Notes to the Accounts

For the year ended 30 June 2008

1 General information

Henderson Investment Limited (the "Company") is incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office and principal place of business is 72-76/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries during the year were investment holding and infrastructure.

2 Significant accounting policies

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong, and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these accounts for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7 "Financial instruments: Disclosures" and the amendment to HKAS 1 "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

Following the adoption of HKFRS 7, the accounts include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32 "Financial instruments: Disclosure and presentation".

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the Group's level of capital and the Group's objectives, policies and processes for managing capital. These new disclosures are set out in note 31(g).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

Up to the date of issue of these accounts, the HKICPA has issued a number of amendments, new standards and new interpretations which are not yet effective for the year ended 30 June 2008 and which have not been adopted in these accounts.

The Group is in the process of making an assessment of the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that the adoption of the following amendment and new standard may result in new or amended disclosures in the accounts:

		Effective for accounting periods beginning on or after
HKAS 1 (revised)	Presentation of financial statements	1 January 2009
HKFRS 8	Operating segments	1 January 2009

In respect of HK(IFRIC) – Int 12 "Service concession arrangements" which is effective for accounting periods beginning on or after 1 January 2008, it applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. The adoption of HK(IFRIC) – Int 12 will result in a retrospective change in accounting policy for the Group's toll bridge. The toll bridge is to be reclassified from property, plant and equipment to toll highway operation rights to the extent that the Group receives a right (a license) to charge users of the public service. In addition, as a toll road operator, the Group is required to account for revenue and costs relating to toll road construction or upgrade services in accordance with HKAS 11 "Construction contracts" and account for revenue and costs relating to toll road operation services in accordance with HKAS 18 "Revenue".

In respect of other amendments, new standards and new interpretations, the Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2 Significant accounting policies (continued)

(b) Basis of preparation of the accounts

The consolidated accounts for the year ended 30 June 2008 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the accounts is the historical cost basis.

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell (see note 2(t)(i)).

The preparation of accounts in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs and estimates that have significant effect on the accounts are discussed in note 3.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated accounts from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(k) and (l) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2 Significant accounting policies (continued)

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associate's net assets. The consolidated profit and loss account includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the interests in associates recognised for the year (see notes 2(e) and (j)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 2(j)). The results of associates are accounted for by the Company on the basis of dividend received and receivable.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(j)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interests in the associates.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash-generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

Investments in equity securities, other than investments in subsidiaries and associates, that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(j)).

2 Significant accounting policies (continued)

(g) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)).

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Bridge	Over the operating period of 29 years
Others	2 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Toll highway operation rights

Toll highway operation rights are stated at cost less accumulated amortisation and impairment losses (see note 2(j)).

Amortisation is provided to write off the cost of toll highway operation rights using the straight-line method over the operating period of 25 years.

Toll highway operation rights are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of toll highway operation rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowances for impairment of doubtful debts (see note 2(j)).

(j) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities (other than investments in subsidiaries and associates: see note 2(j)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities, and are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 Significant accounting policies (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in equity securities and trade and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Impairment losses for equity securities are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of the asset).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— toll highway operation rights;

— investments in subsidiaries and associates (except for those classified as held for sale or included in a disposal group that is classified as held for sale (see note 2(t)(i))); and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 Significant accounting policies (continued)

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which such deferred tax assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 Significant accounting policies (continued)

(o) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Interest income

Interest income is recognised as it accrues using the effective interest method.

(ii) Toll fee income

Toll fee income is recognised when services are provided.

(iii) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 Significant accounting policies (continued)

(r) Translation of foreign currencies

Items included in the accounts of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of an acquired foreign operation is translated at the closing rate at the balance sheet date.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(t) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or the disposal group, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the accounts of the Group are concerned are deferred tax assets, financial assets (other than investments in subsidiaries and associates) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the profit and loss account, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2 Significant accounting policies (continued)

(u) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Accounting estimates and judgements

The key sources of estimating uncertainty and critical accounting judgements in applying the Group's accounting policies are described below:

(a) Impairment of non-current assets

If circumstances indicate that the carrying amounts of property, plant and equipment and toll highway operation rights may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the net selling price and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(b) Impairment of trade receivable

If circumstances indicate that the carrying amount of trade receivable may not be recoverable, an impairment loss may be recognised. The carrying amount of trade receivable is reviewed periodically in order to assess whether the recoverable amount has declined below the carrying amount. The Group estimates the future cash flows from the trade receivable with reference to the age of the trade receivable, debtors' credit-worthiness and repayment history.

4 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are monitored by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables, other non-current assets and amounts due from affiliates. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Trade and other receivables comprise toll income receivable and other trade and other receivables. In respect of toll income receivable, the amount is collected on behalf of the Group by a relevant government body in Hangzhou in accordance with the terms of the agreement entered into between the Group and the government body. In respect of other trade and other receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer. Normally, the Group does not obtain collateral from customers. Regular review and follow-up actions are carried out on the overdue amounts. Ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise exposure to credit risk. Adequate impairment losses have been made for the estimated irrecoverable amounts.

In respect of the amounts due from affiliates, management monitors the recovery of the debts closely and ensure that adequate impairment losses have been made for the estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. The Group does not provide any other guarantees which expose the Group to credit risk.

(b) Liquidity risk

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

4 Financial instruments (continued)

(b) Liquidity risk (continued)

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates ruling at the balance sheet date) and the earliest date on which the Group can be required to pay:

	2008				
	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million
Secured bank loans	40	46	14	20	12
Trade and other payables	72	72	72	—	—
Amount due to a fellow subsidiary	16	16	16	—	—
Amounts due to minority shareholders	126	126	126	—	—
	254	260	228	20	12

	2007				
	Carrying amount HK$ million	Total contractual undiscounted cash flow HK$ million	Within 1 year or on demand HK$ million	More than 1 year but less than 2 years HK$ million	More than 2 years but less than 5 years HK$ million
Secured bank loans	29	31	24	1	6
Trade and other payables	186	186	186	—	—
Amount due to a fellow subsidiary	1,653	1,656	1,656	—	—
Amounts due to minority shareholders	148	148	148	—	—
	2,016	2,021	2,014	1	6

(c) Interest rate risk

The Group is exposed to interest rate risk primarily through its borrowings from banks (see note 25) and a fellow subsidiary (see note 27) which bear floating interest rates. The Group monitors closely its interest rate exposure and will consider hedging significant interest rate exposure should the need arise. During the year, the Group did not enter into any interest rate hedging instruments.

4 Financial instruments (continued)

(c) Interest rate risk (continued)

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

		2008	
	Fixed/ floating	Effective interest rate	Within one year HK$ million
Deposits with banks	**Fixed**	**1.15%-2.3%**	**771**
Cash at bank	**Floating**	**0%-0.72%**	**65**
Secured bank loans	**Floating**	**6.33%-9.29%**	**40**
Amount due to a fellow subsidiary	**Floating**	**1.31%**	**16**

		2007	
	Fixed/ floating	Effective interest rate	Within one year HK$ million
Deposits with banks	Fixed	0.5%-4.37%	3,609
Cash at bank	Floating	0.72%-1.95%	77
Secured bank loans	Floating	6.33%-7.78%	29
Amount due to a fellow subsidiary	Floating	4.11%	1,653

At 30 June 2008, it is estimated that a general increase/decrease in interest rate of 100 basis points, with all other variables held constant, would increase/decrease the Group's profit after tax and total equity attributable to equity shareholders of the Company both by approximately HK$8 million (2007: HK$23 million) mainly due to increase in net interest income from interest bearing floating rate financial assets less financial liabilities.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date, and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The exposure to interest rate risk as referred to above represents management's assessment of a reasonably possible change in interest rates during the period from the balance sheet date until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for 2007.

(d) Foreign currency risk

The Group's primary foreign currency exposure arises from its operations in mainland China as the functional currency of these operations is Renminbi. Where appropriate and cost efficient, the Group seeks to finance these investments by Renminbi borrowings with reference to the future Renminbi funding requirements from the investment and related returns.

At 30 June 2008, there were balances between the Group's companies where the denomination is in a currency other than the functional currencies of the Group's entities to which they relate. The impact on the Group's profit after tax and total equity attributable to equity shareholders of the Company is not expected to be material in response to reasonably possible changes in the foreign exchange rates of the other currencies to which the Group is exposed.

(e) Fair values

Financial assets and liabilities are carried at amounts not materially different from their fair values at 30 June 2007 and 2008.

5 Material acquisitions and disposal during the year

(a) On 29 August 2007, Uniland Development Limited, a wholly-owned subsidiary of the Company which beneficially owned 64.06% interest in China Investment Group Limited ("CIG"), entered into a sale and purchase agreement with certain parties in relation to the acquisition of the remaining 35.94% interest in CIG, for a cash consideration of HK$145 million. The transaction was completed in September 2007 and CIG became a wholly-owned subsidiary of the Company.

(b) During the period from 1 July 2007 to 10 August 2007, Macrostar Investment Limited, a wholly-owned subsidiary of the Company, acquired 31,159,000 shares of The Hong Kong and China Gas Company Limited ("HKCG"), an associate of the Group, at a price range of between HK$16.59 and HK$18.15 per share, for an aggregate consideration of HK$545 million. As a result of these acquisitions, the Group was beneficially interested in approximately 39.06% of the issued share capital of HKCG.

(c) On 2 October 2007, the Company as vendor and Henderson Land Development Company Limited ("HLD"), the Company's intermediate holding company, as purchaser entered into a conditional agreement (as supplemented by a supplemental agreement dated 7 November 2007) pursuant to which HLD and its certain subsidiaries acquired the Group's entire interest in HKCG (representing 2,366,934,097 shares of HKCG or approximately 39.06% of HKCG's issued share capital) through the acquisition of the Company's interests in two wholly-owned investment holding subsidiaries, namely, Macrostar Investment Limited and Timpani Investments Limited (together referred to as the "Sale Companies"), and the shareholder's loans owing by the Sale Companies (the "Transaction"). The Transaction was approved pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 7 December 2007 and was completed on 17 December 2007.

The consideration of the Transaction comprised (i) the issue to the Company of the share entitlement note, which conferred on the holder thereof the right to call for the issue of 636,891,425 ordinary shares of HLD (including entitlement to be paid by HLD of an amount which is equal to HLD's final dividend for the year ended 30 June 2007); and (ii) cash of HK$6,828 million. Further details are set out in the Company's circular dated 20 October 2007 and supplementary circular dated 14 November 2007.

The consideration of the Transaction amounted to HK$50,264 million and a gain on disposal of HK$33,781 million (note 6(b)) was recognised by the Group.

6 Discontinued operations

(a) The Group's discontinued operations comprise the following:

For the year ended 30 June 2008:

— the Group's interest in HKCG, an associate, which was disposed of by the Group to HLD on 17 December 2007 (note 5 (c)).

For the year ended 30 June 2007:

— the Group's interests in certain subsidiaries and associates which were engaged in the businesses of property leasing, hotel operation, security guard services, sale of properties and other businesses, as well as certain associates including Miramar Hotel and Investment Company, Limited and Hong Kong Ferry (Holdings) Company Limited; and

— the Group's interest in a subsidiary which was engaged in property investment,

the disposal of which resulted in a gain on disposal of HK$930 million (note 6 (b)) which was recognised by the Group during the year ended 30 June 2007.

After the disposal of the above discontinued operations during the year, the Group's principal activity is infrastructure business in mainland China.

(b) The results of the discontinued operations for the years ended 30 June 2007 and 2008 are as follows:

	Note	2008 HK$ million	2007 (re-stated) HK$ million
Turnover	*8*	—	713
Direct costs		—	(374)
		—	339
Other income/other gains	*9*	—	7
Selling and distribution costs		—	(24)
Administrative expenses		—	(53)
Profit from operations before changes in fair value of investment properties		—	269
Increase in fair value of investment properties		—	219
Profit from operations after changes in fair value of investment properties		—	488
Share of profits less losses of associates to the date of disposal		**1,484**	3,834
Profit before taxation		**1,484**	4,322
Income tax	*11(a)*	—	(73)
Profit for the year		**1,484**	4,249
Net gain on disposal of Sale Companies and related shareholder's loans	*5(c)*	**33,781**	—
Net gain on disposal of subsidiaries and associates	*6(a)*	—	930
		35,265	5,179

6 Discontinued operations (continued)

(c) The net cash flows of the discontinued operations for the years ended 30 June 2007 and 2008 are as follows:

	2008 HK$ million	2007 (re-stated) HK$ million
Net cash inflow from operating activities	—	217
Net cash (outflow)/inflow from investing activities (including dividend income received from HKCG for the year ended 30 June 2007)	(601)	821
Net cash inflow/(outflow) from financing activities	601	(289)
Net cash inflow attributable to the discontinued operations	—	749

7 Segmental information

No segmental information for the year ended 30 June 2008 is presented, as the Group's turnover and segment results for the year were solely generated from its infrastructure business in mainland China, the turnover of which amounted to HK$272 million during the year (2007: HK$189 million) and the segment results of which amounted to HK$193 million during the year (2007: HK$131 million).

Segmental information for the year ended 30 June 2007 was presented in respect of the Group's business and geographical segments. Business segment information was chosen as the primary reporting format because this was more relevant to the Group's internal financial reporting. During the year ended 30 June 2007, the Group comprised the following main business segments:

Continuing operations

Infrastructure — investment in infrastructure projects

Discontinued operations

Property leasing — property rental

Hotel operation — hotel operations and management

Security guard services — provision of security guard services

Others — miscellaneous business operations

For the year ended 30 June 2008

7 Segmental information (continued)

Business segments

2007

	Continuing operations	Discontinued operations					
	Infrastructure HK$ million	Property leasing HK$ million	Hotel operation HK$ million	Security guard services HK$ million	Others HK$ million	Elimination HK$ million	Consolidated HK$ million
Income and results							
Turnover	189	370	91	65	187	—	902
Other income	4	2	—	—	1	—	7
External income	193	372	91	65	188	—	909
Inter-segment income	—	—	—	1	4	(5)	—
Total income	193	372	91	66	192	(5)	909
Segment results	131	241	29	1	5		407
Interest income							221
Dividend income from listed investments							3
Profit for the year of disposal group							11
Increase in fair value of investment properties							219
Gain on disposal of subsidiaries and associates							930
Unallocated expenses, net							(43)
Finance costs							(4)
Share of profits less losses of associates							3,834
Profit before taxation							5,578
Income tax							(109)
Profit for the year							5,469

7 Segmental information (continued)

Business segments (continued)

2007

	Continuing operations	Discontinued operations				
	Infrastructure HK$ million	Property leasing HK$ million	Hotel operation HK$ million	Security guard services HK$ million	Others HK$ million	Consolidated HK$ million
Other information						
Capital expenditure incurred during the year	174	93	—	—	1	268
Amortisation and depreciation	32	—	9	—	4	45
Write off of property, plant and equipment	—	—	—	—	18	18

No business segment analysis in respect of assets and liabilities at 30 June 2007 is presented as there was only infrastructure business segment at 30 June 2007.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue was based on the geographical location of the business operations.

2007

	Hong Kong HK$ million	Mainland China HK$ million	Consolidated HK$ million
Turnover	713	189	902
Other income	3	4	7
External income	716	193	909
Attributable to:			
— Continuing operations	—	193	193
— Discontinued operations	716	—	716
	716	193	909
Total consolidated assets	18,148	1,715	19,863
Capital expenditure incurred during the year	94	174	268

For the year ended 30 June 2008

8 Turnover

Turnover recognised during the year is analysed as follows:

	2008 HK$ million	2007 HK$ million
Continuing operations		
Toll fee income	**272**	189
Discontinued operations		
Rental income	—	370
Hotel operation	—	91
Security guard services	—	65
Sale of properties	—	38
Information technology services	—	3
Others	—	146
	—	713

9 Other income/other gains

	2008 HK$ million	2007 HK$ million
Continuing operations		
Interest income	**59**	220
Excess of interest in fair values of the acquirees' identifiable assets over cost of business combination	**3**	—
Dividend income from unlisted investments	**1**	—
Gain on disposal of property, plant and equipment	**1**	—
Exchange gain	**5**	—
Sundry income	**3**	4
	72	224
Discontinued operations		
Compensation for early termination of tenancy agreement	—	1
Dividend income from listed investments	—	3
Interest income	—	1
Sundry income	—	2
	—	7

For the year ended 30 June 2008

10 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2008 HK$ million	2007 HK$ million
(a) Finance costs:		
Continuing operations		
Bank loans and overdrafts	**2**	2
Other borrowings wholly repayable within five years	**3**	2
	5	4
(b) Staff costs (including directors' emoluments):		
Continuing operations		
Salaries, wages and other benefits	**13**	12
Discontinued operations		
Salaries, wages and other benefits	—	109
Contributions to defined contribution retirement plans	—	4
	—	113
(c) Other items:		
Continuing operations		
Amortisation of toll highway operation rights	**11**	10
Depreciation	**41**	22
Auditors' remuneration		
— audit service	**1**	2
Impairment loss on available-for-sale securities	—	14
Operating lease charges: minimum leases payments		
— property rentals	—	1
Discontinued operations		
Amortisation of prepaid lease payments	—	1
Depreciation	—	12
Auditors' remuneration		
— audit service	—	2
— non-audit service	—	3
Cost of sales		
— trading inventories	—	45
— completed properties for sale	—	19
Write off of property, plant and equipment	—	18
Operating lease charges: minimum leases payments		
— property rentals	—	5
Rental received and receivable from investment properties less direct outgoings of HK$Nil (2007: HK$85 million) *	—	(183)
Other rental income less direct outgoings *	—	(85)

* *The 2007 figures include contingent rental income of HK$3 million from investment properties and other properties.*

For the year ended 30 June 2008

11 Income tax

(a) Income tax in the consolidated profit and loss account represents:

	Note	2008 HK$ million	2007 HK$ million
Current tax – Hong Kong Profits Tax			
Provision for the year		—	39
Under-provision in respect of prior years		1	15
		1	54
Current tax – mainland China			
Provision for the year		35	21
Deferred taxation			
Origination and reversal of temporary differences		(2)	34
		34	109
Attributable to:			
— Continuing operations		34	36
— Discontinued operations	*6(b)*	—	73
		34	109

On 27 February 2008, the Financial Secretary of the Government of the Hong Kong Special Administrative Region announced a cut in the Profits Tax rate applicable to the Group's operations in Hong Kong from 17.5% to 16.5% with effect from the fiscal year 2008-09 and a one-off rebate of 75% of tax payable for 2007-08 assessment subject to a ceiling of HK$25,000. These have been taken into account in the preparation of the Group's 2008 accounts. In this regard, no provision for Hong Kong Profits Tax has been made for the reason that there is no assessable profit for the year subject to Hong Kong Profits Tax (2007: provision for Hong Kong Profits Tax was made at 17.5% on the estimated assessable profit). Taxation for subsidiaries outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions. Certain subsidiaries of the Group operating in mainland China are eligible for certain tax holidays and concessions for the year.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China, under which the Group's principal income tax rate is gradually accelerated to the higher tax rate of 25% in a period of 5 years starting from 1 January 2008. The applicable principal income tax rate for the year ended 30 June 2008 is 18%.

11 Income tax (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2008 HK$ million	2007 HK$ million
Profit before taxation from continuing and discontinued operations	**35,510**	5,578
Notional tax on profit before taxation, calculated at the Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	**5,859**	976
Tax effect of non-deductible expenses	**7**	26
Tax effect of non-taxable income	**(5,589)**	(231)
Tax effect of share of profits less losses of associates	**(245)**	(671)
Tax effect of current year's tax losses not recognised	**1**	13
Tax effect of prior year's tax losses utilised	**—**	(14)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**—**	(6)
Under-provision in respect of prior years	**1**	15
Others	**—**	1
Income tax	**34**	109

For the year ended 30 June 2008

12 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2008				
	Fees HK$'000	Salaries, emoluments, other allowances and benefits HK$'000	Retirement scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive Directors					
Dr. the Hon. Lee Shau Kee	20	—	—	—	20
Lee Ka Kit	20	—	—	—	20
Colin Lam Ko Yin	20	—	—	—	20
Lee Ka Shing	20	—	—	—	20
Lee Tat Man	20	—	—	—	20
Suen Kwok Lam	20	—	—	—	20
Lee King Yue	20	—	—	—	20
Eddie Lau Yum Chuen	20	—	—	—	20
Li Ning	20	—	—	—	20
Patrick Kwok Ping Ho	20	—	—	—	20
Augustine Wong Ho Ming	20	—	—	—	20
Sit Pak Wing	20	—	—	—	20
Non-executive Directors					
Sir Po-shing Woo	20	—	—	—	20
Philip Yuen Pak Yiu	20	—	—	—	20
Leung Hay Man	20	180	—	—	200
Jackson Woo Ka Biu	—	—	—	—	—
Independent non-executive Directors					
Gordon Kwong Che Keung	20	180	—	—	200
Professor Ko Ping Keung	20	180	—	—	200
Wu King Cheong	20	180	—	—	200
	360	720	—	—	1,080

12 Directors' remuneration (continued)

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: (continued)

	2007				
	Fees HK$'000	Salaries, emoluments, other allowances and benefits HK$'000	Retirement scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive Directors					
Dr. the Hon. Lee Shau Kee	20	8,404	—	—	8,424
Lee Ka Kit	20	—	—	—	20
Colin Lam Ko Yin	20	—	—	—	20
Lee Ka Shing	20	—	—	—	20
Lee Tat Man	20	—	—	—	20
Suen Kwok Lam	20	—	—	—	20
Lee King Yue	20	—	—	—	20
Eddie Lau Yum Chuen	20	—	—	—	20
Li Ning	20	—	—	—	20
Patrick Kwok Ping Ho	20	—	—	—	20
Lau Chi Keung *	20	—	—	—	20
Augustine Wong Ho Ming	20	—	—	—	20
Sit Pak Wing	20	—	—	—	20
Non-executive Directors					
Sir Po-shing Woo	20	—	—	—	20
Philip Yuen Pak Yiu	20	—	—	—	20
Leung Hay Man	20	180	—	—	200
Jackson Woo Ka Biu	—	—	—	—	—
Independent non-executive Directors					
Gordon Kwong Che Keung	20	180	—	—	200
Professor Ko Ping Keung	20	180	—	—	200
Wu King Cheong	20	180	—	—	200
	380	9,124	—	—	9,504

* *resigned upon retirement on 30 June 2007.*

There was no arrangement under which a director has waived or agreed to waive any emoluments during the year.

Certain of the directors received remunerations from the Company's intermediate holding company for services provided to the Group. No apportionment has been made as the directors are of the opinion that it is impracticable to apportion the amounts between their services to the Company's intermediate holding company and its subsidiaries.

For the year ended 30 June 2008

13 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none of them is a director. Their emoluments are analysed as follows:

	2008 HK$ million	2007 HK$ million
Salaries, emoluments, other allowances and benefits	**3**	5
Retirement scheme contributions	—	—
Discretionary bonus	—	—
	3	5

Their emoluments are within the following bands:

	Number of individuals 2008	 2007
HK$Nil-HK$1,000,000	**5**	4
HK$2,000,001-HK$2,500,000	—	1
	5	5

14 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of HK$44,197 million (2007: HK$7,763 million) which has been dealt with in the accounts of the Company.

For the year ended 30 June 2008

15 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008 HK$ million	2007 HK$ million
Interim dividend declared of HK2 cents (2007: HK13 cents) per share	**61**	396
Distributions of HK$16.4938 (2007: HK$5) per share	**50,262**	15,237
Final dividend proposed after the balance sheet date of HK2 cents (2007: HK15 cents) per share	**61**	457
	50,384	16,090

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 14 May 2007 and upon the fulfilment of the conditions attached to the ordinary resolution, a cash distribution of HK$5 per share, amounting to HK$15,237 million, was made on 13 June 2007 to the then shareholders of the Company.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 7 December 2007, immediately following the completion of the Transaction (see note 5(c)), a distribution of HK$15.2838 per issued share of the Company, or HK$46,575 million in aggregate, was paid which comprised, for each issued share of the Company, (i) a distribution in specie of the entitlement to 0.209 share of HLD together with all rights under the share entitlement note; and (ii) a cash distribution of HK$1.03 per share (amounting to HK$3,139 million). Such aggregate distribution was paid on 17 December 2007 out of the proceeds from the Transaction. Furthermore, following the reduction of the share premium on 17 January 2008, a further distribution of HK$1.21 in cash per issued share of the Company, or HK$3,687 million in total, was paid on 25 January 2008 out of the proceeds from the Transaction.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2008 HK$ million	2007 HK$ million
Final dividend in respect of the previous financial year, approved and paid during the year, of HK15 cents (2007: HK15 cents) per share	**457**	457

16 Earnings per share – basic and diluted

(a) From continuing operations

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$125 million (2007 (re-stated): HK$222 million) and the weighted average number of ordinary shares of 3,047,327,395 (2007: 3,047,327,395) in issue during the year.

(b) From discontinued operations

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$35,265 million (2007 (re-stated): HK$5,169 million) and the weighted average number of ordinary shares of 3,047,327,395 (2007: 3,047,327,395) in issue during the year.

For the year ended 30 June 2008

17 Property, plant and equipment

(a) The Group

	Hotel properties HK$ million	Other buildings HK$ million	Bridge HK$ million	Leasehold improvements, equipment, furniture, fixtures and motor vehicles HK$ million	Total HK$ million
Cost					
At 1 July 2006	297	10	560	249	1,116
Exchange adjustment	—	—	59	1	60
Additions	—	—	173	2	175
Write off of property, plant and equipment	—	—	—	(76)	(76)
Disposals					
— through disposal of subsidiaries	(297)	(10)	—	(108)	(415)
— others	—	—	—	(21)	(21)
At 30 June 2007 and 1 July 2007	—	—	792	47	839
Exchange adjustment	—	—	69	2	71
Additions	—	—	—	1	1
Write off of property, plant and equipment	—	—	—	(7)	(7)
Disposals	—	—	—	(26)	(26)
At 30 June 2008	—	—	861	17	878
Accumulated depreciation and impairment loss					
At 1 July 2006	97	4	161	216	478
Exchange adjustment	—	—	18	1	19
Charge for the year	7	—	21	6	34
Write off of property, plant and equipment	—	—	—	(58)	(58)
Disposals					
— through disposal of subsidiaries	(104)	(4)	—	(101)	(209)
— others	—	—	—	(21)	(21)
At 30 June 2007 and 1 July 2007	—	—	200	43	243
Exchange adjustment	—	—	22	1	23
Charge for the year	—	—	40	1	41
Write off of property, plant and equipment	—	—	—	(7)	(7)
Disposals	—	—	—	(25)	(25)
At 30 June 2008	—	—	262	13	275
Net book value					
At 30 June 2008	—	—	599	4	603
At 30 June 2007	—	—	592	4	596

17 Property, plant and equipment (continued)

(b) The analysis of net book value of the Group's properties is as follows:

	Bridge 2008 HK$ million	2007 HK$ million
Outside Hong Kong		
— Medium-term leases	**599**	592

18 Toll highway operation rights

	The Group 2008 HK$ million	2007 HK$ million
Cost		
At 1 July	**256**	232
Exchange adjustment	**27**	24
At 30 June	**283**	256
Accumulated amortisation		
At 1 July	**77**	61
Exchange adjustment	**9**	6
Amortisation for the year *(note 10(c))*	**11**	10
At 30 June	**97**	77
Carrying amount		
At 30 June	**186**	179

On 16 December 1999, the Group was granted the operation rights of Maanshan Huan Tong Highway (the "Highway") by the People's Government of Anhui Province（安徽省人民政府）for a period of 25 years. During the 25-year toll highway concession period, the Group has the rights of management of the Highway and the toll-collection rights thereof. The Group is required to maintain and operate the Highway in accordance with the regulations promulgated by the relevant government authority.

At 30 June 2007 and 2008, the toll highway operation rights are pledged to secure the Group's bank loans (see note 25).

The amortisation charge for the year is included in "direct costs" in the consolidated profit and loss account.

For the year ended 30 June 2008

19 Investments in subsidiaries

	The Company 2008 HK$ million	2007 HK$ million
Unlisted shares, at cost	**355**	1,556

As detailed in note 5(c), the Group disposed of its interests in two wholly-owned subsidiaries, Macrostar Investment Limited and Timpani Investments Limited, which are investment holding companies of the Group's entire interest in HKCG, during the year. Details of the principal subsidiaries at 30 June 2008 are set out on pages 83 to 84.

20 Interest in associates

	The Group 2008 HK$ million	2007 HK$ million
Listed in Hong Kong		
Investment in an associate, including goodwill	—	14,444
Market value of a listed associate	—	38,494

As detailed in note 5(c), the Group disposed of its entire interest in an associate, namely HKCG, during the year.

Summary financial information on the associate:

	Assets HK$ million	Liabilities HK$ million	Equity HK$ million	Revenues HK$ million	Profit HK$ million
2007	39,489	(13,764)	25,725	13,811	8,823

The above summary financial information on the associate presented the results, assets, liabilities and equity of HKCG in which the Group was interested at 30 June 2007.

The profit of the associate for the year ended 30 June 2007 included a gain of HK$2,236 million arising from HKCG's disposal of interests in ten piped city-gas joint ventures to Towngas China Company Limited.

21 Other non-current assets

	The Group 2008 HK$ million	The Group 2007 HK$ million
Available-for-sale securities		
Unlisted	—	9
Non-current receivable	**99**	110
	99	119

Non-current receivable

Non-current receivable represents the non-current portion of the balance of consideration receivable (stated at present value) in relation to the disposal of the Group's toll collection rights of certain toll bridges during the year ended 30 June 2004. At 30 June 2008, the total balance of the consideration receivable is RMB115 million (equivalent to HK$131 million) (2007: RMB134 million, equivalent to HK$137 million) which will be settled by instalments of RMB28 million (equivalent to HK$32 million) per annum for the period from 1 June 2003 to 27 October 2010 and RMB16 million (equivalent to HK$18 million) per annum for the period from 28 October 2010 to 20 July 2015. At 30 June 2008, the current portion of HK$32 million (2007: HK$27 million) is included in "Trade and other receivables" (note 22).

For the year ended 30 June 2008

22 Trade and other receivables

	The Group		The Company	
	2008 HK$ million	2007 HK$ million	**2008 HK$ million**	2007 HK$ million
Trade debtors	**539**	278	**—**	—
Deposits, prepayments and other receivables	**9**	48	**4**	1
Consideration receivable *(note 21)*	**32**	27	**—**	—
	580	353	**4**	1

The ageing analysis of trade debtors of the Group at the balance sheet date is as follows:

	2008 HK$ million	2007 HK$ million
Current or less than 1 month overdue	**21**	17
1 to 3 months overdue	**45**	35
More than 3 months overdue but less than 6 months overdue	**60**	45
More than 6 months overdue	**413**	181
	539	278

Included in trade debtors of HK$539 million at 30 June 2008 which represents the toll income receivable from the Third Bridge JV (as defined hereinafter) (2007: HK$278 million, of which HK$270 million represents the toll income receivable from the Third Bridge JV (as defined hereinafter)) is an accumulated exchange gain of HK$58 million accounted for in equity and arising from the foreign currency translation of the toll income receivable of RMB474 million at 30 June 2008 (2007: RMB261 million) from Hangzhou Henderson Qianjiang Third Bridge Company, Limited (the "Third Bridge JV"), a 60% owned subsidiary of the Group which is engaged in the operation of a toll bridge in Hangzhou, mainland China, and the toll income has been collected on behalf of the Group since January 2004 by a relevant government body in Hangzhou in accordance with the terms of the agreement entered into between the Group and the government body (see note 4(a)). As announced by the Company on 27 August 2008, it is currently under negotiation with the joint venture partner of the Third Bridge JV regarding the sale of the Company's entire 60% equity interest in the Third Bridge JV to the joint venture partner, although no agreement has been entered into between the parties. The board of directors of the Company considers that, pending the final conclusion of such negotiations, the Group's net investment in the Third Bridge JV, including the aforesaid trade debtors, will be fully recovered. In light of the foregoing, no impairment loss in relation to the trade debtors was recognised.

23 Amounts due from affiliates

	The Group		The Company	
	2008 HK$ million	2007 HK$ million	2008 HK$ million	2007 HK$ million
Amounts due from subsidiaries	—	—	733	7,103
Amounts due from associates	—	2	—	—
Amounts due from investee companies	—	5	—	—
Amounts due from minority shareholders	82	61	—	—
	82	68	733	7,103

Amounts due from affiliates are unsecured, interest-free and repayable on demand.

24 Cash and cash equivalents

	The Group		The Company	
	2008 HK$ million	2007 HK$ million	2008 HK$ million	2007 HK$ million
Deposits with banks	771	3,609	—	151
Cash at bank and in hand	65	75	2	13
Cash and cash equivalents in the balance sheets	836	3,684	2	164
Cash and cash equivalents classified as assets held for sale *(note 29)*	—	2		
Cash and cash equivalents in the consolidated cash flow statement	836	3,686		

Included in cash and cash equivalents in the consolidated balance sheet is the following amount denominated in a currency other than the functional currency of the entity to which it relates:

	2008 million	2007 million
Japanese Yen ("JPY")	—	JPY173

Of the cash and bank balances at 30 June 2007 and 2008, a total sum being the equivalent of HK$69 million (2007: HK$76 million) was maintained in mainland China and is subject to exchange control regulations.

For the year ended 30 June 2008

25 Secured bank loans

At 30 June 2008, secured bank loans of the Group were repayable as follows:

	2008 HK$ million	2007 HK$ million
Within 1 year and included in current liabilities	**11**	23
After 1 year and included in non-current liabilities		
— After 1 year but within 2 years	**18**	—
— After 2 years but within 5 years	**11**	6
	29	6
	40	29

At 30 June 2007 and 2008, all the Group's bank loans were secured by the Group's toll highway operation rights (see note 18).

26 Trade and other payables

	The Group		The Company	
	2008 HK$ million	2007 HK$ million	2008 HK$ million	2007 HK$ million
Trade creditors	**27**	37	**—**	—
Rental deposits and other payables	**45**	149	**7**	20
	72	186	**7**	20

The ageing analysis of trade creditors of the Group at the balance sheet date is as follows:

	2008 HK$ million	2007 HK$ million
Due within 1 month or on demand	**—**	5
Due after 1 month but within 3 months	**13**	20
Due after 3 months but within 6 months	**12**	10
Due after 6 months	**2**	2
	27	37

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27 Amounts due to affiliates

	The Group 2008 HK$ million	The Group 2007 HK$ million	The Company 2008 HK$ million	The Company 2007 HK$ million
Amounts due to subsidiaries	—	—	**18**	1,152
Amount due to a fellow subsidiary	**16**	1,653	—	—
Amounts due to minority shareholders	**126**	148	—	—
	142	1,801	**18**	1,152

Amounts due to affiliates are unsecured, interest-free and repayable on demand except for an amount due to a fellow subsidiary of HK$16 million (2007: HK$1,653 million) which bears interest by reference to Hong Kong Interbank Offered Rate.

28 Deferred taxation

(a) The Group

The components of deferred tax liabilities of the Group recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred taxation arising from:	Depreciation allowances in excess of related depreciation HK$ million	Consideration receivable on disposal of toll collection right of toll bridges HK$ million	Revaluation of investment properties HK$ million	Tax losses HK$ million	Others HK$ million	Total HK$ million
At 1 July 2006	21	14	682	(29)	3	691
Exchange adjustment	—	1	—	—	—	1
Charged/(credited) to profit and loss account	3	(1)	40	(8)	—	34
Disposal of subsidiaries	(24)	—	(722)	37	(3)	(712)
At 30 June 2007	—	14	—	—	—	14
At 1 July 2007	—	**14**	—	—	—	**14**
Exchange adjustment	—	**2**	—	—	—	**2**
Credited to profit and loss account	—	**(2)**	—	—	—	**(2)**
At 30 June 2008	—	**14**	—	—	—	**14**

(b) The Company

No deferred taxation has been recognised as the Company did not have significant temporary differences at 30 June 2007 and 2008.

29 Disposal group

The Group previously entered into a sale and purchase agreement with Fenghua Transportation Investment Co., Ltd 奉化市交通投資公司, a minority shareholder of the Ningbo Subsidiaries (as defined below), to dispose of its entire interests in Ningbo Nickwell Highway Development Company Limited, Ningbo Wise Link Highway Development Company Limited and Ningbo Rayter Highway Development Company Limited (collectively referred to as the "Ningbo Subsidiaries") at a cash consideration of RMB70 million (approximately HK$75 million). The transaction was completed during the year and a net gain on disposal of the Ningbo Subsidiaries of approximately HK$21 million was recognised.

The results of the Ningbo Subsidiaries for the year are as follows:

	2008 HK$ million	2007 HK$ million
Revenue	8	18
Expenses	(3)	(7)
Profit for the year of disposal group	5	11

The major classes of assets and liabilities of the Ningbo Subsidiaries at 30 June 2007 are as follows:

	2007 HK$ million
Assets	
Property, plant and equipment	3
Toll highway operation rights	415
Bank balances and cash *(note 24)*	2
	420
Liabilities	
Amount due to a minority shareholder *(note)*	255
Net assets classified as held for sale	165

Note: The amount was unsecured, interest-free and had no fixed terms of repayment.

The cumulative income recognised directly in the equity of the Group relating to the Ningbo Subsidiaries amounts to HK$14 million immediately before the completion of the Group's disposal of its interest therein (30 June 2007: HK$10 million).

Although the Ningbo Subsidiaries belong to the infrastructure segment (which is a continuing operation of the Group), completion of the disposal of the Ningbo Subsidiaries took place during the year after which the Group ceased to be interested in the operations of the Ningbo Subsidiaries.

30 Employee retirement benefits

The Group's employees in Hong Kong participate in the Henderson Staff Provident Fund (the "Fund"), a defined contribution provident fund scheme as defined in the Occupational Retirement Schemes Ordinance or in another defined contribution scheme (the "Scheme") as mentioned below or in schemes (the "MPF Schemes") registered under the Mandatory Provident Fund Schemes Ordinance ("MPFO").

Contributions to the Fund are made by the participating employers at rates ranging from 4% to 6%, and by the employees at 2%, of the employees' basic monthly salaries. The portion of the employers' contributions to which the employees are not entitled and which has been forfeited shall not be used to reduce the future contributions of the participating employers.

As for the Scheme, contributions are made by both the employers and the employees at the rate of 5% of the employees' basic monthly salaries. Forfeited contributions can be applied towards reducing the amount of future contributions payable by the employers. No forfeited contribution was utilised during the year (2007: HK$Nil). There was no such balance at 30 June 2007 and 2008.

No employees of the Group were eligible to join the Fund or the Scheme on or after 1 December 2000.

Employees of the Group in Hong Kong who are not members of the Fund and the Scheme participate in the MPF Schemes. In addition to the minimum benefits set out in the MPFO, the Group provides certain voluntary top-up benefits to employees participating in the MPF Schemes. The portion of the employer's contributions to which the employees are not entitled and which has been forfeited can be used by the Group to reduce the future contributions. No forfeited contributions were utilised during the year (2007: HK$Nil).

Employees of the subsidiaries in mainland China are members of the central pension scheme operated by the PRC government. The Group is required to contribute a certain percentage of employees' remuneration to the central pension scheme to fund the benefits. The only obligation for the Group with respect to the central pension scheme is the associated required contribution under the central pension scheme. Contributions to the plan vest immediately.

31 Capital and reserves

(a) The Group

	Attributable to equity shareholders of the Company									
	Share capital HK$ million	Share premium HK$ million	Property revaluation reserve HK$ million	Capital reserve HK$ million	Fair value reserve HK$ million	Exchange reserve HK$ million	Retained profits HK$ million	Total HK$ million	Minority interests HK$ million	Total equity HK$ million
At 1 July 2006	609	9,216	12	13	53	–	17,749	27,652	628	28,280
Final dividend approved in respect of the previous financial year *(note 15 (b))*	–	–	–	–	–	–	(457)	(457)	–	(457)
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	–	–	–	–	–	62	–	62	54	116
Reduction of share premium *(note (d))*	–	(5,000)	–	–	–	–	5,000	–	–	–
Transfer to retained profits on disposal of subsidiaries	–	–	(12)	–	–	–	12	–	–	–
Available-for-sale securities:										
– changes in fair value	–	–	–	–	183	–	–	183	–	183
– impairment loss transfer to profit or loss	–	–	–	–	14	–	–	14	–	14
– transfer to profit or loss on disposal of subsidiaries	–	–	–	–	(250)	–	–	(250)	–	(250)
Distribution to minority shareholders	–	–	–	–	–	–	–	–	(90)	(90)
Profit for the year	–	–	–	–	–	–	5,391	5,391	78	5,469
Dividends declared in respect of the current financial year *(note 15 (a))*										
– interim dividend	–	–	–	–	–	–	(396)	(396)	–	(396)
– cash distribution	–	–	–	–	–	–	(15,237)	(15,237)	–	(15,237)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	(105)	(105)
At 30 June 2007	609	4,216	–	13	–	62	12,062	16,962	565	17,527

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31 Capital and reserves (continued)

(a) The Group (continued)

	Attributable to equity shareholders of the Company							
	Share capital HK$ million	Share premium HK$ million	Capital reserve HK$ million	Exchange reserve HK$ million	Retained profits HK$ million	Total HK$ million	Minority interests HK$ million	Total equity HK$ million
At 1 July 2007	609	4,216	13	62	12,062	16,962	565	17,527
Final dividend approved in respect of the previous financial year *(note 15 (b))*	–	–	–	–	(457)	(457)	–	(457)
Exchange difference on translation of accounts of subsidiaries outside Hong Kong	–	–	–	66	–	66	41	107
Realisation of exchange reserve on disposal of subsidiaries	–	–	–	(8)	–	(8)	(6)	(14)
Reduction of share premium *(note (d))*	–	(4,216)	–	–	4,216	–	–	–
Profit for the year	–	–	–	–	35,390	35,390	86	35,476
Dividends declared in respect of the current financial year *(note 15 (a))*								
— interim dividend	–	–	–	–	(61)	(61)	–	(61)
— distributions	–	–	–	–	(50,262)	(50,262)	–	(50,262)
Dividends paid to minority shareholders	–	–	–	–	–	–	(16)	(16)
Increase in shareholding in a subsidiary	–	–	–	–	–	–	(148)	(148)
Disposal of subsidiaries	–	–	–	–	–	–	(108)	(108)
At 30 June 2008	609	–	13	120	888	1,630	414	2,044

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31 Capital and reserves (continued)

(b) The Company

	Share capital HK$ million	Share premium HK$ million	Capital reserve HK$ million	Retained profits HK$ million	Total equity HK$ million
At 1 July 2006	609	9,216	3	6,151	15,979
Final dividend approved in respect of the previous financial year *(note 15(b))*	—	—	—	(457)	(457)
Reduction of share premium *(note (d))*	—	(5,000)	—	5,000	—
Profit for the year	—	—	—	7,763	7,763
Dividends declared in respect of the current financial year *(note 15(a))*					
— interim dividend	—	—	—	(396)	(396)
— cash distribution	—	—	—	(15,237)	(15,237)
At 30 June 2007	609	4,216	3	2,824	7,652
At 1 July 2007	**609**	**4,216**	**3**	**2,824**	**7,652**
Final dividend approved in respect of the previous financial year *(note 15(b))*	—	—	—	**(457)**	**(457)**
Reduction of share premium *(note (d))*	—	**(4,216)**	—	**4,216**	—
Profit for the year	—	—	—	**44,197**	**44,197**
Dividends declared in respect of the current financial year *(note 15(a))*					
— interim dividend	—	—	—	**(61)**	**(61)**
— distributions	—	—	—	**(50,262)**	**(50,262)**
At 30 June 2008	**609**	—	**3**	**457**	**1,069**

(c) Share capital

	2008 HK$ million	2007 HK$ million
Authorised:		
5,000,000,000 (2007: 5,000,000,000) ordinary shares of HK$0.2 each	**1,000**	1,000
Issued and fully paid:		
3,047,327,395 (2007: 3,047,327,395) ordinary shares of HK$0.2 each	**609**	609

31 Capital and reserves (continued)

(d) Reduction of share premium

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 14 May 2007 and an order of the High Court of the Hong Kong Special Administrative Region made on 5 June 2007, an amount of HK$5,000 million then standing to the credit of the Company's share premium account was reduced on 13 June 2007 and the same amount was credited to the Company's retained profits in accordance with the provisions of the Hong Kong Companies Ordinance.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 7 December 2007 and an order of the High Court of the Hong Kong Special Administrative Region dated 16 January 2008, the Company's entire share premium of approximately HK$4,216 million was reduced on 17 January 2008 and the same amount was credited to the Company's retained profits in accordance with the provisions of the Hong Kong Companies Ordinance.

(e) Nature and purpose of reserves

(i) Share premium

The application of share premium is governed by Section 48B of the Hong Kong Companies Ordinance.

(ii) Property revaluation reserve

Property revaluation reserve relates to other land and buildings. Where other land and buildings is reclassified to investment property, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant property.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the accounts of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

(f) Distributability of reserves

At 30 June 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$457 million (2007: HK$2,824 million). After the balance sheet date, the directors proposed a final dividend of HK2 cents (2007: HK15 cents) per share, amounting to HK$61 million (2007: HK$457 million). This dividend has not been recognised as a liability at the balance sheet date.

(g) Capital management

The Group's primary objective for capital management is to safeguard the Group's ability to continue as a going concern so that the Group can continue to provide financial returns to shareholders, and by securing access to financing sources at reasonable costs.

The Group regularly reviews and manages its capital structure under the policy of prudent financial management. The Group maintains a financially sound capital position and, where appropriate, makes adjustments to its capital structure in the light of remarkable changes in the financial and capital markets and in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio, which is one of the most commonly adopted measurement standards for capital management by companies engaged in investments in infrastructure projects. Gearing ratio is calculated based on the net bank borrowings and shareholders' funds of the Group at the balance sheet date. At 30 June 2008, the Group maintained net cash and bank balances (after deducting the Group's total bank borrowings of HK$40 million (2007: HK$29 million)) of HK$796 million (2007: HK$3,655 million) and therefore the Group's gearing ratio was Nil (2007: Nil).

Neither the Company nor any of its other subsidiaries are subject to externally imposed capital requirements during the year and at 30 June 2008.

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32 Disposal of subsidiaries and associates

Details of the subsidiaries and associates disposed of (see note 6 for further details) during the years ended 30 June 2007 and 2008 are set out below:

	Note	2008 HK$ million	2007 HK$ million
Net assets of the subsidiaries disposed of:			
Investment properties		—	6,370
Property, plant and equipment		4	206
Toll highway operation rights		430	—
Prepaid lease payments		—	63
Interest in associates		16,483	4,214
Other non-current assets		—	459
Deferred tax assets		—	5
Inventories		—	269
Trade and other receivables		—	113
Cash and cash equivalents		1	5
Trade and other payables		—	(168)
Amounts due to affiliates		(259)	(2)
Current taxation		—	(40)
Deferred tax liabilities		—	(717)
		16,659	10,777
Minority interests		(108)	—
		16,551	10,777
Release of exchange reserve		(14)	—
Release of fair value reserve		—	(250)
		16,537	10,527
Share of net assets of the associates disposed of		—	654
Net gain on disposal of disposal group	29	21	—
Net gain on disposal of Sale Companies and related shareholder's loans	6(b)	33,781	—
Net gain on disposal of subsidiaries and associates	6(b)	—	930
		50,339	12,111
Satisfied by:			
Cash — disposal of subsidiaries		6,828	11,384
— disposal of disposal group	29	75	—
— disposal of associates		—	727
Share entitlement note and all rights thereunder	5(c)	43,436	—
		50,339	12,111
Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:			
Cash consideration received		6,903	11,384
Cash and cash equivalents disposed of		(1)	(5)
		6,902	11,379

33 Capital commitments

At 30 June 2008, the Group did not have any capital commitment (2007: HK$Nil).

34 Contingent liabilities

At 30 June 2008, the Group did not have any contingent liabilities (2007: HK$Nil).

35 Lease commitments

At 30 June 2008, the Group did not have any lease commitment (2007: HK$Nil).

36 Material related party transactions

In addition to the transactions disclosed elsewhere in these accounts, the Group entered into the following material related party transactions during the year.

(a) Transactions with related parties

During the year, the Group entered into the following material transactions with related parties:

	Fellow subsidiaries		Associates	
	2008	2007	**2008**	2007
	HK$ million	HK$ million	**HK$ million**	HK$ million
Continuing operations				
Interest expense	**3**	2	—	—
Interest income	—	—	—	4
Discontinued operations				
Agency commission paid	—	2	—	—
Building management fee paid	—	5	—	—
Maintenance fee paid	—	16	—	—
Rental expense	—	—	—	1
Cleaning service income	—	1	—	—
Hotel management income	—	1	—	—
Rental income	—	4	—	—

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group is set out in note 12.

37 Non-adjusting post balance sheet events

(a) After the balance sheet date, the directors proposed a final dividend. Further details are set out in note 15(a).

(b) On 27 August 2008, the Company announced that it is currently under negotiation with the joint venture partner of the Third Bridge JV (as such term is defined in note 22) regarding the sale of the Company's entire 60% equity interest in the Third Bridge JV to the joint venture partner, although no agreement has been entered into between the parties. The Company, subject to the entering into of an agreement for the disposal of its interest in the Third Bridge JV, is considering the acquisition of new assets.

38 Comparative figures

Certain comparative figures have been adjusted or re-classified to conform with the disclosure requirements in respect of the discontinued operations set out in note 6.

39 Parent and ultimate controlling party

At 30 June 2008, the directors consider that the Company's parent and ultimate controlling party are Kingslee S.A. (a private limited liability company incorporated in the Republic of Panama) and Henderson Development Limited (a private limited liability company incorporated in Hong Kong) respectively. These entities do not produce accounts available for public use.

The parent of Kingslee S.A. is HLD, a public limited liability company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. HLD produces consolidated accounts, including those of the Group, which are available for public use.