conduct carbon audit of our major properties and endeavour to cut GHG emissions by formulating and implementing emission reduction plans with measurable targets. We have already completed the carbon audit of Panda Place in early 2009 and extensive equipment upgrade, such as installation of water-cooled chillers and energy efficient luminaries, has also been carried out with the audit.

Adopting environmentally friendly facilities in power generation

The 2 x 600 MW Heyuan Power Plant is the first ultra-supercritical coal-fired power plant in Guangdong Province. With low coal and water consumption, the Power Plant is currently one of

the most efficient and environmentally friendly coal-fired power plants in the Province. Its overall thermal efficiency can reach 44.7% and the design coal consumption is about 50g/kwh lower than the average power plant coal consumption in Mainland China. Installed with fuel gas desulphurization (FGD) plant, the SO_2 removal efficiency of the Power Plant is as high as 95%. Low NOx burner is installed to minimize thermal NOx formation. Besides, evaporation and crystallization technologies are applied to minimize overall wastewater volume with zero discharge of wastewater as the target.

Promoting use of renewable energy

Apart from environmentally friendly coal-fired power plant, we are also actively developing our own technology for large-scale wind turbines, contributing to sustainable development. The demand for clean renewable electricity power will remain strong.

Care for the Employees

Strengthening talent development

Attracting bright talents and further developing them is vital to the Group's success. We believe that building on our employees' innate strengths is the best way to help them unleash their potential. On top of offering tuition reimbursement and on-the-job training, a variety of workshops, seminars and training programs have been offered this year. These include Insurance Training, Building Construction Ordinance Seminar, Customer Service Training, Security Supervisory Skills and Complaints Handling Workshops. Besides, soft skills workshops covering topics like presentation skills, time management, business etiquette and report writing skills have been organized for enhancing employees' personal effectiveness.

In July 2008, the Group recruited 5 high potential graduates under an 18-month Management Trainee Program. Our thoughtfully planned job rotations within our core-business units have equipped them with essential business knowledge and management skills. In addition, in-house and external training were provided to develop their core competencies. We also encouraged trainees to pursue studies for relevant professional qualifications and undergo self-development by offering financial subsidies.

Enhancing employee communication

We regularly use internal communication channels such as intranet and newsletter to disseminate information to our employees. Besides, we have conducted an opinion survey for property management employees to identify their development needs, and seek their feedback on facilities improvements. Monthly site visits and employee-management communications have also been done in business functions to facilitate cross-team communication and strengthen employee relations across all levels.

Reinforcing health and safety awareness

The health and safety of our employees are of paramount importance. We are vigilant in addressing workplace health, safety and environmental risks. For instance, management at HITEC consistently gathers opinions from the Safety Committee Meeting to monitor staff health and safety, as well as reduce the incidence of staff injury. To prevent influenza infection by immunization, flu injection program have been offered to our hospitality employees.

Promoting work-life balance

We believe work-life balance is an important factor in maintaining a productive, healthy and cohesive workforce. Throughout the year, different kinds of activities including football competition, outings, dinner gatherings, staff birthday parties as well as Christmas party were organized to create joyful moments and shared memories with everyone in the Group.

Our consistent efforts in fulfilling CSR were again recognized by the Hong Kong Council of Social Service in February 2009. Hopewell Real Estate Agency Limited was a new addition to Hopewell Holdings Limited and three other subsidiaries, namely Hopewell Highway Infrastructure Limited, Hopewell Property Management Company Limited and Panda Hotel, which were awarded the Caring Company Logo 2008/2009 in recognition of these five companies' active participation in community activities and good corporate citizenship.

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 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 2009, 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), four 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 10 to 15 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).

In order to facilitate the business development of the Company, Ir. Leo Kwok Kee LEUNG was appointed as a Non-Executive Director of the Company on 1 July 2009. Ir. LEUNG will receive a Director's fees at such rate as from time to time to be approved by the shareholders at the annual general meetings of the Company, currently being HK$200,000 per annum to be paid by the Company in arrears. Under the service contract between Ir. LEUNG and the Company, he is entitled to receive from the Company an annual emolument of HK$1,625,000. Ir. LEUNG's emolument is determined with reference to the prevailing market practice, the remuneration policies of the Company and his duties and responsibilities within the Company.

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. 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 and their remuneration. • Reviewed the annual financial statements for the year ended 30 June 2008 and the interim financial statements for the six months ended 31 December 2008. • 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*

Independent Board Committee

During the year, an Independent Board Committee, comprising Mr. Guy Man Guy WU, Ms. Linda Lai Chuen LOKE and Mr. Lee Yick NAM, was formed to advise the independent shareholders of the Company on the fairness and reasonableness of the terms of the 2008 Amendment Agreements dated 2 September 2008 and the transactions contemplated thereunder in relation to Phases II and III of the Western Delta Route, relevant information is set out under the section headed "Connected Transactions" in the Report of the Directors. At the extraordinary general meeting of the Company held on 13 October 2008 for approving the 2008 Amendment Agreements, all members of the Independent Board Committee were available to answer questions that the shareholders of the Company might have in relation to the 2008 Amendment Agreements and any matters in relation thereto.

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	6	2	1	1
Executive Directors				
Sir Gordon Ying Sheung WU GBS, KCMG, FICE *(Chairman)*	6 out of 6	N/A	N/A	1 out of 1
Mr. Eddie Ping Chang HO *(Remuneration Committee Chairman)*	5 out of 6	N/A	1 out of 1	1 out of 1
Mr. Thomas Jefferson WU	6 out of 6	N/A	N/A	1 out of 1
Mr. Josiah Chin Lai KWOK	6 out of 6	N/A	N/A	1 out of 1
Mr. Robert Van Jin NIEN	5 out of 6	N/A	N/A	1 out of 1
Mr. Albert Kam Yin YEUNG	6 out of 6	N/A	N/A	1 out of 1
Mr. David Yau-gay LUI	5 out of 6	N/A	N/A	1 out of 1
Mr. Eddie Wing Chuen HO Junior	4 out of 6	N/A	N/A	1 out of 1
Mr. Barry Chung Tat MOK	6 out of 6	N/A	N/A	1 out of 1
Mr. William Wing Lam WONG	6 out of 6	N/A	N/A	1 out of 1
Non-Executive Directors				
Mr. Henry Hin Moh LEE	6 out of 6	N/A	N/A	1 out of 1
Lady WU Ivy Sau Ping KWOK	5 out of 6	N/A	N/A	1 out of 1
Mr. Carmelo Ka Sze LEE	4 out of 6	N/A	N/A	0 out of 1
Independent Non-Executive Directors				
Mr. Guy Man Guy WU	6 out of 6	2 out of 2	N/A	1 out of 1
Ms. Linda Lai Chuen LOKE	6 out of 6	2 out of 2	1 out of 1	1 out of 1
Mr. Lee Yick NAM *(Audit Committee Chairman)*	6 out of 6	2 out of 2	1 out of 1	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 13 October 2008.

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 85 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 and remuneration. 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 2008 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 as set out under the section headed "Continuing Connected Transactions" in the Report of the Directors.

During the year ended 30 June 2009, 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	5,868
Non-audit services:	
Taxation and advisory services	455
Others	928
	7,251

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

The Group maintains a proactive investor relations approach notwithstanding the financial tsunami and challenging global markets. Through active dialogues with institutional investors and analysts, the Group believes that the investment community will have a better understanding on the Group's corporate strategies, business development and future outlook. Communications in times of turmoil is particularly important as it will help provide comfort to investors.

During the year under review, the Group participated in a number of investor conferences, local and overseas roadshows, regular meetings and teleconferences with fund managers and analysts. These events allow investors to gain updates on the Group's latest developments. Analyst meetings for interim and final results announcements are arranged on a regular basis annually. Through these briefings, analysts and investors can interact with the senior management of the Group.

To ensure investors will have timely access to the recent developments, the Group makes extensive use of its corporate website (www.hopewellholdings.com) to disseminate information in strict compliance with relevant requirements. Investors can obtain the latest corporate information such as financial data, announcements, press releases, interim and annual reports through the website.

Visibility will continue to be emphasized in the Group's investor relations strategy. Looking ahead, the Group will carry on adopting a proactive and effective communication program with investors, to ensure they are adequately informed about the present and future developments. The objective of enhancing shareholder value remains intact.

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 2009.

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 2009 are set out in the consolidated income statement on page 87.

Dividends

The Directors recommend the payment of a final dividend of HK58 cents (2008: HK40 cents) per share.

During the year, an interim dividend of HK40 cents and an extraordinary special interim dividend of HK330 cents (2008: interim dividend of HK55 cents and special interim dividend of HK55 cents) per share was paid on 20 March 2009 and 14 November 2008 respectively.

Furthermore, a non-cash special interim dividend satisfied by way of a distribution in specie of shares in Hopewell Highway Infrastructure Limited ("HHI Shares") was also effected during the year. HHI Shares were distributed by the Company in the proportion of one HHI Share for every whole multiple of 10 ordinary shares in the Company held by the shareholders recorded on the register of members of the Company as at the close of business on 19 March 2009. Definitive certificates for the relevant HHI Shares were dispatched to the eligible shareholders by 31 March 2009. An aggregate of 88,027,402 HHI Shares were distributed by the Company pursuant to the distribution. Based on the closing price per HHI Share as traded on the The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 31 March 2009 (the date of distribution of HHI Shares), the aggregate market value of the HHI Shares distributed to the eligible shareholders was approximately HK$385 million, which represents a distribution of approximately HK43.7 cents per share of the Company.

Total dividends for this year comprise cash dividends of HK428 cents (2008: HK260 cents) per share and non-cash special interim dividend by way of a distribution in specie of HHI Shares.

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 "Business Review" as set out on pages 18 to 39.

Share Capital

Movements in share capital of the Company during the year are set out in note 35 to the consolidated financial statements.

Share Premium and Reserves

Movements in share premium and reserves during the year are set out in the Consolidated Statement of Recognised Income and Expense on page 91 and note 36 to the consolidated financial statements.

Distributable Reserve

The Company's distributable reserve at 30 June 2009 amounts to HK$2,226 million (2008: HK$7,159 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$7,337,000 (2008: HK$13,431,000).

Fixed Assets

Movements in investment properties and property, plant and equipment during the year are set out in notes 17 and 18 to the consolidated financial statements respectively. Particulars regarding the major properties and property interests of the Group are set out on pages 159 and 160.

Major Customers and Suppliers

During the year, both the aggregate amount of purchases attributable to the Group's 5 largest suppliers and the aggregate amount of turnover attributable to the Group's 5 largest customers were less than 30% of total purchases and turnover of the Group respectively.

Directors and Senior Management

The Directors of the Company and their profiles as at the date of this report are set out on pages 10 to 15. Changes during the year and up to the date of this report are as follows:

Ir. Leo Kwok Kee LEUNG	(appointed on 1 July 2009)

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annul general meeting of the Company held in the third year following the year of his/her last election/re-election and shall be eligible for re-election subject to the provisions of the articles of association of the Company. Mr. Eddie Ping Chang HO, Mr. David Yau-gay LUI, Mr. Albert Kam Yin YEUNG and Mr. Eddie Wing Chuen HO Junior shall retire by rotation at the forthcoming annual general meeting. Except for Mr. David Yau-gay LUI who did not offer himself for re-election, the remaining Directors, being eligible, offered themselves for re-election.

Furthermore, 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. Ir. Leo Kwok Kee LEUNG, who was appointed as a Director of the Company on 1 July 2009, shall retire at the forthcoming annual general meeting and, being eligible, offered himself 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.

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 2009, 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 pursuant to the Model Code were as follows:

(A) the Company (i)

Directors	Shares: Personal interests (held as beneficial owner)	Shares: Family interests (interests of spouse or child under 18)	Shares: Corporate interests (ii) (interests of controlled corporation)	Shares: Other interests (iii)	Underlying shares of equity derivatives (iv)	Total interests	% of issued share capital
Sir Gordon Ying Sheung WU	74,683,240	24,720,000 (v)	111,250,000 (vi)	30,680,000	—	241,333,240 (ix)	27.46%
Eddie Ping Chang HO	25,028,000	1,366,000	2,050,000	—	—	28,444,000	3.24%
Thomas Jefferson WU	25,630,000	—	820,000	—	—	26,450,000	3.01%
Josiah Chin Lai KWOK	1,275,000	—	—	—	—	1,275,000	0.15%
Henry Hin Moh LEE	5,104,322	—	—	—	—	5,104,322	0.58%
Robert Van Jin NIEN	828,000	—	—	—	—	828,000	0.09%
Guy Man Guy WU	2,645,650	—	—	—	—	2,645,650	0.30%
Lady WU Ivy Sau Ping KWOK	24,720,000	124,743,240 (vii)	61,190,000 (viii)	30,680,000	—	241,333,240 (ix)	27.46%
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	—	—	—	—	290,000	0.03%
Eddie Wing Chuen HO Junior	608,000	—	—	—	—	608,000	0.07%
Lee Yick NAM	90,000	—	—	—	—	90,000	0.01%
Barry Chung Tat MOK	888,000	—	—	—	—	888,000	0.10%
William Wing Lam WONG	150,000	—	—	—	288,000	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 WU Ivy Sau Ping KWOK ("Lady 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 family interests in 24,720,000 shares represented the interests of Lady WU.

(vi) 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 (viii).

(vii) The family interests in 124,743,240 shares represented the interests of Sir Gordon WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations.

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

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

(B) Associated Corporations

(a) 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	13,717,724	5,244,000 (ii)	21,249,999 (iii)	6,136,000 (iv)	46,347,723 (viii)	1.56%
Eddie Ping Chang HO	4,355,000	275,000	410,000	—	5,040,000	0.17%
Thomas Jefferson WU	12,674,000	—	164,000	—	12,838,000	0.43%
Josiah Chin Lai KWOK	127,500	—	—	—	127,500	0.00%
Henry Hin Moh LEE	789,960	—	—	—	789,960	0.03%
Robert Van Jin NIEN	142,800	—	—	—	142,800	0.00%
Guy Man Guy WU	264,565	—	—	—	264,565	0.01%
Lady WU Ivy Sau Ping KWOK	5,244,000 (v)	22,729,725 (vi)	12,237,998 (vii)	6,136,000 (iv)	46,347,723 (viii)	1.56%
Linda Lai Chuen LOKE	—	130,898	—	—	130,898	0.00%
Albert Kam Yin YEUNG	29,000	—	—	—	29,000	0.00%
David Yau-gay LUI	1,706	—	—	—	1,706	0.00%
Eddie Wing Chuen HO Junior	60,800	—	—	—	60,800	0.00%
Lee Yick NAM	9,000	—	—	—	9,000	0.00%
Barry Chung Tat MOK	88,800	—	—	—	88,800	0.00%
William Wing Lam WONG	15,000	—	—	—	15,000	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 5,244,000 HHI Shares were interests held by Lady WU.

(iii) The corporate interests in 21,249,999 HHI Shares held by Sir Gordon WU included the corporate interests in 12,237,998 HHI Shares referred to in Note (vii).

(iv) The other interests in 6,136,000 HHI Shares represented the interests held jointly by Sir Gordon WU and Lady WU.

(v) The interests in 5,244,000 HHI Shares were personal interests beneficially owned by Lady WU and represented the same block of shares in Note (ii).

(vi) The family interests in 22,729,725 HHI Shares represented the interests of Sir Gordon WU. This figure included 9,012,001 HHI Shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 12,237,998 HHI Shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.

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

(b) 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 of associated corporations were long positions.

Save as aforesaid, as at 30 June 2009, 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 67,245,212 shares (representing approximately 7.65% 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 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 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 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 2009 were as follows:

			Number of share options						
	Date of grant	*Exercise price per share HK$*	*Outstanding at 01/07/2008*	*Granted during the year*	*Exercised during the year*	*Lapsed during the year*	*Outstanding at 30/06/2009*	*Exercise period*	*Closing price before date of grant falling within the year HK$*
Directors									
Barry Chung Tat MOK	02/09/2005	19.94	1,900,000	-	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	6,688,200	-	362,000	736,000	5,590,200	01/11/2007 -31/10/2013	N/A
Employees	15/11/2007	36.10	5,248,000	-	-	176,000	5,072,000	01/12/2008 -30/11/2014	N/A
Employees	24/07/2008	26.35	-	1,788,000	-	-	1,788,000	01/08/2009 -31/07/2015	26.25
Employees	11/03/2009	21.45	-	1,760,000	-	-	1,760,000	18/03/2010 -17/03/2016	20.60
Total			14,124,200	3,548,000	2,262,000	912,000	14,498,200		

No option was cancelled during the year.

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by the director during the year was HK$24.63.

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$24.57.

The options granted on 2 September 2005, 10 October 2006, 15 November 2007, 24 July 2008 and 11 March 2009 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
Granted on 24 July 2008	
20% of options granted	01/08/2009–31/07/2010
40%* of options granted	01/08/2010–31/07/2011
60%* of options granted	01/08/2011–31/07/2012
80%* of options granted	01/08/2012–31/07/2013
100%* of options granted	01/08/2013–31/07/2015
Granted on 11 March 2009	
20% of options granted	18/03/2010–17/03/2011
40%* of options granted	18/03/2011–17/03/2012
60%* of options granted	18/03/2012–17/03/2013
80%* of options granted	18/03/2013–17/03/2014
100%* of options granted	18/03/2014–17/03/2016

* *including those not previously exercised*

The fair value of the share options granted during the year with the exercise price per share of HK$26.35 is estimated at approximately HK$13.5 million at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK$26.25 per share at the grant date, the historical volatility of share price of the Company of 33.54% which is based on the 7 years weekly historical volatility of the Company's share price as at 24 July 2008, expected life of options of 7 years, expected dividend yield of 3.01%, and the risk free rate of 3.598% with reference to the rate on the 7-year Exchange Fund Notes.

The fair value of the share options granted during the year with the exercise price per share of HK$21.45 is estimated at approximately HK$9.1 million at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK$21.45 per share at the grant date, the historical volatility of share price of the Company of 34.37% which is based on the 7 years weekly historical volatility of the Company's share price as at 11 March 2009, expected life of options of 7 years, expected dividend yield of 4.53%, and the risk free rate of 1.872% 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. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

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 (the "HHI Board") 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 277,448,000 shares (representing 9.37% 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 (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 2009 were as follows:

			Number of HHI share options						
	Date of grant	***Exercise price per share HK$***	***Outstanding at 01/07/2008***	***Granted during the year***	***Exercised during the year***	***Lapsed during the year***	***Outstanding at 30/06/2009***	***Exercise period***	***Closing price before date of grant falling within the year HK$***
Employees of HHI	17/10/2006	5.858	4,928,000	–	–	488,000	4,440,000	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	N/A
Employees of HHI	24/07/2008	5.800	–	800,000	–	400,000	400,000	01/08/2009 -31/07/2015	5.740
Employees of HHI	11/03/2009	4.470	–	400,000	–	400,000	–	18/03/2010 -17/03/2016	4.4
Total			5,688,000	1,200,000	–	1,288,000	5,600,000		

No option was cancelled during the year.

The options granted on 17 October 2006, 19 November 2007, 24 July 2008 and 11 March 2009 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
Granted on 24 July 2008	
20% of options granted	01/08/2009–31/07/2010
40%* of options granted	01/08/2010–31/07/2011
60%* of options granted	01/08/2011–31/07/2012
80%* of options granted	01/08/2012–31/07/2013
100%* of options granted	01/08/2013–31/07/2015
Granted on 11 March 2009	
20% of options granted	18/03/2010–17/03/2011
40%* of options granted	18/03/2011–17/03/2012
60%* of options granted	18/03/2012–17/03/2013
80%* of options granted	18/03/2013–17/03/2014
100%* of options granted	18/03/2014–17/03/2016

** including those not previously exercised*

The fair value of the share options granted during the year with the exercise price per share of HK$5.80 is estimated at approximately HK$842,900 at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK$5.80 per share at the Grant Date, the historical volatility of share price of HHI of 25.94% which is based on 5 years daily historical volatility of HHI's share price from the date of listing to 24 July 2008, expected life of options of 7 years, expected dividend yield of 4.66%, and the risk-free rate of 3.598% with reference to the rate on the 7-year Exchange Fund Notes.

The share options granted during the year with the exercise price per share of HK$4.47 also lapsed during the year. There was no financial impact to the consolidated financial statements of the Group and no valuation on these share options was performed.

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. As the characteristics of the options granted during the year are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

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			
Directors	***Outstanding at 01/07/2008***	***Awarded***	***Vested on 25/01/2009***	***Lapsed***	***Outstanding at 30/06/2009***
Josiah Chin Lai KWOK	90,000	—	90,000	—	—
Robert Van Jin NIEN	36,000	—	36,000	—	—
Albert Kam Yin YEUNG	60,000	—	60,000	—	—
Eddie Wing Chuen HO Junior	36,000	—	36,000	—	—
Barry Chung Tat MOK	50,000	—	50,000	—	—
William Wing Lam WONG	50,000	—	50,000	—	—
Total	322,000	—	322,000	—	—
Weighted average fair value	HK$23.22	—	HK$23.22	—	—

(D) During the year under review, cash dividend income amounting to HK$1,920,000 (2008: HK$1,270,000) and non-cash dividend income in the form of 7,200 ordinary shares in HHI 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 or shares for the purchase of share which shall become returned shares for the purpose of the HHL Award Scheme, or apply such cash or shares to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash or shares 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 01/07/2008*	*Movements during the year*			*Outstanding at 30/06/2009*
		Awarded	*Vested*	*Lapsed*	
Directors of HHI					
25/01/2009	340,000	—	340,000	—	—
Employee of HHI					
25/01/2009	40,000	—	40,000	—	—
Total	380,000	—	380,000	—	—
Weighted average fair value	HK$5.68	—	HK$5.68	—	—

(D) During the year under review, the dividend income amounted to HK$475,000 (2008: 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 2009 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 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$8,876,000.

Management Contracts

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

Substantial Shareholders

As at 30 June 2009, to the best knowledge of the Directors, the interests of persons (other than Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	*Capacity*	*Number of shares (corporate interests)*	*% of issued share capital*
Commonwealth Bank of Australia	Interests of controlled corporations	44,412,000	5.05%

Save as disclosed above and under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", the Company has not been notified of any other interests 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 as at 30 June 2009.

Purchase, Sale or Redemption of Securities

During the year, the Company repurchased 15,635,500 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of approximately HK$361,468,000. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK$39,088,750 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*	*Lowest price paid per share*	*Aggregate consideration paid (including transaction costs)*
		HK$	*HK$*	*HK$'000*
July 2008	743,000	27.35	25.65	19,619
August 2008	1,159,000	30.10	27.80	33,957
September 2008	1,637,000	28.10	25.15	44,425
October 2008	4,080,000	26.40	19.60	88,440
November 2008	2,438,000	23.85	18.80	51,583
December 2009	2,806,000	25.00	19.16	63,880
January 2009	1,447,500	25.00	21.50	33,418
April 2009	1,325,000	19.98	19.46	26,146
Total	**15,635,500**			**361,468**

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 the Company's listed securities during the year ended 30 June 2009.

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) Acquisition of Mingway Company, Limited

On 30 July 2008, Procelain Properties Ltd. ("Procelain") and Hopewell Properties (B.V.I.) Limited (both wholly-owned subsidiaries of the Company) entered into an agreement (the "Acquisition Agreement") with Galette Company Limited ("Galette") and Chi Chung Company, Limited for the acquisition (the "Acquisition") by Procelain from Galette of the entire issued share capital of Mingway Company, Limited ("Mingway") at a cash consideration of HK$208.4 million (the "Consideration"). Mingway was principally engaged in property investment and its principal asset was its sole ownership of 2 commercial units located on the Ground Floor, and 2 commercial units and a restaurant located on the Second Floor, Wu Chung House, No. 213 Queen's Road East, Hong Kong (the "Properties").

The Board of the Company believed that acquiring the Properties by means of the Acquisition would provide synergy for such retail stores and restaurants located at Wu Chung House with the existing retail properties owned by the Group in Hopewell Centre, QRE Plaza and GardenEast through better coordinated marketing efforts for the new dining and entertainment concept, "The East", being promoted by the Group. The Board also believed that successful branding of this concept could bring more patrons to shops located in the retail properties of the Group in that area, and be expected to increase the rental yield for such properties.

The Directors (including the Independent Non-executive Directors) believed that the terms of the Acquisition were fair and reasonable and in the interests of the shareholders of the Company as a whole.

As announced by the Company on 30 July 2008, Chi Chung and Galette were, directly and indirectly respectively, wholly-owned by Sir Gordon Ying Sheung WU and Lady WU Ivy Sau Ping KWOK who are both Directors and substantial shareholders of the Company. Therefore, Chi Chung and Galette were both connected persons of the Company and accordingly, the Acquisition constituted a connected transaction of the Company.

Relevant information on the Acquisition was disclosed by the Company in the announcement dated 30 July 2008.

(B) Amendment Agreements in relation to Phases II and III of the Western Delta Route

On 2 September 2008, the Company and HHI jointly issued an announcement on the agreements (being the "2008 Phase III Amendment Agreements" (as defined hereinafter) and the "2008 Phase II Amendment Agreements" (as defined hereinafter), collectively the "2008 Amendment Agreements") entered into between Hopewell Guangzhou-Zhuhai Superhighway Development Limited ("HHI West HK Co"), a wholly-owned subsidiary of HHI, and Guangdong Provincial Highway Construction Company Limited ("West Route PRC Partner") in relation to Phase II West and Phase III West.

(a) The 2008 Phase III Amendment Agreements

On 2 September 2008, HHI West HK Co and West Route PRC Partner entered into (i) the conditional agreement under which the parties thereto agreed to amend the Sino-foreign co-operative joint venture contract (the "JV Contract") dated 5 January 2004 between them, as may be amended from time to time, in relation to Phase III West and (ii) the conditional agreement under which the parties thereto agreed to amend the articles of association (the "JV Articles"), as may be amended from time to time, of Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") in relation to Phase III West (collectively the "2008 Phase III Amendment Agreements").

The major terms of the 2008 Phase III Amendment Agreements are summarised as follows:-

(i) The areas of co-operation under each of the JV Contract and JV Articles are expanded to include the investment in and the construction and operation of Phase III West and related facilities in addition to Phase I West and Phase II West.

(ii) Subject to approval by the relevant government departments, the estimated total amount of investment in Phase III West is to be increased from RMB3,260 million (excluding loan interest incurred during the construction period and future adjustments of government charges and fees (if any)) to RMB5,600 million (including loan interest incurred during the construction period).

(iii) The registered capital of West Route JV is to be increased by RMB1,960 million from RMB2,303 million to RMB4,263 million to be contributed in cash by West Route PRC Partner and HHI West HK Co in equal share (i.e. each to contribute RMB980 million). 20 per cent of such contribution will be made within 3 months, and the remaining within 2 years, from the date of issue of the new business licence of West Route JV. Before the contribution of the increased registered capital, West Route PRC Partner agrees to make advances to meet the project expenses. West Route JV will pay interest at the lending rate announced by The People's Bank of China or the rate at which West Route PRC Partner actually obtains loans (whichever is lower) on any project expenses advanced by West Route PRC Partner until the date of repayment, compounded quarterly.

(iv) The duration of the West Route JV as stipulated in the JV Articles (the "JV Operation Period") will, subject to approval of the relevant PRC authorities, be 40 years commencing on the date on which the new business licence of West Route JV is issued. The JV Operation Period may be extended if unanimously resolved by the board of directors of West Route JV and approved by regulatory authorities which granted the original approval within 6 months before the expiry of the JV Operation Period.

(b) The 2008 Phase II Amendment Agreements

On 2 September 2008, HHI West HK Co and West Route PRC Partner entered into (i) the conditional agreement under which the parties thereto agreed to amend the JV Contract in relation to Phase II West and (ii) the conditional agreement under which the parties thereto agreed to amend the JV Articles in relation to Phase II West (collectively the "2008 Phase II Amendment Agreements").

The major terms of the 2008 Phase II Amendment Agreements are summarised as follows:-

(i) Subject to the approval by the relevant government departments, the estimated total amount of investment in Phase II West is to be increased from RMB4,900 million (excluding loan interest incurred during the construction period and future adjustments of government charges and fees (if any)) to RMB7,200 million (including loan interest incurred during the construction period).

(ii) The registered capital of West Route JV is to be further increased from RMB4,263 million to RMB5,068 million, with the increased amount of RMB805 million in total to be contributed in cash by West Route PRC Partner and HHI West HK Co in equal share (i.e. each to contribute RMB402.5 million). 20 per cent of such contribution will be made within 3 months, and the remaining within 2 years, from the date of issue of the new business licence of West Route JV. Before the contribution of the increased registered capital, West Route PRC Partner agrees to make advances to meet the project expenses. West Route JV will pay interest at the lending rate announced by The People's Bank of China or the rate at which West Route PRC Partner actually obtains loans (whichever is lower) on any project expenses advanced by West Route PRC Partner until the date of repayment, compounded quarterly.

The Board of the Company believed that the traffic flow in Phase II West and Phase III West would be driven by the rise in number of vehicles in Guangdong and the synergy from the transportation network developments between Hong Kong and the western bank of PRD. It was anticipated that the total cost of construction of Phase III West and Phase II West will exceed the original budget due to (i) the increase in land acquisition and demolition costs payable by West Route JV as a result of the tightening of PRC government's control over grants of land and the increase in compensation standards; (ii) the increase in the prices of construction materials; (iii) the incorporation of loan interest to be incurred during the construction periods; and (iv) the change in design of Phase III West to add more tunnels and bridges.

The terms of the 2008 Amendment Agreements were determined after arm's length negotiations between HHI and West Route PRC Partner. The Board (including the Independent Non-Executive Directors) of the Company considered that the terms of the 2008 Amendment Agreements were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Clause 46 of 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 the 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). West Route PRC Partner is a state-owned enterprise wholly-owned by and under the administration of Guangdong Provincial Communication Group Company Limited (廣東省交通集團有限公司) ("GPCG"). GPCG is a state-owned enterprise established by the Guangdong Provincial Government which primarily engages in the investment, construction, supervision and operation of major transportation and infrastructure projects in Guangdong Province. West Route PRC Partner currently has a respective 50% and 52% interest in 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 HHI and the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the 2008 Amendment Agreements constituted connected transactions of the Company. The 2008 Amendment Agreements are subject to the reporting and announcements, and the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules. The 2008 Amendment Agreements were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 13 October 2008.

Relevant information on the 2008 Amendment Agreements was disclosed by the Company and HHI in the joint announcement dated 2 September 2008 and the joint circular dated 22 September 2008.

Continuing Connected Transactions

Management Agreement with Nan Yue

On 1 June 2007, West Route JV entered into a management agreement ("Management Agreement") with Guangdong Nan Yue Logistics Company Limited ("Nan Yue"), a subsidiary of GPCG.

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 Phase II West ("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 Phase II West). The service fee is 2.5% of the fee for the materials supplied for Phase II West and shall be paid on a quarterly basis after deduction of the 5% assurance fee; such assurance fee 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 Phase II West ("Construction Contractors"). The material fee shall be payable by the Construction Contractors to Nan Yue. 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 Phase II West.

Pursuant to the reasons disclosed in paragraph (B) under the section headed "Connected Transactions", Nan Yue, being a subsidiary of GPCG, is 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 2009 under the Management Agreement was RMB12.0 million (2008: RMB11.7 million).

The Independent Non-executive Directors of the Company have reviewed and confirmed that the Material Logistic Services provided by Nan Yue for the financial year ended 30 June 2009 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.

Further, pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged Deloitte Touche Tohmatsu, the auditor of the Company, to perform certain agreed upon procedures in respect of the Material Logistic Services provided by Nan Yue. The auditor has reported to the Board that (i) the Material Logistics Services transactions have received the approval of the Board of the Company, (ii) the amount of the Material Logistics Services fee for the year ended 30 June 2009 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 Material Logistics Services transactions have been entered into in accordance with the terms of the Management Agreement governing the connected transactions.

Saved as disclosed above, related party transactions that did not constitute connected transactions or continuing connected transactions made during the year are disclosed in note 44 to the consolidated financial statements.

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, 26 August 2009

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 WU Ivy Sau Ping KWOK JP#
Ms. Linda Lai Chuen LOKE##
Mr. Albert Kam Yin YEUNG
Mr. David Yau-gay LUI
Mr. Carmelo Ka Sze LEE#
Ir. Leo Kwok Kee LEUNG#
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 WU Ivy Sau Ping KWOK*

\# *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 Limited
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
Sumitomo Mitsui Banking Corporation
Tai Fung Bank Limited
Wing Lung Bank Limited

+ *names are in alphabetical order*

Share 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

INDEPENDENT AUDITOR'S REPORT

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 87 to 158, which comprise the consolidated and Company balance sheets as at 30 June 2009, 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 2009 and of the Group's profit and cash flows 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
26 August 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2009

	Notes	2008 HK$'000 (restated)	2009 HK$'000
Turnover	5	914,962	**967,841**
Cost of sales and services		(479,256)	**(466,026)**
		435,706	**501,815**
Other income	7	416,973	**134,118**
Selling and distribution costs		(85,304)	**(51,281)**
Administrative expenses		(282,479)	**(305,105)**
Other expenses	8	(13,430)	**(7,337)**
Gain recognised on transfer of property to investment properties upon completion of development		371,408	**510,847**
Gain arising from changes in fair value of investment properties		270,334	**209,359**
Gain arising from distribution in specie of shares in a subsidiary	14	—	**143,572**
Gain on disposal of available-for-sale investments		21,756	**1,873**
Gain on disposal of jointly controlled entities and associates	9	4,741,457	**—**
Gain on disposal of investment properties		27,106	**—**
Gain on deemed disposal of partial interest in a subsidiary		291	**—**
Finance costs	10	(86,759)	**(35,270)**
Share of profits of			
Jointly controlled entities	11	1,044,192	**1,109,292**
Associates		6,743	**6,858**
Profit before taxation	12	6,867,994	**2,218,741**
Income tax expense	13	(339,104)	**(221,278)**
Profit for the year		6,528,890	**1,997,463**
Attributable to:			
Equity holders of the Company		5,978,766	**1,680,851**
Minority interests		550,124	**316,612**
		6,528,890	**1,997,463**
Dividends	14	2,038,718	**4,995,334**
		HK$	HK$
Earnings per share	15		
Basic		6.66	**1.90**
Diluted		6.63	**1.90**

CONSOLIDATED BALANCE SHEET

At 30 June 2009

	Notes	2008 HK$'000 (restated)	2009 HK$'000
ASSETS			
Non-current Assets			
Investment properties	17	8,031,300	**9,239,700**
Property, plant and equipment	18	480,373	**570,037**
Prepaid land lease payments	19	969,341	**909,485**
Properties under development	22	442,648	**381,783**
Interests in jointly controlled entities	23	5,560,812	**6,704,998**
Interests in associates	24	22,833	**27,042**
Loan receivable		—	**3,064**
Available-for-sale investments	25	65,096	**33,318**
Loan to a jointly controlled entity	26	55,451	**25,000**
		15,627,854	**17,894,427**
Current Assets			
Inventories	27	18,457	**15,333**
Stock of properties	28		
Under development		364,525	**407,596**
Completed		17,593	**96,254**
Prepaid land lease payments	19	10,650	**10,572**
Trade and other receivables	29	1,117,363	**29,111**
Deposits and prepayments		46,115	**51,183**
Bank balances and cash held by:	30		
Hopewell Highway Infrastructure Limited and its subsidiaries		5,997,274	**2,775,222**
Other entities in the Group		4,785,087	**2,502,685**
		12,357,064	**5,887,956**
Total Assets		27,984,918	**23,782,383**

CONSOLIDATED BALANCE SHEET (continued)

At 30 June 2009

	Notes	2008 HK$'000 (restated)	2009 HK$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	35	2,230,806	**2,197,373**
Share premium and reserves	36	20,816,207	**17,185,571**
Equity attributable to equity holders of the Company		23,047,013	**19,382,944**
Share option reserve of a subsidiary	36	2,378	**2,974**
Share award reserve of a subsidiary	36	1,124	**—**
Minority interests	36	3,232,569	**2,601,477**
Total Equity		26,283,084	**21,987,395**
Non-current Liabilities			
Warranty provision	42(a)	84,059	**84,059**
Deferred tax liabilities	37	877,174	**1,075,227**
Amount due to a minority shareholder of a subsidiary	34	59,979	**61,929**
		1,021,212	**1,221,215**
Current Liabilities			
Trade and other payables	31	489,000	**370,551**
Rental and other deposits		140,293	**156,290**
Amounts due to associates	32	9,865	**9,741**
Amount due to a jointly controlled entity	32	—	**2,243**
Tax liabilities		41,464	**34,948**
		680,622	**573,773**
Total Liabilities		1,701,834	**1,794,988**
Total Equity and Liabilities		27,984,918	**23,782,383**

Thomas Jefferson WU
Co-Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

COMPANY BALANCE SHEET

At 30 June 2009

	Notes	2008 HK$'000	2009 HK$'000
ASSETS			
Non-current Assets			
Investments in subsidiaries	20	924,500	**895,426**
Amounts due from subsidiaries	21	12,109,537	**9,498,304**
Investments in associates	24	401	**401**
Available-for-sale investments	25	3,000	**3,000**
		13,037,438	**10,397,131**
Current Assets			
Trade and other receivables		2,707	**1,439**
Deposits and prepayments		3,642	**4,037**
Amounts due from subsidiaries	33	1,232,967	**1,252,940**
Bank balances and cash	30	4,228,504	**1,964,150**
		5,467,820	**3,222,566**
Total Assets		18,505,258	**13,619,697**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	35	2,230,806	**2,197,373**
Share premium and reserves	36	15,942,661	**11,119,302**
		18,173,467	**13,316,675**
Current Liabilities			
Trade and other payables		5,446	**8,603**
Amounts due to associates	32	9,865	**9,741**
Amounts due to subsidiaries	33	316,480	**284,678**
Total Liabilities		331,791	**303,022**
Total Equity and Liabilities		18,505,258	**13,619,697**

Thomas Jefferson WU
Co-Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30 June 2009

	2008 HK$'000 (restated)	**2009 HK$'000**
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	320,309	**(42,029)**
Gain (loss) arising from changes in fair value of available-for-sale investments	48,174	**(9,910)**
Gain arising from changes in fair value of other properties before reclassification to investment properties	13,024	**—**
Deferred tax liabilities on changes in fair value of other properties	(2,149)	**—**
Deferred tax liabilities on changes in fair value of available-for-sale investments	(3,590)	**—**
Net income (expense) recognised directly in equity	375,768	**(51,939)**
Reversal of deferred tax liabilities on disposal of available-for-sale investments	3,590	**—**
Investment revaluation reserve transferred to profit or loss on disposal of available-for-sale investments	(21,756)	**(1,873)**
Translation reserve realised on disposal of a jointly controlled entity	(76,918)	**—**
Profit for the year	6,528,890	**1,997,463**
Total recognised income for the year	6,809,574	**1,943,651**
Attributable to:		
Equity holders of the Company	6,219,048	**1,629,902**
Minority interests	590,526	**313,749**
	6,809,574	**1,943,651**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2009

	2008 HK$'000 (restated)	2009 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	6,867,994	**2,218,741**
Adjustments for:		
Amortisation of prepaid land lease payments	2,845	**2,845**
Depreciation of property, plant and equipment	36,595	**46,681**
Dividend income	(2,877)	**—**
Gain recognised on transfer of property to investment properties upon completion of development	(371,408)	**(510,847)**
Gain arising from changes in fair value of investment properties	(270,334)	**(209,359)**
Gain arising from distribution in specie of shares in a subsidiary	—	**(143,572)**
Gain on disposal of available-for-sale investments	(21,756)	**(1,873)**
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 partial interest in a subsidiary	(291)	**—**
Finance costs	86,759	**35,270**
Interest from bank deposits, loans and receivables	(288,325)	**(115,359)**
Loss on disposal of property, plant and equipment	622	**217**
Share-based payment expense	36,883	**29,440**
Share of profits of		
Jointly controlled entities	(1,044,192)	**(1,109,292)**
Associates	(6,743)	**(6,858)**
Operating cash flows before movements in working capital	257,209	**236,034**
(Increase) decrease in inventories	(3,767)	**3,124**
Increase in stock of properties	(70,969)	**(122,740)**
Decrease (increase) in trade and other receivables, and deposits and prepayments	77,850	**(9,530)**
Decrease in trade and other payables, and rental and other deposits	(2,094)	**(65,413)**
Cash generated from operations	258,229	**41,475**
Tax paid		
Hong Kong Profits Tax	(15,968)	**(28,145)**
Taxation elsewhere	(29,051)	**(1,616)**
NET CASH FROM OPERATING ACTIVITIES	213,210	**11,714**

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 30 June 2009

	Notes	2008 HK$'000 (restated)	2009 HK$'000
INVESTING ACTIVITIES			
Interest received		292,573	**119,936**
Dividends received		576,412	**1,104,668**
Acquisition of a subsidiary (net of cash and cash equivalents)	38	—	**(208,007)**
Additions to investment properties		(248,294)	**(35,159)**
Additions to property, plant and equipment		(95,329)	**(57,757)**
Additions to prepaid land lease payments		(35,803)	**(39,432)**
Investments in jointly controlled entities		(947,752)	**(111,978)**
Repayments from jointly controlled entities		1,687,316	**55,029**
Loan to a jointly controlled entity		—	**(25,000)**
Repayments to associates		(803)	**(124)**
Acquisition of available-for-sale investments		(63,784)	**—**
Proceeds from disposal of available-for-sale investments		65,544	**21,868**
Disposal of a subsidiary (net of cash and cash equivalents)	39	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)	**—**
Additions to properties under development		(170,825)	**(191,036)**
Net proceeds received on disposal of			
Investment properties		186,936	**—**
Other property, plant and equipment		72	**202**
Acquisition of additional interest in a subsidiary		(29,572)	**(39,049)**
NET CASH FROM INVESTING ACTIVITIES		7,421,840	**594,161**
FINANCING ACTIVITIES			
Dividends paid to			
Shareholders		(2,038,718)	**(4,610,654)**
Minority shareholders of subsidiaries		(367,297)	**(1,157,244)**
Proceeds from issue of shares by a subsidiary		592	**—**
Advances from a minority shareholder of a subsidiary		46,921	**—**
Proceeds from issue of shares by the Company		30,371	**45,975**
Repurchase of shares		(259,294)	**(361,468)**
Advance from a jointly controlled entity		—	**2,243**
Loan arrangement fees and bank charges paid		(49,088)	**(29,105)**
NET CASH USED IN FINANCING ACTIVITIES		(2,636,513)	**(6,110,253)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4,998,537	**(5,504,378)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		5,757,579	**10,782,361**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		26,245	**(76)**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		10,782,361	**5,277,907**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. GENERAL

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited ("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, Hong Kong.

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

During the year, Hopewell Highway Infrastructure Limited ("HHI"), a non-wholly owned subsidiary of the Company whose shares are listed on the Hong Kong Stock Exchange, changed its functional currency from Hong Kong dollars to Renminbi due to the change of the underlying investment activities and strategy of HHI. The effect of the change of the functional currency of HHI has been accounted for prospectively. All items of the financial statements of HHI were translated into Renminbi using the exchange rate at the date of change. The resulting translated amounts for non-monetary item are treated as their historical cost.

The principal activities of the Company and it subsidiaries (collectively referred to as "the Group") are investment in toll road and power plant, 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 ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programme
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

Service concession arrangements

In the current year, certain jointly controlled entities of the Group have applied HK(IFRIC)-Int 12 "Service Concession Arrangements" which is effective for the Group's financial periods beginning on 1 July 2008.

In accordance with HK(IFRIC)-Int 12, infrastructure within the scope of this interpretation is not recognised as property, plant and equipment of the operator but is recognised as an intangible asset in accordance with HKAS 38 "Intangible Assets" to the extent that the operator receives a right (a licence) to charge users of the public service. The financial impact on application of this interpretation is summarised below.

Summary of the effect of the changes in accounting policies of certain jointly controlled entities of the Group

The effect of changes in accounting policies described above on the results for the current and prior year by line items presented is as follows:

	2008 HK$'000	2009 HK$'000
Increase in share of profit of jointly controlled entities	17,780	**17,703**
Increase in income tax expense	(890)	**(885)**
Increase in profit for the year	16,890	**16,818**

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

Service concession arrangements (continued)

Summary of the effect of the changes in accounting policies of certain jointly controlled entities of the Group (continued)

The effect of the application of HK(IFRIC)-Int 12 as at 30 June 2008 is summarised below:

	As at 30.6.2008 (originally stated) HK$'000	*Adjustments HK$'000*	*As at 30.6.2008 (restated) HK$'000*
Balance sheet items			
Assets			
Interests in jointly controlled entities	5,703,370	(142,558)	5,560,812
Equity and liabilities			
Translation reserve	387,014	(20,068)	366,946
Retained profits	11,552,531	(79,569)	11,472,962
Minority interests	3,269,734	(37,165)	3,232,569
Deferred tax liabilities	882,930	(5,756)	877,174
	16,092,209	(142,558)	15,949,651

The effect of the application of HK(IFRIC)-Int 12 on the Group's equity at 1 July 2007 is summarised below:

	As at 1.7.2007 (originally stated) HK$'000	*Adjustments HK$'000*	*As at 1.7.2007 (restated) HK$'000*
Translation reserve	176,114	(9,622)	166,492
Retained profits	7,891,295	(91,930)	7,799,365
Minority interests	3,058,754	(37,929)	3,020,825
	11,126,163	(139,481)	10,986,682

The effect of the application of HK(IFRIC)-Int 12 on the Group's basic and diluted earnings per share for the current and prior year is summarised below:

Impact on basic earnings per share

	2008 HK$	***2009 HK$***
Figures before adjustments	6.65	**1.89**
Adjustments arising from changes in accounting policies	0.01	**0.01**
Adjusted	6.66	**1.90**

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

Service concession arrangements (continued)

Summary of the effect of the changes in accounting policies of certain jointly controlled entities of the Group (continued)

Impact on diluted earnings per share

	2008 HK$	2009 HK$
Figures before adjustments	6.62	**1.89**
Adjustments arising from changes in accounting policies	0.01	**0.01**
Adjusted	6.63	**1.90**

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

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[4]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009, except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods beginning on or after 1 January 2010
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers on or after 1 July 2009

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The application of the amendment to HKAS 40 "Investment Property", which is contained in HKFRSs (Amendments) "Improvements to HKFRSs 2008", may affect the accounting for property under development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 "Property, Plant and Equipment". The amendment is to be applied prospectively and is effective for the Group's financial period beginning on or after 1 July 2009.

The directors of the Company 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.

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 the HKFRSs 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Distribution in specie of shares in a subsidiary

Dividend payable is recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company, which is the date when the declaration of the dividend is approved by the shareholders or when the dividend is declared.

Dividend payable is measured at the fair value of the interests in a subsidiary to be distributed. On the settlement of dividend payable, any difference between the carrying amount of the interests in a subsidiary distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Investments in subsidiaries

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

Interests in jointly controlled entities

Joint venture arrangements that 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. 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 net assets 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals 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 and no future economic benefits are expected from its disposal. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

If an investment property becomes a property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the changes, the property is stated at deemed cost, equivalent to the fair value at the date of transfer, less subsequent accumulated depreciation and accumulated impairment losses.

Property, plant and equipment

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

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

If an item of property, plant and equipment becomes 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 transfer 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 includes property in the course of construction for production or for its own use purposes as well as self-constructed investment property. Properties under development are carried at cost less any recognised impairment loss. The cost of properties comprises development expenditure, other directly attributable expenses and, where appropriate, borrowing costs capitalised.

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 on 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 properties under development.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development (continued)

Properties under development for production or for its own use purposes is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property that is being constructed or developed for future use as an investment property is classified as properties under development and carried at cost less any recognised impairment loss. Upon the completion of the development, the property is reclassified to and subsequently accounted for as investment property. 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.

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. An impairment loss is recognised in profit or loss or in equity, as appropriate.

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.

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.

Financial assets

The Group's and the Company's financial assets are classified into loans and receivables or 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 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.

Interest 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 loan receivable, loan to a jointly controlled entity, trade and other receivables, 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).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 or 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 loss on 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 affected.

For an available-for sale financial assets, 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 assessed not to be impaired individually are subsequently 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.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, amounts due from subsidiaries and loan to a jointly controlled entity, 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 profit or loss. When the amounts are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment loss on financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale financial assets 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 subsidiaries, amount due to a minority shareholder of a subsidiary, trade and other payables, rental and other deposits, amounts due to associates and amount due to a jointly controlled entity) 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 lessee. 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.

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.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model and those properties transferred from investment properties to property, plant and equipment, which are accounted for as if it were a finance lease.

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 the respective 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. 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 exchange 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assets 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 to profit or loss, 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 in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

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 equity (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. The cost of acquisition of the Company's share held for the share award scheme is recorded as treasury shares (shares held for share award scheme). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

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 the 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 sale of properties in the ordinary course of business is recognised when the development of relevant properties has been completed at which the relevant completion certificates are issued by the respective government authorities and the properties have been delivered to the purchasers and the collectability of related receivables is reasonably assured. Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the balance sheet under current liabilities.

Infrastructure project investment

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective 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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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.

Amortisation of concession intangible assets held by jointly controlled entities and amortisation of additional cost of investments in jointly controlled entities

Amortisation of concession intangible assets held by jointly controlled entities and amortisation of the Group's additional cost of investments in jointly controlled entities are calculated based on the ratio of the actual traffic volume of the underlying toll expressways compared to the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements of the respective jointly controlled entities. Adjustments may need to be made to the carrying amounts 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.

Resurfacing obligations related to toll expressways operated by jointly controlled entities

Certain jointly controlled entities of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations.

The amount expected to be required to settle the obligations at the balance sheet date is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate.

Adjustments may need to be made to the carrying amount of the Group's interests in jointly controlled entities and share of results of that jointly controlled entity should there be a material change in the expected expenditures, resurfacing plan and discount rate.

Depreciation of power plant operated by a jointly controlled entity

Depreciation of power plant operated by a jointly controlled entity is calculated based on units-of-production method which are based on the expected volume of production and expected useful life of the power plant. Adjustments may need to be made to the carrying amount of the Group's interests in jointly controlled entities and share of results of that jointly controlled entity should there be a material change in the expected volume of production or useful life of the power plant.

5. TURNOVER

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

	2008 HK$'000	***2009 HK$'000***
Property letting, agency and management	485,394	**553,559**
Property development	5,562	**3,540**
Toll road investment	2,455	**—**
Hotel investment and management	219,389	**210,416**
Restaurant operations and food catering	202,068	**200,278**
Other operations	94	**48**
	914,962	**967,841**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business Segments

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

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

Segment information about these businesses is presented below.

Segment turnover
Year ended 30 June

	2008			***2009***		
	External HK$'000	*Inter-segment HK$'000*	*Combined HK$'000*	***External HK$'000***	***Inter-segment HK$'000***	***Combined HK$'000***
Property investment	485,394	32,152	517,546	**553,559**	**42,594**	**596,153**
Property development	5,562	—	5,562	**3,540**	**—**	**3,540**
Toll road investment	2,455	—	2,455	**—**	**—**	**—**
Hotel investment and management	219,389	13	219,402	**210,416**	**181**	**210,597**
Restaurants and catering	202,068	—	202,068	**200,278**	**—**	**200,278**
Power plant	—	—	—	**—**	**—**	**—**
Other operations	94	8,573	8,667	**48**	**12,700**	**12,748**
Eliminations	—	(40,738)	(40,738)	**—**	**(55,475)**	**(55,475)**
Total turnover	914,962	—	914,962	**967,841**	**—**	**967,841**

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

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business Segments (continued)

Segment results
Year ended 30 June

	2008 (restated)				2009			
	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	251,053	1,237	2,135	254,425	**336,738**	**594**	**3,026**	**340,358**
Gain recognised on transfer of property to investment properties upon completion of development	371,408	—	—	371,408	**510,847**	**—**	**—**	**510,847**
Gain arising from changes in fair value of investment properties	270,334	—	—	270,334	**209,359**	**—**	**—**	**209,359**
	892,795	1,237	2,135	896,167	**1,056,944**	**594**	**3,026**	**1,060,564**
Property development	(31,918)	—	—	(31,918)	**(28,292)**	**—**	**—**	**(28,292)**
Toll road investment	12,047	1,085,421	—	1,097,468	**(54,782)**	**1,116,390**	**—**	**1,061,608**
Hotel investment and management	54,877	—	3,880	58,757	**50,100**	**—**	**3,348**	**53,448**
Restaurants and catering	18,417	—	—	18,417	**14,630**	**—**	**—**	**14,630**
Power plant	—	(42,466)	—	(42,466)	**(568)**	**(7,692)**	**—**	**(8,260)**
Other operations	(12,007)	—	728	(11,279)	**(9,900)**	**—**	**484**	**(9,416)**
	934,211	1,044,192	6,743	1,985,146	**1,028,132**	**1,109,292**	**6,858**	**2,144,282**

	2008 HK$'000 (restated)	***2009 HK$'000***
Segment results		
Company and subsidiaries	934,211	**1,028,132**
Interest and other income	291,465	**115,885**
Unallocated exchange gains (losses), net	37,888	**(1,033)**
Unallocated corporate expenses	(150,356)	**(150,568)**
	1,113,208	**992,416**
Gain arising from distribution in specie of shares in a subsidiary	—	**143,572**
Gain on disposal of available-for-sale investments	21,756	**1,873**
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 partial interest in a subsidiary	291	**—**
Finance costs	(86,759)	**(35,270)**
Share of profits of		
Jointly controlled entities	1,044,192	**1,109,292**
Associates	6,743	**6,858**
Profit before taxation	6,867,994	**2,218,741**
Income tax expense	(339,104)	**(221,278)**
Profit for the year	6,528,890	**1,997,463**

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business Segments (continued)

Assets and Liabilities

At 30 June 2009

	Segment assets HK$'000	*Interests in and loan to jointly controlled entities HK$'000*	*Interests in associates HK$'000*	*Consolidated total assets HK$'000*	*Segment liabilities HK$'000*	*Consolidated total liabilities HK$'000*
Property investment	**9,330,071**	**12,053**	**20,598**	**9,362,722**	**251,901**	**251,901**
Property development	**545,457**	**25,000**	**—**	**570,457**	**85,772**	**85,772**
Toll road investment	**9,825**	**6,037,367**	**—**	**6,047,192**	**35,267**	**35,267**
Hotel investment and management	**383,182**	**—**	**—**	**383,182**	**42,846**	**42,846**
Restaurants and catering	**124,627**	**—**	**—**	**124,627**	**21,259**	**21,259**
Power plant	**—**	**655,578**	**—**	**655,578**	**62,148**	**62,148**
Other operations	**23,583**	**—**	**6,444**	**30,027**	**17,422**	**17,422**
	10,416,745	**6,729,998**	**27,042**	**17,173,785**	**516,615**	**516,615**
Available-for-sale investments				**33,318**		**—**
Unallocated assets/liabilities				**6,575,280**		**1,278,373**
				23,782,383		**1,794,988**

At 30 June 2008

	Segment assets HK$'000	*Interests in and loan to jointly controlled entities HK$'000 (restated)*	*Interests in associates HK$'000*	*Consolidated total assets HK$'000 (restated)*	*Segment liabilities HK$'000*	*Consolidated total liabilities HK$'000 (restated)*
Property investment	8,104,771	11,459	19,524	8,135,754	298,004	298,004
Property development	420,788	—	—	420,788	61,986	61,986
Toll road investment	11,747	4,940,526	—	4,952,273	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
Power plant	—	664,278	—	664,278	—	—
Other operations	18,333	—	3,309	21,642	25,139	25,139
	9,053,414	5,616,263	22,833	14,692,510	572,652	572,652
Available-for-sale investments				65,096		—
Unallocated assets/liabilities				13,227,312		1,129,182
				27,984,918		1,701,834

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Business Segments (continued)

Other Information

	2008			2009		
	Capital additions HK$'000	*Depreciation HK$'000*	*Other Non-cash expenses HK$'000*	***Capital additions HK$'000***	***Depreciation HK$'000***	***Other non-cash (income) expenses HK$'000***
Property investment	371,089	6,754	133	**260,903**	**8,633**	**(16)**
Property development	21,567	1,260	—	**826**	**1,286**	**—**
Toll road investment	8,266	857	—	**223**	**4,837**	**—**
Hotel investment and management	27,878	18,384	—	**14,694**	**18,182**	**(255)**
Restaurants and catering	11,204	5,640	96	**4,295**	**6,050**	**87**
Other operations	176	652	—	**88**	**673**	**—**
Unallocated	195,309	3,048	—	**223,654**	**7,020**	**—**
	635,489	36,595	229	**504,683**	**46,681**	**(184)**

Geographical Segments

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

	Turnover	
	2008 HK$'000	***2009 HK$'000***
Hong Kong	905,689	**961,221**
The PRC	9,273	**6,620**
	914,962	**967,841**

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	
	2008 HK$'000 (restated)	***2009 HK$'000***	*2008 HK$'000*	***2009 HK$'000***
Group segment assets				
Hong Kong	8,655,029	**9,886,270**	418,565	**280,079**
The PRC	397,746	**529,933**	21,615	**950**
Other regions	639	**542**	—	**—**
	9,053,414	**10,416,745**	440,180	**281,029**
Other assets *(Note)*	18,931,504	**13,365,638**	195,309	**223,654**
	27,984,918	**23,782,383**	635,489	**504,683**

Note: Unallocated assets mainly include bank deposits, interests in and loan to jointly controlled entities and available-for-sale investments.

7. OTHER INCOME

	2008 HK$'000	2009 HK$'000
Included in other income are:		
Interest from		
Bank deposits	283,502	**115,199**
Loans and other receivables	4,823	**160**
Dividend income from listed securities	2,877	**—**
Exchange gains	111,362	**418**

8. OTHER EXPENSES

The other expenses represent charitable donations made by the Group.

9. GAIN ON DISPOSAL OF JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

	2008 HK$'000	2009 HK$'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) During the year ended 30 June 2008, the Group disposed of its equity interest in, and loans to, a subsidiary of the Company, Nomusa Limited ("Nomusa"), which was principally engaged in investment holding, and its equity interests in two associates, namely, Nova City Property Management Limited ("Nova City") and Nova Taipa Gardens Property Management Limited ("Nova Gardens"), which were principally engaged in property management, to a fellow subsidiary of a shareholder of the Group's jointly controlled entity, Nova Taipa-Urbanizacoes Limitada ("Nova Taipa"), 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 was principally engaged in property development. The disposal gave rise to a gain amounting to HK$3,948 million which was recognised in the Group's consolidated income statement for the year ended 30 June 2008.

(b) During the year ended 30 June 2008, the Group disposed of its entire interest in a jointly controlled entity, ESW Ring Road JV, for a consideration of RMB1,712.55 million. ESW Ring Road JV was principally engaged in the construction, operation and management of Guangzhou East-South-West Ring Road in the PRC. The disposal gave rise to a gain amounting to HK$793 million which was recognised in the Group's consolidated income statement for the year ended 30 June 2008.

10. FINANCE COSTS

	2008 HK$'000	2009 HK$'000
Loan arrangement fees and bank charges	65,849	**33,320**
Imputed interest on amount due to a minority shareholder of a subsidiary	—	**1,950**
Interest reimbursed to a jointly controlled entity *(Note)*	20,910	**—**
	86,759	**35,270**

Note: ESW Ring Road JV had 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. The Group's entire interest in ESW Ring Road JV was disposed of during the year ended 30 June 2008 as referred to in note 9(b).

11. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	2008 HK$'000 (restated)	2009 HK$'000
Share of profits of jointly controlled entities before interest income from loans to, and amortisation of additional cost of investments in, jointly controlled entities	1,102,851	**1,189,952**
Interest income from loans to, and registered capital contribution made to, jointly controlled entities *(Note)*	23,258	**3,946**
Amortisation of additional cost of investments in jointly controlled entities	(81,917)	**(84,606)**
	1,044,192	**1,109,292**

Note: The amount includes imputed interest on interest free loans advanced by the Group to a jointly controlled entity amounting to HK$3.8 million (2008: HK$3.6 million).

12. PROFIT BEFORE TAXATION

	2008 HK$'000 (restated)	2009 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	6,234	**5,868**
Depreciation of property, plant and equipment	36,595	**46,681**
Amortisation of prepaid land lease payments	10,650	**10,572**
Less: Amount capitalised to properties under development	(7,805)	**(7,727)**
	2,845	**2,845**
Loss on disposal of property, plant and equipment	622	**217**
Rental expense in respect of properties under operating leases	1,125	**1,083**
Staff costs (including directors' emoluments)	338,095	**337,040**
Share of tax of jointly controlled entities (included in share of profits of jointly controlled entities)	211,945	**130,931**
Share of tax of associates (included in share of profits of associates)	588	**394**
Rental income from investment properties, less attributable outgoings of HK$212,141,000 (2008: HK$183,656,000)	(279,082)	**(334,064)**

13. INCOME TAX EXPENSE

	2008 HK$'000 (restated)	2009 HK$'000
Hong Kong Profits Tax		
Current year	24,529	**25,010**
Under(over) provision in respect of prior years	270	**(3,022)**
	24,799	**21,988**
Taxation elsewhere		
Current year	164,556	**1,237**
Deferred tax *(note 37)*	149,749	**198,053**
	339,104	**221,278**

13. INCOME TAX EXPENSE (continued)

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

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

Taxation elsewhere for 2008 represented mainly the PRC Enterprise Income Tax amounting to approximately HK$23 million 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 23(a)), and the PRC withholding tax paid in relation to the disposal of interest in ESW Ring Road JV amounted to approximately HK$132 million (note 9(b)), which were calculated at the rates then 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 the Group's PRC subsidiaries from 33% to 25% commencing 1 January 2008.

Details of deferred taxation are set out in note 37.

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

	2008 HK$'000 (restated)	**2009 HK$'000**
Profit before taxation	6,867,994	**2,218,741**
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	1,133,219	**366,092**
Tax effect of expenses not deductible for tax purposes	36,800	**24,694**
Tax effect of income not taxable for tax purposes	(723,155)	**(49,297)**
Tax effect of tax losses not recognised	22,107	**14,535**
Tax effect of utilisation of and recognition of deferred tax on tax loss not previously recognised	(16,031)	**(5,337)**
Tax effect of utilisation of deductible temporary differences not previously recognised	(13)	**—**
Tax effect of share of profits of jointly controlled entities and associates	(173,404)	**(184,165)**
PRC Enterprise Income Tax on the repayment of the Group's additional cost of investments	22,889	**—**
Under(over) provision in respect of prior years	270	**(3,022)**
Decrease in the opening deferred tax liability resulting from a decrease in tax rates	(41,824)	**—**
Effect of different tax rates of subsidiaries operating in other jurisdictions	10,403	**(99)**
Deferred tax on undistributed earnings of PRC jointly controlled entities	68,898	**56,212**
Others	(1,055)	**1,665**
Income tax expense for the year	339,104	**221,278**

14. DIVIDENDS

	2008 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year		
Cash dividends:		
Final dividend for the year ended 30 June 2008 of HK40 cents per share (2008: for the year ended 30 June 2007 of HK82 cents per share)	737,658	**355,626**
Special final dividend for the year ended 30 June 2008 of HK110 cents per share (2008: for the year ended 30 June 2007 of HK35 cents per share)	314,854	**977,971**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust *(note 35)*	(838)	**(591)**
	1,051,674	**1,333,006**
Interim dividend for the year ended 30 June 2009 of HK40 cents per share (2008: for the year ended 30 June 2008 of HK55 cents per share)	493,738	**352,110**
Special interim dividend for the year ended 30 June 2009 of HK330 cents per share (2008: for the year ended 30 June 2008 of HK55 cents per share)	493,738	**2,926,867**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust *(note 35)*	(432)	**(1,329)**
	987,044	**3,277,648**
	2,038,718	**4,610,654**
Special interim dividend by way of a distribution in specie *(Note)*	—	**384,680**
	2,038,718	**4,995,334**
Dividends proposed		
Final dividend for the year ended 30 June 2009 of HK58 cents per share (2008: for the year ended 30 June 2008 of HK40 cents per share)	356,168	**509,790**
Special final dividend for the year ended 30 June 2009: Nil (2008: for the year ended 30 June 2008 of HK110 cents per share)	979,463	**—**
	1,335,631	**509,790**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust *(note 35)*	(591)	**(42)**
	1,335,040	**509,748**

Note: On 26 February 2009, the Board declared a special interim dividend to be satisfied by way of a distribution of specie of shares in HHI in the proportion of one share in HHI for every whole multiple of 10 shares in the Company held by the shareholders. A total of 88,027,402 HHI shares with an aggregate market value of HK$384,680,000 were recognised as distribution during the year.

The difference between the market value of HK$384,680,000 of shares in HHI being distributed and the carrying amount of the respective interest in HHI of HK$241,108,000 has resulted in a gain on distribution in specie of shares in HHI of HK$143,572,000 which is recognised in the consolidated income statement in current year.

The proposed final dividend of HK58 cents per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

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

15. EARNINGS PER SHARE

	2008 HK$'000 (restated)	**2009 HK$'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	5,978,766	**1,680,851**
Effect of dilutive potential ordinary shares of HHI *(note 35)*:		
Adjustment to the Group's results arising from a dilution of HHI's earnings attributable to share options issued and shares awarded	(651)	—
Earnings for the purposes of diluted earnings per share	5,978,115	**1,680,851**

	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purposes of basic earnings per share	897,350,773	**883,705,880**
Effect of dilutive potential ordinary shares:		
Share options	3,091,655	**392,960**
Award shares	513,355	**255,496**
Weighted average number of ordinary shares for the purposes of diluted earnings per share	900,955,783	**884,354,336**

The weighted average number of ordinary shares shown above has been arrived at after deducting 72,000 shares (2008: 394,000 shares) held by HHL Employees' Share Award Scheme Trust as set out in note 35.

16. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

Certain directors of the Company are also directors of HHI. The emoluments paid or payable by HHI group to those directors are as follows:

	Year ended 30 June 2009				
	Directors' fees HK$'000	Basic salaries allowances & benefits in kind HK$'000	Share based Payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	3,000	—	—	3,300
Mr. Eddie Ping Chang HO	250	2,400	—	—	2,650
Mr. Thomas Jefferson WU	200	1,794	—	12	2,006
Mr. Barry Chung Tat MOK	200	—	—	—	200
Mr. Lee Yick NAM	200	—	—	—	200
	1,150	7,194	—	12	8,356

The emoluments paid or payable by the Group, other than by the HHI group, to the Company's directors are as follows:

	Year ended 30 June 2009				
	Directors' fees HK$'000	Basic salaries allowances & benefits in kind HK$'000	Share based Payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	1,500	—	—	1,800
Mr. Eddie Ping Chang HO	250	1,092	—	—	1,342
Mr. Thomas Jefferson WU	200	1,560	—	12	1,772
Mr. Josiah Chin Lai KWOK	200	3,000	606	12	3,818
Mr. Henry Hin Moh LEE	200	1,000	—	—	1,200
Mr. Robert Van Jin NIEN	200	1,430	242	12	1,884
Mr. Guy Man Guy WU	200	—	—	—	200
Lady WU Ivy Sau Ping KWOK	200	—	—	—	200
Ms. Linda Lai Chuen LOKE	200	—	—	—	200
Mr. Albert Kam Yin YEUNG	200	1,638	404	12	2,254
Mr. Barry Chung Tat MOK	200	1,992	337	12	2,541
Mr. David Yau-gay LUI	200	—	—	—	200
Mr. Camelo Ka Sze LEE	200	—	—	—	200
Mr. Eddie Wing Chuen HO Junior	200	819	242	12	1,273
Mr. Lee Yick NAM	200	—	—	—	200
Mr. William Wing Lam WONG	200	1,720	601	12	2,533
	3,350	15,751	2,432	84	21,617

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

(a) Directors' emoluments continued

The emoluments paid or payable by the Group, including the HHI group, to the Company's directors are as follows:

	Year ended 30 June 2009				
	Directors' fees HK$'000	Basic salaries allowances & benefits in kind HK$'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	606	12	3,818
Mr. Henry Hin Moh LEE	200	1,000	—	—	1,200
Mr. Robert Van Jin NIEN	200	1,430	242	12	1,884
Mr. Guy Man Guy WU	200	—	—	—	200
Lady WU Ivy Sau Ping KWOK	200	—	—	—	200
Ms. Linda Lai Chuen LOKE	200	—	—	—	200
Mr. Albert Kam Yin YEUNG	200	1,638	404	12	2,254
Mr. Barry Chung Tat MOK	400	1,992	337	12	2,741
Mr. David Yau-gay LUI	200	—	—	—	200
Mr. Camelo Ka Sze LEE	200	—	—	—	200
Mr. Eddie Wing Chuen HO Junior	200	819	242	12	1,273
Mr. Lee Yick NAM	400	—	—	—	400
Mr. William Wing Lam WONG	200	1,720	601	12	2,533
	4,500	22,945	2,432	96	29,973

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

(a) Directors' emoluments continued

Certain directors of the Company are also directors of HHI. The emoluments paid or payable by HHI group to those directors are as follows:

	Year ended 30 June 2008				
	Directors' fees HK$'000	*Basic salaries allowances & benefits in kind HK$'000*	*Share based Payments HK$'000*	*Contributions to provident fund schemes HK$'000*	*Total HK$'000*
Sir Gordon Ying Sheung WU	300	3,000	—	—	3,300
Mr. Eddie Ping Chang HO	250	2,400	—	—	2,650
Mr. Thomas Jefferson WU	200	1,794	—	12	2,006
Mr. Barry Chung Tat MOK	200	—	—	—	200
Mr. Lee Yick NAM	200	—	—	—	200
Mr. Yuk Keung IP	200	—	—	—	200
	1,350	7,194	—	12	8,556

The emoluments paid or payable by the Group, other than by the HHI group, to the Company's directors are as follows:

	Year ended 30 June 2008				
	Directors' fees HK$'000	*Basic salaries allowances & benefits in kind HK$'000*	*Share based Payments HK$'000*	*Contributions to provident fund schemes HK$'000*	*Total HK$'000*
Sir Gordon Ying Sheung WU	300	1,500	—	—	1,800
Mr. Eddie Ping Chang HO	250	1,092	—	—	1,342
Mr. Thomas Jefferson WU	200	1,560	—	12	1,772
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 WU Ivy Sau Ping KWOK	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	200	1,992	2,205	12	4,409
Mr. David Yau-gay LUI	200	—	—	—	200
Mr. Camelo 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	200	—	—	—	200
Mr. William Wing Lam WONG	200	1,720	1,299	12	3,231
Mr. Yuk Keung IP	200	—	—	—	200
	3,610	17,195	12,021	88	32,914

* Including discretionary bonus of HK$800,000.

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

(a) Directors' emoluments continued

The emoluments paid or payable by the Group, including the HHI group, to the Company's directors are as follows:

	Year ended 30 June 2008				
	Directors' fees HK$'000	*Basic salaries allowances & benefits in kind HK$'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 WU Ivy Sau Ping KWOK	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. Camelo 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 Wing Lam WONG	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.

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$800,000 (2008: HK$1,200,000) 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.

17. INVESTMENT PROPERTIES

	The Group	
	2008 HK$'000	2009 HK$'000
Investment properties at fair value		
At beginning of the year	6,870,499	**8,031,300**
Additions	326,604	**35,159**
Acquisition of a subsidiary *(Note (b))*	—	**210,000**
Reclassified from (to):		
properties under development and prepaid land lease payments *(Note (c))*	137,578	**322,042**
property, plant and equipment and prepaid land lease payments *(Note (d))*	54,877	**(79,007)**
Gain recognised on transfer of property to investment properties upon completion of development	371,408	**510,847**
Gain arising from changes in fair value of investment properties	270,334	**209,359**
At end of the year	8,031,300	**9,239,700**

The Group's investment properties comprise:

	2008 HK$'000	2009 HK$'000
Land and buildings in Hong Kong on		
Long leases	4,029,000	**5,184,800**
Medium-term leases	4,002,300	**4,054,900**
	8,031,300	**9,239,700**

Notes:

(a) All of the Group's property interests held under operating leases to earn rentals and/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 ended 30 June 2009, the Group acquired investment properties of HK$210 million through the acquisition of a subsidiary from certain directors of the Company, details of the acquisition are disclosed in note 38.

(c) The development of a property of the Group was completed during the year. Such property, which is held to earn rentals and/or for capital appreciation purposes, has been reclassified from properties under development and prepaid land lease payments with total carrying amounts of HK$322 million (2008: HK$138 million) to investment properties. Gain recognised on transfer of completed property to investment properties amounting to HK$511 million (2008: HK$371 million) has been recognised in the consolidated income statement of the Group for the current year.

(d) During the year ended 30 June 2009, certain investment properties with an aggregate fair value of HK$79 million were reclassified to property, plant and equipment.

During the year ended 30 June 2008, certain properties with an aggregate fair value of HK$55 million were reclassified to investment properties, 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.

(e) The fair value of the Group's investment properties at 30 June 2009 has been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional property valuers not connected to the Group. For office premises, serviced apartments, car parks and retail outlets, the valuation is arrived at by using direct comparison method by making reference to comparable sales transactions as available in the relevant market or, where appropriate, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. For convention and exhibition venue, the valuation is arrived at by capitalising the estimated annual net income, and based on valuer's opinion as to the future trading potential and level of turnover likely to be achieved.

18. PROPERTY, PLANT AND EQUIPMENT

	Land and 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 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
Additions	—	684	57,073	57,757
Transfer from investment properties	—	79,007	—	79,007
Disposals	—	—	(10,736)	(10,736)
At 30 June 2009	**369,543**	**244,209**	**454,503**	**1,068,255**
DEPRECIATION				
At 1 July 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
Provided for the year	7,391	4,602	34,688	46,681
Eliminated on disposals	—	—	(10,317)	(10,317)
At 30 June 2009	**133,037**	**52,866**	**312,315**	**498,218**
CARRYING VALUES				
At 30 June 2008	243,897	116,254	120,222	480,373
At 30 June 2009	**236,506**	**191,343**	**142,188**	**570,037**

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

	The Group	
	2008 HK$'000	2009 HK$'000
Hotel property on land under medium-term leases	243,897	**236,506**
Other properties on land under		
Long leases	15,494	**93,155**
Medium-term leases	100,760	**98,188**
	116,254	**191,343**

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

19. PREPAID LAND LEASE PAYMENTS

	The Group	
	2008 HK$'000	**2009 HK$'000**
The Group's prepaid land lease payments comprise:		
Leasehold land in Hong Kong on		
Long leases	863,671	**806,710**
Medium-term leases	116,320	**113,347**
	979,991	**920,057**
Analysed for reporting purposes as		
Non-current asset	969,341	**909,485**
Current asset	10,650	**10,572**
	979,991	**920,057**

20. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008 HK$'000	**2009 HK$'000**
Unlisted shares		
At cost less impairment	870,552	**895,426**
Shares listed in Hong Kong, at cost	53,948	—
	924,500	**895,426**
Market value of listed shares	52,082	—

Particulars of the principal subsidiaries are set out in note 47.

21. 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$914 million (2008: HK$724 million) which are repayable in 2013. In the opinion of the directors, based on their assessment as at 30 June 2009 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 1.5% to 2.4% (2008: 3.3% to 5.8%) per annum, representing the borrowing rates of the relevant subsidiaries.

22. PROPERTIES UNDER DEVELOPMENT

	The Group	
	2008 HK$'000	2009 HK$'000
COST		
At beginning of the year	335,653	**442,648**
Additions	221,361	**209,494**
Transfer to investment properties	(114,366)	**(270,359)**
At end of the year	442,648	**381,783**

Included in the cost of properties under development is net interest capitalised totalling HK$31.2 million (2008: HK$55.4 million).

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2008 HK$'000 (restated)	2009 HK$'000
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,089,843	**1,201,821**
Additional cost of investments	2,756,569	**2,745,309**
	3,846,412	**3,947,130**
Share of post-acquisition reserves	1,736,979	**2,873,159**
Less: Accumulated amortisation	(698,316)	**(782,922)**
	4,885,075	**6,037,367**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	**631,867**
Share of post-acquisition reserves	32,411	**23,711**
	664,278	**655,578**
Other unlisted investments	11,459	**12,053**
	5,560,812	**6,704,998**

As referred to in note 9, the Group disposed of certain of its jointly controlled entities during the year ended 30 June 2008.

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Particulars of the Group's principal jointly controlled entities at 30 June 2009 are as follows:

Name of company	Issued capital/ registered capital	Principal activity	Proportion of issued/registered capital held by the Group
Incorporated in Hong Kong:			
Hong Kong Bowling City Limited	10,250,000 "A" shares of HK$1 each 10,250,000 "B" shares of HK$1 each	Operation of a bowling center	50%
Grand Site Development Limited	2 shares of HK$1 each	Development and property investment	50%
Established in the PRC:			
Guangzhou–Shenzhen–Zhuhai Superhighway Company Limited	Nil *(Note a)*	Development, operation and management of an expressway	Not applicable
Guangdong Guangzhou–Zhuhai West Superhighway Company Limited ("West Route JV")	RMB2,303,000,000	Development, operation and management of an expressway	50%
SEC & Hopewell Power (Heyuan) Co., Ltd.	RMB1,560,000,000	Development and operation of a power plant	40%

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 on 1 July 1997. The Group's entitlement to the profit of the toll operations of the GS Superhighway JV 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 be reverted to the PRC joint venture 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. The registered capital of HK$702 million and the expenditure for the construction of GS Superhighway to the extent of RMB725 million (approximately HK$736 million) previously incurred by the Group have been repaid to the Group by GS Superhighway JV during the year ended 30 June 2008.

23. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

(b) Western Delta Route

West Route JV is established to undertake the development, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai ("Western Delta Route"). 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 (equivalent to approximately HK$669 million), which had been contributed by the Group and the PRC joint venture partner of West Route JV in equal share (i.e. each to contribute RMB294 million).

The estimated total investment for the Phase II of Western Delta Route ("Phase II West") is RMB4,900 million, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,715 million in total contributed by the Group and the PRC joint venture partner of West Route JV in equal share. 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 2009, 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 be reverted to the relevant PRC government authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and PRC joint venture partner. The repayments are required to be approved by the board of directors of West Route JV.

In September 2005, the Group conditionally amended the agreements with the PRC joint venture partner of West Route JV for the investment in and the planning, design, development 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 PRC joint venture partner of West Route JV in equal share (i.e. each to contribute RMB570.5 million).

On 2 September 2008, the Group entered into amendment agreements in relation to Phase III West with the PRC joint venture partner, 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 PRC joint venture partner 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. The 2008 Phase III Amendment Agreements have been approved by the shareholders of the Company and HHI during the year ended 30 June 2009 and are being processed by the relevant PRC authorities as at the date of this report.

On 2 September 2008, the Group entered into amendment agreements in relation to Phase II West with the PRC joint venture partner, 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 PRC joint venture partner 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 RMB403 million. The amendment agreements have been approved by the shareholders of the Company and HHI during the year ended 30 June 2009 and are being processed by the relevant PRC authorities as at the date of this report.

After obtaining approval from the relevant PRC authorities, the registered capital of West Route JV will be RMB5,068 million.

23. 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 year ended 30 June 2008 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 which are accounted for using the equity method is set out below:

	2008 *HK$'000*	***2009*** ***HK$'000***
Current assets	377,184	**418,588**
Non-current assets	9,626,604	**11,193,563**
Current liabilities	1,847,279	**1,283,895**
Non-current liabilities	5,150,799	**5,914,741**
Income	3,468,652	**4,196,917**
Expenses	2,242,975	**2,178,406**

Currency risk exposure associated with the jointly controlled entities of the Group

As at 30 June 2009 and 2008, certain jointly controlled entities of the Group had outstanding bank loans denominated in Hong Kong dollars and United States dollars that are not the functional currency of those jointly controlled entities (i.e. RMB). The results of the Group's jointly controlled entities are accounted for using the equity method of accounting such that the foreign currency risk associated with foreign currency borrowings exposed by the jointly controlled entities is reflected in the share of results of jointly controlled entities. Therefore, if exchange rate of RMB against Hong Kong dollars/United States dollars had been strengthened/weakened by 5%, the share of profits of the related jointly controlled entities for the current year would increase/decrease by HK$133.9 million (2008: would increase/decrease by HK$140.8 million). The sensitivity analyses assumed the amounts outstanding at the balance sheet date were outstanding for the whole year and held constant throughout the financial year.

Taking into account both the Group's foreign currency risk as explained in note 46(b)(i) and the above foreign currency risk exposed by the jointly controlled entities, the Group's profit for the current year would increase/decrease by HK$40.5 million (2008: would increase/decrease by HK$214.7 million) if exchange rate of RMB against Hong Kong dollars/United States dollars had been strengthened/weakened by 5%.

24. INTERESTS IN ASSOCIATES

	The Group	
	2008 *HK$'000*	***2009*** ***HK$'000***
Cost of investments, unlisted	505	**305**
Share of post-acquisition profits and reserves, net of dividends received	22,328	**26,737**
	22,833	**27,042**

24. INTERESTS IN ASSOCIATES (continued)

	The Company	
	2008 HK$'000	2009 HK$'000
Unlisted shares, at cost	401	**401**

Particulars of the principal associates are set out in note 48.

The summarised financial information in respect of the Group's associates is set out below:

	2008 HK$'000	2009 HK$'000
Total assets	83,982	**84,439**
Total liabilities	(24,623)	**(24,004)**
Net assets	59,359	**60,435**
Group's share of net assets of associates	22,833	**27,042**
Revenue	18,071	**16,468**
Profit for the year	7,563	**8,525**
Group's share of profits of associates for the year	6,743	**6,858**

25. AVAILABLE-FOR-SALE INVESTMENTS

	The Group	
	2008 HK$'000	2009 HK$'000
Equity securities, at fair value		
Listed in Hong Kong	20,350	**—**
Listed outside Hong Kong	41,549	**30,121**
	61,899	**30,121**
Unlisted equity investments, at cost	3,197	**3,197**
	65,096	**33,318**
Market value of listed equity securities	61,899	**30,121**

	The Company	
	2008 HK$'000	2009 HK$'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.

26. LOAN TO A JOINTLY CONTROLLED ENTITY

At 30 June 2008, the loan to a jointly controlled entity carried interest chargeable at Hong Kong prime rate and was unsecured and repaid out of the net cash surplus from the operations of the jointly controlled entity.

At 30 June 2009, the loan to a jointly controlled entity is unsecured, interest free and not expected to be repayable within one year after the balance sheet date.

27. INVENTORIES

	The Group	
	2008 *HK$'000*	***2009*** ***HK$'000***
Hotel and restaurant inventories	18,457	**15,333**

The cost of inventories recognised as an expense during the year amounted to HK$124,646,000 (2008: HK$130,091,000).

28. STOCK OF PROPERTIES

	The Group	
	2008 *HK$'000*	***2009*** ***HK$'000***
Properties for sale		
Under development	364,525	**407,596**
Completed	17,593	**96,254**
	382,118	**503,850**

The cost of properties recognised as an expense during the year amounted to HK$1,930,000 (2008: HK$8,227,000).

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

29. 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 net of allowances for doubtful debts at the balance sheet date:

	The Group	
	2008 *HK$'000*	***2009*** ***HK$'000***
Receivables aged		
0–30 days	18,039	**19,578**
31–60 days	8,005	**4,815**
Over 60 days	7,232	**5,277**
	33,276	**29,670**
Less: Allowance for doubtful debts	(1,136)	**(751)**
	32,140	**28,919**
Interest receivable on bank deposits	4,769	**192**
Dividend receivable from a jointly controlled entity	1,080,454	**—**
	1,117,363	**29,111**

29. TRADE AND OTHER RECEIVABLES (continued)

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 carrying amount of HK$13,027,000 (2008: HK$15,578,000) 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

	2008 *HK$'000*	***2009*** ***HK$'000***
0–30 days	13,071	**11,687**
31–60 days	2,277	**804**
Over 60 days	230	**536**
Total	15,578	**13,027**

Movement in the allowance for doubtful debts

	2008 *HK$'000*	***2009*** ***HK$'000***
Balance at beginning of the year	1,670	**1,136**
Reversal of impairment losses	(449)	**(184)**
Amounts written off as uncollectible	(85)	**(201)**
Balance at end of the year	1,136	**751**

30. 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 ranged from 0.02% for HK$ deposits to 1.17% for RMB deposits (2008: 0.8% to 2.2%) per annum.

Included in bank balances and cash are bank deposits held by subsidiaries amounting to approximately RMB111 million (2008: RMB334 million), US$128 million (2008: US$391 million) and HK$1,998 million (2008: HK$3 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 ranged from 0.02% to 0.29% (2008: 0.02% to 2.2%) per annum.

Included in bank balances and cash are bank deposit amounting to approximately US$18 million at 30 June 2009 which was denominated in currency other than the functional currency of the Company.

31. TRADE AND OTHER PAYABLES

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

	The Group	
	2008 HK$'000	2009 HK$'000
Payables due		
0–30 days	226,141	**147,591**
31–60 days	5,109	**2,561**
Over 60 days	79,299	**85,317**
	310,549	**235,469**
Retentions payable	36,004	**36,309**
Accrued construction costs	127,148	**82,219**
Accrued long service payment and leave pay	15,299	**16,554**
	489,000	**370,551**

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

Of the retention payable, an amount of HK$20,997,000 (2008: HK$15,969,000) is due beyond twelve months.

32. AMOUNTS DUE TO ASSOCIATES AND A JOINTLY CONTROLLED ENTITY

The Group

The amount due to a jointly controlled entity is unsecured, interest free and repayable on demand.

The Group and the Company

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

33. AMOUNTS DUE FROM/TO SUBSIDIARIES

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.

34. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount due to a minority shareholder of a subsidiary is interest-free and unsecured.

The principal amount due to the minority shareholder of HK$79 million had been initially 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 was regarded as a deemed contribution from the minority shareholder during the year ended 30 June 2008. 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.

35. SHARE CAPITAL

	Number of shares		Nominal value	
	2008 '000	2009 '000	2008 HK$'000	2009 HK$'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	899,383	**892,322**	2,248,458	**2,230,806**
Issued during the year	1,413	**2,262**	3,533	**5,655**
Repurchased during the year	(8,474)	**(15,635)**	(21,185)	**(39,088)**
At end of the year	892,322	**878,949**	2,230,806	**2,197,373**

During the year ended 30 June 2009, the Company issued 1,900,000 and 362,000 ordinary shares at the subscription prices of HK$19.94 each and HK$22.44 each, respectively, for a total cash consideration of HK$46 million upon the exercise of the share options previously granted.

During the year ended 30 June 2008, the Company issued 200,000, 100,000 and 1,113,400 ordinary shares at subscription price of HK$17.10 each, HK$19.94 each and HK$22.44 each, respectively, for a total cash consideration of HK$30 million upon the exercise of the share options previously granted.

These shares rank *pari passu* in all respects with the existing ordinary shares.

During the year, the Company repurchased 15,635,000 (2008: 8,474,000) 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
2009				
July 2008	743	27.35	25.65	19,619
August 2008	1,159	30.10	27.80	33,957
September 2008	1,637	28.10	25.15	44,425
October 2008	4,080	26.40	19.60	88,440
November 2008	2,438	23.85	18.80	51,583
December 2008	2,806	25.00	19.16	63,880
January 2009	1,447	25.00	21.50	33,418
April 2009	1,325	19.98	19.46	26,146
	15,635			361,468
2008				
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

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 2009, the Company's 72,000 (2008: 394,000) issued shares with an aggregate nominal value of HK$180,000 (2008: HK$985,000) 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.

35. 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$*	*Number of shares under options granted* Outstanding at 1 July 2007	*Movements during the year* Granted	Exercised	Lapsed	*At 30 June 2008* Outstanding	Exercisable	*Weighted average share price at the date of exercise HK$*
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	HK22.44	HK$27.18	HK$20.56	

Date of grant	***Subscription price per share HK$***	***Number of shares under options granted* Outstanding at 1 July 2008**	***Movements during the year* Granted**	***Exercised***	***Lapsed***	***At 30 June 2009* Outstanding**	***Exercisable***	***Weighted average share price at the date of exercise HK$***
Directors								
2 September 2005	19.94	1,900,000	—	(1,900,000)	—	**—**	**—**	24.73
10 October 2006	22.44	288,000	—	—	—	**288,000**	**115,200**	N/A
		2,188,000	—	(1,900,000)	—	**288,000**	**115,200**	
Employees								
10 October 2006	22.44	6,688,200	—	(362,000)	(736,000)	**5,590,200**	**1,654,200**	24.62
15 November 2007	36.10	5,248,000	—	—	(176,000)	**5,072,000**	**1,014,400**	N/A
24 July 2008	26.35	—	1,788,000	—	—	**1,788,000**	**—**	N/A
11 March 2009	21.45	—	1,760,000	—	—	**1,760,000**	**—**	N/A
		14,124,200	3,548,000	(2,262,000)	(912,000)	**14,498,200**	**2,783,800**	
Weighted average exercise price		HK$27.18	HK$23.92	HK$20.34	HK$25.08	**HK$27.58**	**HK$27.42**	

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

35. SHARE CAPITAL (continued)

Share option schemes (continued)

(a) The Company (continued)

The followings are the particulars of share options granted under HHL 2003 Scheme:

Date of Grant	*Number of share options*	*Vesting period*	*Exercisable period*	*Exercise price per share HK$*
8 September 2004	2,700,000	—	Exercisable within three years from the date of grant	17.10
2 September 2005	1,250,000	2 September 2005 to 1 March 2006	2 March 2006 to 1 March 2009	19.94
2 September 2005	1,250,000	2 September 2005 to 1 March 2007	2 March 2007 to 1 March 2009	19.94
10 October 2006	1,792,000	10 October 2006 to 31 October 2007	1 November 2007 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2008	1 November 2008 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2009	1 November 2009 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2010	1 November 2010 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2011	1 November 2011 to 31 October 2013	22.44
15 November 2007	1,049,600	15 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014	36.10
24 July 2008	357,600	24 July 2008 to 31 July 2009	1 August 2009 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2010	1 August 2010 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2011	1 August 2011 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2012	1 August 2012 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2013	1 August 2013 to 31 July 2015	26.35
11 March 2009	352,000	11 March 2009 to 17 March 2010	18 March 2010 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2011	18 March 2011 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2012	18 March 2012 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2013	18 March 2013 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2014	18 March 2014 to 17 March 2016	21.45

35. SHARE CAPITAL (continued)

Share option schemes (continued)

(a) The Company (continued)

Share option expenses charged to the consolidated income statement are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	*Number of options granted*	*Fair values of options granted HK$*	*Closing share price at date of grant HK$*	*Exercise price HK$*	*Expected volatility*	*Option life*	*Risk-free rate*	*Expected dividend yield*	*Suboptimal exercise factor*
2 September 2005	2,500,000	6,819,000	19.60	19.94	23.30%	3.4 years	3.660%	4.10%	2
10 October 2006	8,960,000	43,981,000	22.25	22.44	26.00%	7 years	3.956%	3.80%	2
15 November 2007	5,248,000	43,669,000	35.10	36.10	33.00%	7 years	3.384%	4.70%	2
24 July 2008	1,788,000	13,475,000	26.25	26.35	33.54%	7 years	3.598%	3.01%	1.61
11 March 2009	1,760,000	9,142,000	21.45	21.45	34.37%	7 years	1.872%	4.53%	2.2

Expected volatility was determined by using the historical volatility of the Company's share price over 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 in the total expense of HK$25,619,000 for the year (2008: HK$24,488,000) 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 shareholders 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.

35. 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 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 share 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	HK$5.858	HK$5.977	HK$5.858	

Date of grant	***Subscription price per share HK$***	***Number of shares under options granted: Outstanding at 1 July 2008***	***Movements during the year: Granted***	***Movements during the year: Exercised***	***Movements during the year: Lapsed***	***At 30 June 2009: Outstanding***	***At 30 June 2009: Exercisable***	***Weighted average share price at the date of exercise HK$***
17 October 2006	5.858	4,928,000	—	—	(488,000)	**4,440,000**	**1,776,000**	N/A
19 November 2007	6.746	760,000	—	—	—	**760,000**	**152,000**	N/A
24 July 2008	5.800	—	800,000	—	(400,000)	**400,000**	**—**	N/A
11 March 2009	4.470	—	400,000	—	(400,000)	**—**	**—**	N/A
		5,688,000	1,200,000	—	(1,288,000)	**5,600,000**	**1,928,000**	
Weighted average exercise price		HK$5.977	HK$5.357	N/A	HK$5.409	**HK$5.974**	**HK$5.928**	

35. SHARE CAPITAL (continued)

Share option schemes (continued)

(b) HHI (continued)

The followings are the particulars of share options granted under HHI Scheme:

Date of Grant	*Number of share options*	*Vesting period*	*Exercisable period*	*Exercise price per share HK$*
17 October 2006	1,240,000	1 December 2006 to 30 November 2007	1 December 2007 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2008	1 December 2008 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2009	1 December 2009 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2010	1 December 2010 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2011	1 December 2011 to 30 November 2013	5.858
19 November 2007	152,000	19 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014	6.746
24 July 2008	160,000	1 August 2008 to 31 July 2009	1 August 2009 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2010	1 August 2010 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2011	1 August 2011 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2012	1 August 2012 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2013	1 August 2013 to 31 July 2015	5.800
11 March 2009	80,000	18 March 2009 to 17 March 2010	18 March 2010 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2011	18 March 2011 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2012	18 March 2012 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2013	18 March 2013 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2014	18 March 2014 to 17 March 2016	4.470

The above 400,000 share options with exercise price at HK$4.470 per share were granted and lapsed in the financial year ended 30 June 2009. There was no financial impact to the consolidated financial statements of the Group and no valuation on these share options was performed.

Share option expenses charged to the consolidated income statement are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	*Number of options granted*	*Fair values of options granted HK$*	*Closing share price at date of grant HK$*	*Exercise price HK$*	*Expected volatility*	*Option life*	*Risk-free rate*	*Expected dividend yield*	*Suboptimal exercise factor*
17 October 2006	6,200,000	5,814,000	5.70	5.858	23.00%	7 years	3.969%	4.75%	2
19 November 2007	760,000	705,000	6.55	6.746	23.83%	7 years	3.330%	5.78%	2
24 July 2008	800,000	843,000	5.80	5.800	25.94%	7 years	3.600%	4.66%	1.31

35. SHARE CAPITAL (continued)

Share option schemes (continued)

(b) HHI (continued)

Expected volatility was determined by using the historical volatility of the HHI's share price over 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$1,038,000 for the year (2008: HK$2,125,000) in relation to share options granted by HHI.

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 both years presented. 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 2007*	*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	HK$25.21	HK$24.22	HK$23.22

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

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$2,169,000 (2008: HK$7,799,000) was recognised as an expense for the year.

35. 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	2.60%
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 both years presented. 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.

35. SHARE CAPITAL (continued)

Share award scheme (continued)

(b) HHI (continued)

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

Vesting date	*Outstanding at 1 July 2007*	*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	HK$6.21	HK$5.68

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

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$614,000 (2008: HK$2,471,000) 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.

36. SHARE PREMIUM AND RESERVES

The Group

	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*	*Share option reserve of a subsidiary HK$'000*	*Share award reserve of a subsidiary HK$'000*	*Minority interests HK$'000*	*Total HK$'000*
At 1 July 2007 (originally stated)	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
Effect of changes in accounting policies *(note 2)*	—	—	—	(9,622)	—	—	—	—	—	—	(91,930)	(101,552)	—	—	(37,929)	(139,481)
At 1 July 2007 (restated)	8,684,344	4,748	83,010	166,492	79,529	—	—	19,056	5,626	(21,668)	7,799,365	16,820,502	1,268	1,043	3,020,825	19,843,638
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates (as restated)	—	—	—	259,014	—	—	—	—	—	—	—	259,014	—	—	61,295	320,309
Gain arising from changes in fair value of other properties before reclassification to investment properties *(note 17(d))*	—	—	—	—	—	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 changes in fair value of other properties	—	—	—	—	—	(2,149)	—	—	—	—	—	(2,149)	—	—	—	(2,149)
Deferred tax liabilities on changes in fair value of available-for-sale investments	—	—	—	—	—	—	(3,590)	—	—	—	—	(3,590)	—	—	—	(3,590)
Net income recognised directly in equity	—	—	—	259,014	—	10,875	44,584	—	—	—	—	314,473	—	—	61,295	375,768
Translation reserve realised on disposal of a jointly controlled entity	—	—	—	(56,025)	—	—	—	—	—	—	—	(56,025)	—	—	(20,893)	(76,918)
Investment revaluation reserve transferred to profit or loss 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	—	—	—	—	—	—	—	—	—	—	5,978,766	5,978,766	—	—	550,124	6,528,890
Total recognised income for the year	—	—	—	202,989	—	10,875	26,418	—	—	—	5,978,766	6,219,048	—	—	590,526	6,809,574
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 paid 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 34)*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	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 14)*	—	—	—	—	—	—	—	—	—	—	(2,038,718)	(2,038,718)	—	—	—	(2,038,718)
At 30 June 2008 (restated)	8,716,920	25,933	83,010	366,946	81,952	10,875	26,418	37,806	5,308	(11,923)	11,472,962	20,816,207	2,378	1,124	3,232,569	24,052,278

36. SHARE PREMIUM AND RESERVES (continued)

The Group (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	Share option reserve of a subsidiary HK$'000	Share award reserve of a subsidiary HK$'000	Minority interests HK$'000	Total HK$'000
At 1 July 2008	8,716,920	25,933	83,010	366,946	81,952	10,875	26,418	37,806	5,308	(11,923)	11,472,962	20,816,207	2,378	1,124	3,232,569	24,052,278
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	(39,166)	—	—	—	—	—	—	—	(39,166)	—	—	(2,863)	(42,029)
Loss arising from changes in fair value of available-for sale investments	—	—	—	—	—	—	(9,910)	—	—	—	—	(9,910)	—	—	—	(9,910)
Net expense recognised directly in equity	—	—	—	(39,166)	—	—	(9,910)	—	—	—	—	(49,076)	—	—	(2,863)	(51,939)
Investment revaluation reserve transferred to profit or loss on disposal of available-for sale investments	—	—	—	—	—	—	(1,873)	—	—	—	—	(1,873)	—	—	—	(1,873)
Profit for the year	—	—	—	—	—	—	—	—	—	—	1,680,851	1,680,851	—	—	316,612	1,997,463
Total recognised income (expense) for the year	—	—	—	(39,166)	—	—	(11,783)	—	—	—	1,680,851	1,629,902	—	—	313,749	1,943,651
Issue of shares	47,313	—	—	—	—	—	—	(6,958)	—	—	—	40,355	—	—	—	40,355
Shares issue expenses	(35)	—	—	—	—	—	—	—	—	—	—	(35)	—	—	—	(35)
Repurchase of shares	—	39,088	—	—	—	—	—	—	—	—	(361,468)	(322,380)	—	—	—	(322,380)
Repurchase of HHI shares by HHI	—	—	—	—	—	—	—	—	—	—	(10,636)	(10,636)	—	—	(27,210)	(37,846)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,157,244)	(1,157,244)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,203)	(1,203)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	25,619	2,169	—	—	27,788	729	432	491	29,440
Shares vested under the share award schemes of the Group	—	—	—	—	—	—	—	—	(7,477)	9,745	(2,697)	(429)	—	(1,556)	(783)	(2,768)
Forfeiture of vested share option	—	—	—	—	—	—	—	—	—	—	133	133	(133)	—	—	—
Transfers between reserves	—	—	(73,000)	15,000	423	—	—	—	—	—	57,577	—	—	—	—	—
Dividends recognised as distribution during the year *(note 14)*	—	—	—	—	—	—	—	—	—	—	(4,995,334)	(4,995,334)	—	—	241,108	(4,754,226)
At 30 June 2009	**8,764,198**	**65,021**	**10,010**	**342,780**	**82,375**	**10,875**	**14,635**	**56,467**	**—**	**(2,178)**	**7,841,388**	**17,185,571**	**2,974**	**—**	**2,601,477**	**19,790,022**

36. SHARE PREMIUM AND RESERVES (continued)

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital 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
The Company								
At 1 July 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 14)*	—	—	—	—	—	—	(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
Profit for the year and total income recognised for the year	—	—	—	—	—	—	426,247	426,247
Issue of shares	47,313	—	—	(6,958)	—	—	—	40,355
Shares issue expenses	(35)	—	—	—	—	—	—	(35)
Repurchase of shares	—	39,088	—	—	—	—	(361,468)	(322,380)
Recognition of equity-settled share-based payments	—	—	—	25,619	2,169	—	—	27,788
Shares vested under the share award scheme of the Company	—	—	—	—	(7,477)	9,745	(2,268)	—
Dividends recognised as distribution during the year *(note 14)*	—	—	—	—	—	—	(4,995,334)	(4,995,334)
At 30 June 2009	**8,764,198**	**65,021**	**9,872**	**56,467**	**—**	**(2,178)**	**2,225,922**	**11,119,302**

37. 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 2007 (as restated)	161,776	487,912	241,518	—	(165,076)	(854)	725,276
Charge (credit) to consolidated income statement							
Current year (as restated)	23,810	105,887	(864)	68,898	(5,267)	(891)	191,573
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 (as restated)	175,962	565,918	226,853	68,898	(160,910)	453	877,174
Charge (credit) to consolidated income statement	29,286	118,834	(864)	55,135	(3,796)	(542)	198,053
At 30 June 2009	**205,248**	**684,752**	**225,989**	**124,033**	**(164,706)**	**(89)**	**1,075,227**

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$1,629 million (2008: HK$1,550 million) to offset against future profits. A deferred tax asset of HK$165 million (2008: HK$161 million) in respect of tax losses of HK$998 million (2008: HK$975 million) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$631 million (2008: HK$575 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

38. ACQUISITION OF A SUBSIDIARY

On 1 August 2008, the Group acquired 100% of the issued share capital of Mingway Company, Limited from certain directors of the Company for a total consideration of approximately HK$208 million. This consideration was arrived at by reference to the fair value of the underlying investment properties on date of acquisition as valued by DTZ. This acquisition has been accounted for as acquisition of assets as Mingway Company, Limited is principally engaged in property investment and only holds certain commercial units at Wu Chung House, No. 213 Queen's Road East, Wanchai, Hong Kong.

The net assets acquired in the transaction are as follows:

	HK$'000
Net assets acquired:	
Investment properties	210,000
Trade and other receivables	825
Bank balances	393
Trade and other payables	(216)
Rental and other deposits	(2,602)
	208,400
Total consideration satisfied by:	
Cash	208,400
Net cash outflow arising on acquisition:	
Cash consideration paid	208,400
Bank balances acquired	(393)
	208,007

39. DISPOSAL OF A SUBSIDIARY

As referred to in note 9(a), the Company completed the disposal of its subsidiary, Nomusa, during the year ended 30 June 2008.

	HK$'000
Net assets disposed of:	
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

The resulting gain on disposal of HK$3,949,339,000 was included in the gain on disposal of jointly controlled entities and associates in the consolidated income statement for the year ended 30 June 2008.

The subsidiary disposed of did not contribute to the Group's profit before taxation for the year ended June 2008 and the subsidiary did not contribute to the Group's cash flows for the year ended 30 June 2008. The subsidiary did not contribute to the Group's turnover for the years ended 30 June 2008.

40. 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, for the development of Phase II of the Western Delta Route in the PRC ("Phase II West") of approximately RMB96 million.

At 30 June 2009, the Group had agreed, subject to approval of the relevant PRC authorities, to make capital contribution to West Route JV for the development of Phase II and Phase III of the Western Delta Route of approximately RMB403 million (2008: Nil) and RMB980 million (2008: RMB571 million) respectively.

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$521 million at 30 June 2009 (2008: HK$1,658 million).

(b) Residential and commercial property project

On 23 June 2009, a tender submitted by a joint venture company of the Group was accepted by the Urban Renewal Authority in respect of the development of the Lee Tung Street Project in Wanchai. The Group and the joint venture partner will jointly hold and develop the project through their respective shareholding of 50% in the joint venture company. At the balance sheet date, the total commitment of the Group is expected to be approximately HK$4.15 billion, representing 50% of the total budgeted development and related costs of the project.

(c) Power plant project

The Group's share of the commitments of the joint venture company in respect of the development of the power plant is as follows:

	2008 HK$'000	***2009 HK$'000***
Authorised but not yet contracted for	19,305	**201,968**
Contracted for but not provided	733,544	**248,769**
	752,849	**450,737**

(d) Commercial and hotel property project

Pursuant to a cooperation agreement entered into between the Group and a PRC party to develop and lease a commercial and hotel complex property in Guangzhou, the PRC, 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.

(e) Property development

	2008 HK$'000	***2009 HK$'000***
Projects undertaken by the Group		
Authorised but not yet contracted for	861,952	**346,520**
Contracted for but not provided	150,638	**397,348**
	1,012,590	**743,868**

40. PROJECT COMMITMENTS (continued)

(f) Property renovation

	2008 HK$'000	2009 HK$'000
Property renovation expenditure contracted for but not provided	9,551	**6,502**

41. OPERATING LEASE COMMITMENTS

The Group as lessor

Rental income from investment properties earned during the year is approximately HK$546 million (2008: HK$463 million). At the balance sheet date, the investment properties of the Group with an aggregate carrying amount of approximately HK$7,725 million (2008: HK$6,800 million) which 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	
	2008 HK$'000	2009 HK$'000
Within one year	301,721	**323,205**
In the second to fifth years inclusive	333,509	**331,380**
After five years	5,352	**59**
	640,582	**654,644**

42. CONTINGENT LIABILITIES

(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.

42. CONTINGENT LIABILITIES (continued)

(b) Guarantees

The Group

(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$2 million at 30 June 2009 (2008: HK$7 million).

(ii) As at 30 June 2008, 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. The Group's share of the guarantee of the jointly controlled entity amounted to approximately RMB11 million as at 30 June 2008. Such guarantee was released during the current year.

The Company

(i) As at 30 June 2009, the credit facilities of the Company's subsidiaries to the aggregate extent of HK$13,865 million (2008: HK$13,965 million) are guaranteed by the Company. Such facilities were utilised in relation to utility deposit guarantee to the extent of HK$13 million (2008: HK$13 million) as at 30 June 2009.

43. 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$8,876,000 (2008: HK$8,178,000) 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.

44. 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 registered capital amounting to HK$702 million previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702 million when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Compensation of key management personnel

The remuneration paid or payable to the Group's key management personnel amounted to HK$36 million (2008: HK$58 million), which comprises share-based payments of HK$3 million (2008: HK$14 million) and short term benefits of HK$33 million (2008: HK$44 million). Such remuneration is determined by the Board having regard to the performance of individuals and market trends.

45. 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 and share buy-backs as well as the issue of debts.

46. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		*The Company*	
	2008 HK$'000	***2009 HK$'000***	*2008 HK$'000*	***2009 HK$'000***
Financial assets:				
Loans and receivable at amortised cost (including cash and cash equivalents)	11,955,175	**5,335,082**	17,573,715	**12,716,833**
Available-for-sale investments	65,096	**33,318**	3,000	**3,000**
	12,020,271	**5,368,400**	17,576,715	**12,719,833**
Financial liabilities				
Liabilities at amortised cost	367,722	**343,008**	331,791	**303,022**

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include loan receivable, 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, rental and other deposits and amounts due to associates/subsidiaries/a jointly controlled entity 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.

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 entity. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

46. FINANCIAL INSTRUMENTS (continued)

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

Market risks (continued)

(i) Currency risk (continued)

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	
	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000
Hong Kong dollars	58,712	**1,996,139**	73,606	**1,039**
RMB	380,023	**126,432**	59	**—**
US dollars	3,050,778	**1,001,291**	1,569	**—**

The Company

	Assets		Liabilities	
	2008 HK$'000 (restated)	2009 HK$'000	2008 HK$'000	2009 HK$'000
RMB	471	**125**	—	**—**
US dollars	155	**140,113**	—	**—**

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 sensitivity analysis includes only outstanding foreign currency denominated monetary items as disclosed above and adjusts their translation at the year end for a 5% change in foreign currency rates.

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 decrease/increase by approximately HK$93.4 million for the year ended 30 June 2009 (2008: increase/decrease by HK$73.9 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$6,000 for the year ended 30 June 2009 (2008: HK$24,000).

In addition, certain jointly controlled entities of the Group had foreign currency bank loans as at 30 June 2009 and 2008. Foreign currency exposure associated with these foreign currency bank loans is disclosed in note 23.

46. 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 and loan to a jointly controlled entity which is interest free. The Company is exposed to fair value interest rate risk in relation to fixed rate bank deposits and amounts due from subsidiaries which are interest free. 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 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 bank deposits carrying prevailing interest rates 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 profit for the year ended 30 June 2009 would increase/decrease by approximately HK$0.8 million (2008: HK$3.0 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 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$3.0 million (2008: HK$6.2 million).

46. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

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 amount 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 42(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 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 review the recoverable amount of each individual amount 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.

Liquidity risk

The Group's total assets less current liabilities and the Group's net current assets at 30 June 2009 amounted to HK$23,209 million (2008: HK$27,304 million) and HK$5,314 million (2008: HK$11,676 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 mitigates the effects of fluctuations in cash flows. The management monitors the utilisation of the available banking facilities and ensures compliance with loan covenants. As at 30 June 2009, the Group has unutilised syndicated loan facilities of HK$15,950 million (2008: HK$15,950 million) and other banking facilities of HK$1,502 million (2008: HK$1,602 million).

The following tables detail the contractual maturity of the Group and the Company for their financial liabilities. The tables have 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 tables include both interest and principal cash flows. The interest payments are computed using contractual rates or, if floating, based on the prevailing market rates at the balance sheet date.

46. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

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 30.6.2008 HK$'000
2008							
Non-interest bearing							
Trade and other payables	115,244	18,864	43,185	15,969	—	193,262	193,262
Rental and other deposits	3,785	5,249	29,526	64,796	1,260	104,616	104,616
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
	128,894	24,113	72,711	80,765	80,229	386,712	367,722

	Repayable on demand or less than 1 month HK$'000	1-2 months HK$'000	Over 2 months but not more than than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30.6.2009 HK$'000
2009							
Non-interest bearing							
Trade and other payables	**108,592**	**9,434**	**9,889**	**20,997**	**—**	**148,912**	**148,912**
Rental and other deposits	**6,639**	**4,334**	**32,907**	**75,043**	**1,260**	**120,183**	**120,183**
Amount due to a jointly controlled entity	**2,243**	**—**	**—**	**—**	**—**	**2,243**	**2,243**
Amounts due to associates	**9,741**	**—**	**—**	**—**	**—**	**9,741**	**9,741**
Amount due to a minority shareholder of a subsidiary	**—**	**—**	**—**	**—**	**78,969**	**78,969**	**61,929**
	127,215	**13,768**	**42,796**	**96,040**	**80,229**	**360,048**	**343,008**

46. 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 30.6.2008 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

	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 30.6.2009 HK$'000***
2009							
Non-interest bearing							
Trade and other payables	**8,603**	—	—	—	—	**8,603**	**8,603**
Amounts due to associates	**9,741**	—	—	—	—	**9,741**	**9,741**
Amounts due to subsidiaries	**284,678**	—	—	—	—	**284,678**	**284,678**
	303,022	—	—	—	—	**303,022**	**303,022**

(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.

47. PRINCIPAL SUBSIDIARIES

The following list contains only the details of the subsidiaries at 30 June 2009 and 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				
		Directly		Indirectly		
Name of company	Paid up issued capital	2008 %	2009 %	2008 %	2009 %	Principal activities
Incorporated in Hong Kong:						
Banbury Investments Limited	2 shares of HK$1 each	100	100	—	—	Property investment
Bayern Gourmet Food Company Limited	3,000,000 shares of HK$1 each	—	—	90	90	Manufacture and sales of food
Chee Shing Company Limited	9,680 shares of HK$100 each	100	100	—	—	Provision of management services
Exgratia Company Limited	2 shares of HK$1 each	100	100	—	—	Property investment
GardenEast Limited	10,000 shares of HK$100 each	—	—	100	100	Property investment
GardenEast Management Limited (formerly known as Nice Strength Investment Limited)	300,000 share of HK$1 each	—	—	100	100	Property management
HH Finance Limited	100,000 shares of HK$10 each	100	100	—	—	Loan financing
HHI Finance Limited	1 share of HK$1 each	—	—	73.01	70.27	Loan financing
HITEC Management Limited	300,000 shares of HK$1 each	—	—	100	100	Property management
Hopewell Centre Management Limited	209,200 shares of HK$100 each	—	—	100	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	68.51	Investment in expressway project
Hopewell Construction Company, Limited	200,000 shares of HK$100 each	—	—	100	100	Construction, project management and investment holding
Hopewell Food Industries Limited	1,000,000 shares of HK$1 each	—	—	100	100	Restaurant operation

47. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued capital held by the Company				Principal activities
		Directly		Indirectly		
		2008 %	2009 %	2008 %	2009 %	
Incorporated in Hong Kong: (continued)						
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	70.27	Investment in expressway project
Hopewell Hotels Management Limited (formerly known as Mega Hotels Management Limited)	3,000,000 shares of HK$1 each	—	—	100	100	Hotel management
Hopewell Property Management Company Limited	2 shares of HK$100 each	—	—	100	100	Building and carpark management
Hopewell Real Estate Agency Limited	30,000 shares of HK$100 each	—	—	100	100	Property agents and investment holding
Hopewell Wind Power (Hong Kong) Limited	1 share of HK$1 each	—	—	—	100	Investment in a wind power project
H-Power Investor (HK) Limited	1 share of HK$1 each	—	—	87.5	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	100	Property investment and operation of a trademart
IT Catering and Services Limited	2 shares of HK$1 each	—	—	100	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	100	Property investment, hotel ownership and operations
Lok Foo Company Limited	52,000 shares of HK$100 each	100	100	—	—	Investment holding

47. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued capital held by the Company				Principal activities
		Directly		Indirectly		
		2008 %	2009 %	2008 %	2009 %	
Incorporated in Hong Kong: (continued)						
Panda Place Management Limited	300,000 shares of HK$1 each	—	—	100	100	Property management
QRE Plaza Limited	1,000 shares of HK$100 each	—	—	100	100	Property investment
QRE Plaza Management Limited	300,000 shares of HK$1 each	—	—	100	100	Property management
Slipform Engineering Limited	1,000,001 shares of HK$1 each	—	—	100	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	100	Property investment and investment holding
Yuba Company Limited	10,000 shares of HK$1 each	—	—	100	100	Property investment
Established in the PRC:						
廣州市合和(花都)置業發展有限公司	RMB99,200,000 (registered capital)	—	—	95	95	Property development
廣州市冠暉物業管理有限公司	RMB500,000 (registered capital)	—	—	76	76	Property management
廣州誠滿物業管理有限公司	RMB350,000,000 (registered capital)	—	—	100	100	Property management

47. PRINCIPAL SUBSIDIARIES (continued)

Name of company	Paid up issued capital	Proportion of nominal value of issued capital held by the Company — Directly 2008 %	Directly 2009 %	Indirectly 2008 %	Indirectly 2009 %	Principal activities
Incorporated in the British Virgin Islands:						
Anber Investments Limited	1 share of US$1 each	—	—	100	100	Investment holding
Hopewell (Huadu) Estate Investment Company Limited	1 share of US$1 each	100	100	—	—	Investment holding
Hopewell Wind Power Limited	1 share of US$1 each	—	—	—	100	Investment holding
Procelain Properties Ltd. (i)	1 share of US$1 each	—	—	100	100	Property investment
Singway (B.V.I.) Company Limited (i)	1 share of US$1 each	—	—	100	100	Property investment
Yeeko Investment Limited	1 share of US$1 each	—	—	100	100	Investment holding
Incorporated in the Cayman Islands:						
Delta Roads Limited (i)	46,422 shares of HK$10 each	—	—	100	100	Investment holding
Hopewell Highway Infrastructure Limited (iii)	2,961,690,283 shares of HK$0.1 each	0.29	—	72.72	70.27	Investment holding

Notes:

(i) Operating principally in Hong Kong

(ii) Operating principally in the PRC

(iii) 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.

48. PRINCIPAL ASSOCIATES

Particulars regarding the principal associates at 30 June 2009 and 2008, which is 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.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 87 to 158 were approved and authorised for issue by the Board of Directors on 26 August 2009.

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
GardenEast	222 Queen's Road East, Wanchai, Hong Kong	Residential and commercial use	1,082	8,965	100
QRE Plaza	202 Queen's Road East, Wanchai, Hong Kong	Commercial use	464	7,154	100
Panda Hotel					
— Hotel property	3 Tsuen Wah Street, Tsuen Wan, New Territories	Hotel operation		47,167	100
— Shopping arcade & carparks		Commercial and carparks		24,595*	100
			5,750	71,762	
Four commercial units, one restaurant and 80 carparking spaces at Wu Chung House	G/F–5/F, 213 Queen's Road East, Hong Kong	Commercial and carparks	N/A	1,642*	100

* Excluding carparking spaces.

LIST OF MAJOR PROPERTIES (continued)

B. PROPERTIES AND STOCK OF PROPERTIES UNDER DEVELOPMENT:

Property/land	*Location*	*Use*	*Stage of completion*	*Site area (sq.m.)*	*Gross floor area[i] (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[ii]	101,600[iii]	100
12 Broadwood Road	12 Broadwood Road, Happy Valley, Hong Kong	Residential use (Planned to be completed in 2nd quarter 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	35,264	
		— Remaining Phases	Under planning stage	610,200[iv]	1,539,229[iv]	
Lee Tung Street Project	Lee Tung Street/ McGregor Street, Wanchai, Hong Kong	Residential, commercial, and other facilities	Under planning stage	8,220	77,584	50

Notes:

(i) Approximate gross floor area under present planning.

(ii) Total development site area of the land required for the property development is about 9,840 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.

(iii) The Group announced in November 2008 to reduce the gross floor area from the original plan of 164,091 m^2 (as per the Town Planning Board Approval obtained in 1994) to about 101,600 m^2.

(iv) These site area and gross floor area are based on land use rights certificates obtained and the latest master layout plan approved by the relevant government authority.

Financial Calendar

Extraordinary special interim dividend paid ***(HK330 cents per ordinary share)***	14 November 2008
Interim results announcement	26 February 2009
Closure of Register	16 March 2009 to 19 March 2009 *(both days inclusive)*
Interim dividend paid ***(HK40 cents per ordinary share)***	on 20 March 2009
Special interim dividend by way of distribution in specie of 1 share in HHI for every whole multiple of 10 shares in the Company	on 31 March 2009
Final results announcement	26 August 2009
Closure of Register	7 October 2009 to 13 October 2009 *(both days inclusive)*
Annual General Meeting	13 October 2009
Proposed final dividend payable ***(HK58 cents per ordinary share)***	on or about 14 October 2009

財務日誌

非慣常特別中期股息 ***（每普通股為港幣330仙）***	二零零八年十一月十四日
公佈中期業績	二零零九年二月二十六日
暫停辦理股份過戶登記	二零零九年三月十六日至 二零零九年三月十九日 *（包括首尾兩天在內）*
派付中期股息 ***（每普通股為港幣40仙）***	二零零九年三月二十日
以實物方式派付特別中期股息，為每持有完整10股本公司股份可獲派1股合和公路基建股份	二零零九年三月三十一日
公佈全年業績	二零零九年八月二十六日
暫停辦理股份過戶登記	二零零九年十月七日至 二零零九年十月十三日 *（包括首尾兩天在內）*
股東週年大會	二零零九年十月十三日
派付建議之末期股息 ***（每普通股為港幣58仙）***	約於二零零九年十月十四日

TdA - concept, design and production   tda.com.hk

Hopewell Holdings Limited
64th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel : (852) 2528 4975
Fax : (852) 2861 2068
Web Page : www.hopewellholdings.com

合和實業有限公司
香港皇后大道東183號
合和中心64樓
電話 : (852) 2528 4975
圖文傳真 : (852) 2861 2068
網址 : www.hopewellholdings.com