合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 754)

website: http://www.irasia.com/listco/hk/hopson

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2008

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2008)

— **Turnover was HK$10,775 million.**

— **Profit attributable to shareholders was HK$1,964 million. Excluding the effect of revaluation and excess of acquirer's interest at fair value over cost of acquisition, profit attributable to shareholders was HK$1,736 million.**

— **Basic earnings per share were HK$1.33 per share.**

— **Proposed final dividend per share was HK10.5 cents per share.**

BUSINESS REVIEW

Industry Overview

- After the robust demand in 2007, the property market of China faced a slowdown and entered a stage of consolidation in 2008. The situation was intensified during the second half of 2008 fed by the impact of the global financial crisis.

- The PRC central government adjusted its austerity measures by implementing a number of favourable policies to encourage spending on housing markets, which included tax cut, down payment reductions and preferential interest rates for mortgage loans. The series of measures helped stabilising the property market.

- The policies launched have revitalized the property sector and transaction volumes in cities like Beijing, Shanghai and Guangzhou have shown upward trends notably in the first quarter of 2009. The real estate market is well placed to benefit from the restored market confidence and will continue to show steady and stable growth.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2008 totaling RMB**9,531** million (2007: RMB10,693 million) are as follows:

- In Guangdong, a total GFA of **401,675** square metres (2007: 395,316 square metres), with a carrying value of RMB**4,087** million (2007: RMB4,734 million) was sold. The decrease in sale was mainly attributable to the product mix effect with more sales of mid-end properties at lower average selling price.

- In Shanghai, a total GFA of **196,841** square metres (2007: 122,564 square metres), with a carrying value of RMB**2,134** million (2007: RMB991 million) was sold. The increase was mainly due to the launch of new development projects like Sheshan Dongziyuan, Ningbo Hopson International City, Shanghai Hopson International Garden and Hopson Golf Mansion.

- In Beijing (with the inclusion of sales from Beijing Dongfangwenhua commercial building), Tianjin and Huizhou, a total GFA of **173,279** square metres (2007: 391,441 square metres), of which **168,045** square metres (2007: 364,429 square metres) were attributable to the Group, with a carrying value of RMB**3,310** million (2007: RMB4,968 million) was sold. The decrease was mainly due to the decrease in delivery of projects located in Beijing and Tianjin.

Properties sold but not yet delivered

As at 31st December 2008, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was **479,912** square metres (2007: 511,480 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK$**4,458** million will be recognised as revenues in the Group's accounts in 2009 and thereafter.

Delivery of properties

A total GFA of **750,286** square metres (2007: 1,128,654 square metres) was delivered in 2008.

Project development progress

- A total GFA of **1,707,739** square metres (2007: 1,115,837 square meters) was completed during the year 2008.

- It is expected that a total GFA of **1,338,228** square metres will be completed in 2009.

Landbank and land replenishment

As of 31st December 2008, the Group had a landbank of **25.7 million** square metres.

During 2008, the Group

- completed the acquisition of equity interests in companies holding land use rights or land grant contracts in Shanghai, Guangdong Province and Liaoning Province with a total GFA of **2.3 million** square metres, and

- entered into several land grant contracts and equity transfer agreements with owners of land sites in Huizhou involving a total GFA of **4.1 million** square metres.

Prospects

- With a substantial portfolio of properties and high-quality new projects, coupled with effective promotion and flexible pricing strategies, the Group is confident in achieving a steady growth in turnover and profit for 2009.

- In light of the ever-changing market environment, the Group strives to improve liquidity and its financial position and strengthen its ability in risk management for a safe and sound business operation.

- The Group will continue to adopt a prudent principle in land bank acquisition and sharpen its focus on prosperous cities to fulfill the development needs for the next three to five years.

- While development of residential projects remains the core business of the Group, a diversified portfolio will be maintained and an appropriate portion of business in investment property will persist to contribute a stable source of cash income to the Group.

The Board of Directors (the "Board") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2008 together with the comparative figures for the corresponding previous year.

The 2008 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31st December **2008** *HK$'000*	2007 *HK$'000*
Revenues	*4*	**10,774,624**	11,130,643
Cost of sales	*6*	**(5,915,976)**	(6,669,998)
Gross profit		**4,858,648**	4,460,645
Other gains, net	*5*	**299,471**	1,493,717
Selling and marketing costs	*6*	**(389,348)**	(281,082)
General and administrative expenses	*6*	**(690,877)**	(510,672)
Operating profit		**4,077,894**	5,162,608
Finance income		**12,376**	50,394
Finance costs	*7*	**(226,765)**	(136,916)
Share of profit less loss of associates		**(33)**	(599)
Share of (loss)/profit of and other gains relating to jointly controlled entities		**(1,710)**	101,964
Profit before taxation		**3,861,762**	5,177,451
Taxation	*8*	**(1,912,812)**	(1,629,245)
Profit for the year		**1,948,950**	3,548,206
Attributable to:			
Equity holders of the Company		**1,963,724**	3,517,312
Minority interests		**(14,774)**	30,894
		1,948,950	3,548,206
Earnings per share for profit attributable to the equity holders of the Company during the year (in HK$ per share)			
— basic	*9*	**1.33**	2.54
— diluted	*9*	**1.33**	2.49
Dividends	*10*	**294,621**	616,922

CONSOLIDATED BALANCE SHEET

		As at 31st December	
		2008	2007
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Land costs		**749,663**	639,205
Prepayments for acquisition of land		**2,436,630**	—
Properties and equipment		**2,405,623**	2,063,811
Investment properties		**2,856,094**	2,736,835
Properties under development for long-term investment		**125,856**	135,157
Intangible assets		**120,455**	111,819
Investments in associates		**42,201**	39,206
Investment in a jointly controlled entity		**801,240**	676,460
Available-for-sale financial asset		**476,250**	463,158
Deferred tax assets		**173,378**	107,878
		10,187,390	6,973,529
Current assets			
Land costs		**24,163,460**	16,151,494
Prepayments for acquisition of land		**6,142,999**	12,027,112
Properties under development for sale		**8,910,522**	5,183,349
Completed properties for sale		**4,806,954**	2,180,924
Financial assets at fair value through profit or loss		**11,655**	20,280
Accounts receivable	*11*	**72,577**	138,743
Other receivables		**758,405**	682,815
Prepayments, deposits and other current assets		**770,163**	2,273,376
Due from an associate		**26,538**	22,344
Due from related companies		**6,979**	17,390
Pledged/charged bank deposits		**271,450**	277,031
Cash and cash equivalents		**2,142,696**	1,985,055
		48,084,398	40,959,913
Total assets		**58,271,788**	47,933,442

	Note	As at 31st December 2008 HK$'000	2007 HK$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**147,237**	147,237
Reserves	14	**20,032,657**	17,717,146
		20,179,894	17,864,383
Minority interests		**2,384,179**	2,213,927
Total equity		**22,564,073**	20,078,310
LIABILITIES			
Non-current liabilities			
Land cost payable		**106,173**	175,959
Borrowings	12	**12,330,211**	9,718,998
Due to a minority shareholder		**49,983**	—
Deferred tax liabilities		**3,890,102**	3,867,687
		16,376,469	13,762,644
Current liabilities			
Accounts payable	13	**2,933,721**	953,128
Land cost payable		**323,696**	605,289
Borrowings	12	**4,262,798**	2,898,895
Deferred revenue		**4,458,379**	4,981,769
Accruals and other payables		**2,249,864**	1,763,446
Due to an associate		**6,258**	5,624
Due to related companies		**174,920**	137,836
Due to a jointly controlled entity		**759,380**	231,253
Current tax liabilities		**4,162,230**	2,515,248
		19,331,246	14,092,488
Total liabilities		**35,707,715**	27,855,132
Total equity and liabilities		**58,271,788**	47,933,442
Net current assets		**28,753,152**	26,867,425
Total assets less current liabilities		**38,940,542**	33,840,954

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company			
	Share capital	Reserves	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st January 2007	128,510	7,709,155	390,250	8,227,915
Fair value gain on available-for-sale financial asset	—	151,965	—	151,965
Acquisition of subsidiaries, net of tax	—	2,180,096	—	2,180,096
Realised upon disposal of properties held for sales	—	(513,811)	—	(513,811)
Deferred tax	—	183,026	—	183,026
Currency translation differences	—	696,153	66,836	762,989
Net income recognised directly in equity	—	2,697,429	66,836	2,764,265
Profit for the year	—	3,517,312	30,894	3,548,206
Total recognised income for the year ended 31st December 2007	—	6,214,741	97,730	6,312,471
Proceeds from issue of share, net of share issue expenses				
— Share consideration	18,223	3,981,777	—	4,000,000
— Employee share options scheme	504	34,771	—	35,275
Share-based payment (Share options granted)	—	43,401	—	43,401
Issue of convertible bonds	—	227,734	—	227,734
Acquisition of subsidiaries	—	—	177,988	177,988
Contribution from minority shareholders	—	—	1,547,959	1,547,959
Dividends paid	—	(494,433)	—	(494,433)
	18,727	3,793,250	1,725,947	5,537,924
Balance at 31st December 2007	147,237	17,717,146	2,213,927	20,078,310

	Attributable to equity holders of the Company			
	Share capital *HK$'000*	**Reserves** *HK$'000*	**Minority interests** *HK$'000*	**Total** *HK$'000*
Balance at 1st January 2008	**147,237**	**17,717,146**	**2,213,927**	**20,078,310**
Fair value loss on available-for-sale financial asset	**—**	**(20,513)**	**—**	**(20,513)**
Realised upon disposal of properties held for sales	**—**	**(546,921)**	**—**	**(546,921)**
Deferred tax	**—**	**225,992**	**—**	**225,992**
Currency translation differences	**—**	**1,301,405**	**170,970**	**1,472,375**
Net income recognised directly in equity	**—**	**959,963**	**170,970**	**1,130,933**
Profit/(loss) for the year	**—**	**1,963,724**	**(14,774)**	**1,948,950**
Total recognised income for the year ended 31st December 2008	**—**	**2,923,687**	**156,196**	**3,079,883**
Share-based payment (Share options granted)	**—**	**3,004**	**—**	**3,004**
Contribution from minority shareholders	**—**	**—**	**14,056**	**14,056**
Dividends paid	**—**	**(611,180)**	**—**	**(611,180)**
	—	**(608,176)**	**14,056**	**(594,120)**
Balance at 31st December 2008	**147,237**	**20,032,657**	**2,384,179**	**22,564,073**

Notes:

(1) General information

Hopson Development Holdings Limited ("the Company") and its subsidiaries (together "the Group") is mainly engaged in the development of residential properties in Mainland China. The Group is also involved in some ancillary property related businesses, including property investment, property management and hotel operations. The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements have been approved for issue by the Board of Directors on 21st April 2009.

(2) Basis of preparation

The Group meets its working capital requirements mainly through sales of properties and borrowings from banks. Management has prepared cash flow projections for the period up to 30th April 2010 which have been adopted and approved by the Directors. Key assumptions used in the preparation of the cash flow projections include: (1) new bank borrowings will be successfully obtained by the Group; (2) certain existing bank borrowings due for repayment will be successfully renewed on substantially the same existing terms; (3) the level of sales volume and turnover in 2009 is not expected to be lower than that of 2008, and (4) the Group will be able to renegotiate the payment schedule for certain land premiums and project acquisitions. In addition, management has taken into consideration the redemption of the Company's Zero Coupon Convertible Bonds due in February 2010 in the preparation of the cash flow projections. The Directors believe the above key assumptions are reasonable based on the following:

(1) Good relationship with banks has been maintained. Leveraged on the Group's quality projects and brand name, banks are supportive of the Group's business development;
(2) The Group's history has shown that bank loans have been settled in accordance with the repayment schedule without any default and therefore new bank loans are likely to be obtained successfully to finance projects;
(3) Restored market confidence has brought in satisfactory contracted sales to the Group in the first quarter of 2009 and the Group is optimistic in achieving its 2009 sales target, and
(4) On account of the outstanding delivery of some land plots by various local governments in strict accordance with agreement terms, and certain outstanding government approval procedures coupled with the recent policies introduced by the Beijing and Guangzhou government authorities for extending payment of land premiums, it is likely that the Group will not be required to settle certain outstanding land premiums during the forecast period.

Notwithstanding the above, should there be any material unexpected impact on the Group's anticipated cash flow position, the Group has a number of alternative plans to meet its business development requirements, which include (1) disposing of certain commercial property projects; (2) obtaining further bank loans by pledging certain property projects as collateral; (3) slowing down the construction of investment properties in order to provide additional resources for the development of properties for sale; (4) carrying out cost control measures, and (5) accelerating property sales with flexible pricing. The Group will pursue such options as are appropriate with prudent assessment.

With the continuing introduction of favourable policies by the Central Government, and having regard to certain data of the first quarter in 2009, for example: (1) contracted sales reached approximately RMB3.02 billion; (2) repayment of bank loans amounted to approximately RMB1.11 billion; (3) new bank loans in the aggregate amount of approximately RMB1.71 billion have been obtained; (4) taking into account that the Group has received non-binding intent for credit lines from banks, the total banking facilities as at 31st March 2009 stood at approximately RMB21.9 billion of which unutilized banking facilities amounted to approximately RMB10.5 billion. The issuance of such non-binding offers for credit lines is not uncommon in the PRC, and (5) a healthy cash level of approximately RMB3.08 billion was held at 31st March 2009, the Directors are confident of the Group's business plans and its capabilities to maintain sufficient financial resources to meet its operation needs.

The Directors will actively and regularly review and monitor the Group's risk exposure to ensure that appropriate measures will be implemented and actions will be carried out on a timely and effective manner. The Group's objectives are to safeguard its ability to continue as a going concern and to continue to provide the shareholders with optimal returns. The Directors consider that the Group will have sufficient financial resources in the foreseeable future to finance its operations and continue as a going concern and have thus prepared the financial statements on the going concern basis.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial asset and financial assets at fair value through profit or loss.

Certain comparative figures have been reclassified to conform with the industry practice.

(3) Accounting policies

In 2008, the Group adopted the following amendment and interpretation of HKFRS, which are effective for accounting periods beginning on or after 1st January 2008 and relevant to the Group's operations.

HK(IFRIC)-Int 11, "HKFRS 2－Group and treasury share transactions", provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any material impact on the Group's financial statements.

HKAS 39 and HKFRS 7 (Amendment) "Reclassification of Financial Assets" (effective from 1st July 2008 prospectively) permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also allows an entity to reclassify a financial asset from the available-for-sale category to loans and receivables if it would have met the definition of loans and receivables and the entity now has the intent and ability to hold that asset for the foreseeable future. This amendment does not have any impact on the Group's financial statements as the Group has not reclassified any financial assets.

(4) Revenues and segmental information

Revenues represent turnover which comprises (1) sale of completed properties held for sale which is recognised when the risks and rewards of the sale transactions are transferred to the buyers; (2) rental income which is recognised on a straight-line basis over the period of the relevant leases; (3) property management fees which are recognised when the services are rendered and (4) hotel operating income which is recognised upon provision of services.

In accordance with the Group's internal financial reporting, the Group has determined the geographical segments be presented as the primary reporting format and the business segments as the secondary reporting format.

Analysis of the Group's results by geographical segments is as follows:

For the year ended 31st December 2008:

	Guangdong province *HK$'000*	**Beijing** *HK$'000*	**Shanghai** *HK$'000*	**Tianjin** *HK$'000*	**Others** *HK$'000*	**Un-allocated** *HK$'000*	**Group** *HK$'000*
Total gross segment revenues	**5,296,334**	**3,746,211**	**1,351,075**	**405,446**	**167,369**	**—**	**10,966,435**
Inter-segment revenues	**(1,000)**	**—**	**—**	**(23,442)**	**(167,369)**	**—**	**(191,811)**
Revenues	**5,295,334**	**3,746,211**	**1,351,075**	**382,004**	**—**	**—**	**10,774,624**
Operating profit/(loss)	**1,959,024**	**1,567,650**	**589,178**	**(263,995)**	**—**	**226,037**	**4,077,894**
Share of profit less loss of associates	**990**	**(1,023)**	**—**	**—**	**—**	**—**	**(33)**
Share of loss of a jointly controlled entity	**—**	**(1,710)**	**—**	**—**	**—**	**—**	**(1,710)**
Finance income							**12,376**
Finance costs	—	—	**(18,816)**	—	**(207,949)**	—	**(226,765)**
Profit before taxation							**3,861,762**
Taxation							**(1,912,812)**
Profit for the year							**1,948,950**

For the year ended 31st December 2007:

	Guangdong province *HK$'000*	Beijing *HK$'000*	Shanghai *HK$'000*	Tianjin *HK$'000*	Others *HK$'000*	Un-allocated *HK$'000*	Group *HK$'000*
Total gross segment revenues	5,999,839	3,607,248	900,636	627,703	9,529	—	11,144,955
Inter-segment revenues	(2,329)	(1,616)	—	(838)	(9,529)	—	(14,312)
Revenues	5,997,510	3,605,632	900,636	626,865	—	—	11,130,643
Operating profit/(loss)	3,573,179	1,095,594	420,967	24,172	(283)	48,979	5,162,608
Share of profit less loss of associates	117	(716)	—	—	—	—	(599)
Share of profit of and other gains relating to jointly controlled entities	18,316	83,648	—	—	—	—	101,964
Finance income							50,394
Finance costs	(5)	—	—	—	(136,911)	—	(136,916)
Profit before taxation							5,177,451
Taxation							(1,629,245)
Profit for the year							3,548,206

For the year ended 31st December 2008:

	Guangdong province	**Beijing**	**Shanghai**	**Tianjin**	**Others**	**Un-allocated**	**Group**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Assets	**23,156,766**	**17,936,655**	**11,124,167**	**4,953,806**	**83,575**	**173,378**	**57,428,347**
Investments in associates	**1,158**	**41,043**	**—**	**—**	**—**	**—**	**42,201**
Investment in a jointly controlled entity	**—**	**801,240**	**—**	**—**	**—**	**—**	**801,240**
Total assets	**23,157,924**	**18,778,938**	**11,124,167**	**4,953,806**	**83,575**	**173,378**	**58,271,788**
Total liabilities	**9,651,381**	**6,666,989**	**5,100,490**	**1,209,077**	**5,027,446**	**8,052,332**	**35,707,715**
Depreciation	**13,947**	**18,700**	**2,114**	**50,254**	**367**	**—**	**85,382**
Amortisation	**83,954**	**77,961**	**25,860**	**5,497**	**9,997**	**—**	**203,269**
Capital expenditure	**292,437**	**25,277**	**3,388**	**140,004**	**223**	**—**	**461,329**

For the year ended 31st December 2007:

	Guangdong province	Beijing	Shanghai	Tianjin	Others	Un-allocated	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	21,375,239	13,850,226	8,080,173	3,721,335	82,925	107,878	47,217,776
Investments in associates	120	39,086	—	—	—	—	39,206
Investment in a jointly controlled entity	—	676,460	—	—	—	—	676,460
Total assets	21,375,359	14,565,772	8,080,173	3,721,335	82,925	107,878	47,933,442
Total liabilities	8,840,512	5,259,441	2,250,079	435,900	4,686,265	6,382,935	27,855,132
Depreciation	9,782	13,488	726	19,512	333	—	43,841
Amortisation	14,022	8,650	20,074	2,875	8,647	—	54,268
Capital expenditure	368,966	5,585	34,424	524,701	388	—	934,064

Analysis of the Group's results by business segments is as follows:

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Revenues		
Property development	**10,247,744**	10,722,391
Property investment	**65,535**	57,548
Property management	**306,306**	235,191
Hotel operations	**155,039**	115,513
	10,774,624	11,130,643
Total assets		
Property development	**49,207,221**	41,902,425
Property investment	**5,874,825**	3,253,354
Property management	**73,024**	110,677
Hotel operations	**2,099,899**	1,843,442
Unallocated	**173,378**	107,878
	57,428,347	47,217,776
Investments in associates	**42,201**	39,206
Investment in a jointly controlled entity	**801,240**	676,460
	58,271,788	47,933,442
Capital expenditure		
Property development	**228,378**	596,779
Property investment	**125,153**	56,446
Property management	**7,178**	1,941
Hotel operations	**100,620**	278,898
	461,329	934,064

(5) Other gains, net

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Excess of acquirer's interest over cost of acquisition	**193,489**	1,052,965
Fair value gains on investment properties	**34,076**	386,732
Government grants	**79,898**	43,750
Fair value (loss) / gain on financial assets at fair value through profit or loss	**(7,992)**	10,270
	299,471	1,493,717

(6) Expenses by nature

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Advertising costs	**268,757**	191,386
Amortisation of land costs	**8,110**	4,240
Auditor's remuneration	**5,000**	4,980
Cost of completed properties sold	**5,533,692**	6,424,467
Depreciation of properties and equipment	**85,382**	43,841
Direct operating expenses arising from investment properties that		
— generate rental income	**2,277**	2,369
— did not generate rental income	**3,949**	3,098
Employees' benefits costs (including Directors' emoluments)	**448,888**	381,361
Loss on disposal of properties and equipment	**19,913**	3,283
Net exchange gain (included in general and administrative expenses)	**(272,264)**	(162,760)
Operating lease rental in respect of premises	**31,426**	22,690

(7) Finance costs

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Interest expense:		
— on bank loans wholly repayable within five years	**779,266**	449,743
— on bank loans not wholly repayable within five years	**17,653**	1,399
— on senior notes wholly repayable within five years	**230,547**	232,007
— on convertible bonds wholly repayable within five years	**129,317**	104,390
Total borrowing costs incurred	**1,156,783**	787,539
Less: Amount capitalised as part of the cost of properties under development	**(930,018)**	(650,623)
	226,765	136,916

The average interest rate of borrowing costs capitalised for the year ended 31st December 2008 was approximately **7.4%** (2007: 7.2%) per annum.

(8) Taxation

Taxation consists of:

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**18,852**	(805)
Mainland China corporate income tax	**915,016**	1,128,092
Mainland China land appreciation tax	**1,162,742**	761,611
	2,096,610	1,888,898
Deferred tax		
Mainland China corporate income tax	**(119,871)**	(77,110)
Mainland China land appreciation tax	**(63,927)**	(59,270)
Effect of tax rate change	**—**	(123,273)
	(183,798)	(259,653)
	1,912,812	1,629,245

Share of a jointly controlled entity's taxation for the year ended 31st December 2008 of nil (2007: HK$32,850,000) is included in the income statement as share of (loss)/profit of and other gains relating to jointly controlled entities.

(9) Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31st December	
	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	**1,963,724**	3,517,312
Weighted average number of ordinary shares in issue ('000)	**1,472,368**	1,384,432
Basic earnings per share (HK$ per share)	**1.33**	2.54

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible bonds and share options are anti-dilutive for the year ended 31st December 2008.

	For the year ended 31st December	
	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	**1,963,724**	3,517,312
Interest expense on convertible bonds (net of tax) (HK$'000)	**-**	68,587
Profit for calculation of diluted earnings per share (HK$'000)	**1,963,724**	3,585,899
Weighted average number of ordinary shares in issue ('000)	**1,472,368**	1,384,432
Adjustments for — shares to be issued on conversion of convertible bonds ('000)	**-**	53,423
— share options ('000)	**-**	830
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,472,368**	1,438,685
Diluted earnings per share (HK$ per share)	**1.33**	2.49

(10) Dividends

	For the year ended 31st December	
	2008	2007
	HK$'000	*HK$'000*
Interim dividend paid of HK$**0.0951** (2007: HK$0.099) per ordinary share	**140,022**	145,764
Proposed final dividend of HK$**0.105** (2007: HK$0.32) per ordinary share	**154,599**	471,158
	294,621	616,922

The proposed final dividends have to be approved by shareholders at the forthcoming Annual General Meeting subsequent to the year end. The financial statements as at 31st December 2008 have not reflected such dividend payable.

(11) Accounts receivable

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance by the tenants on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	As at 31st December	
	2008	2007
	HK$'000	*HK$'000*
0 to 3 months	**41,031**	95,244
3 to 6 months	**2,438**	3,106
6 to 9 months	**—**	—
9 to 12 months	**—**	1,737
Over 12 months	**29,108**	38,656
	72,577	138,743

(12) Borrowings

	As at 31st December	
	2008	2007
	HK$'000	*HK$'000*
Non-current		
Bank borrowings	**7,644,772**	5,291,810
Senior notes	**2,663,312**	2,674,717
Convertible bonds	**2,022,127**	1,752,471
	12,330,211	9,718,998
Current		
Bank borrowings	**4,262,798**	2,898,895
Total borrowings	**16,593,009**	12,617,893

In November 2005, the Company issued 8.125% senior notes with an aggregated nominal value of US$350,000,000 (equivalent to approximately HK$2,730,000,000), for a total consideration of approximately HK$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on or after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interests up to the redemption date.

On 2nd February 2007, the Company completed the issue of RMB1,830,400,000 aggregate principal amount of USD settled Zero Coupon Convertible Bonds. The bonds mature in three years (February 2010) from the issue date at 104.59% of the nominal value or can be converted into ordinary shares of the Company on or after 14th March 2007 at a conversion price of HK$30.08 per share at a fixed exchange rate of RMB0.9958 to HK$1. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond at the time of issue, and is recorded as non-current borrowings on the amortized cost basis, until extinguished on conversion or maturity of the bonds.

(13) Accounts payable

The ageing analysis of accounts payable (including amounts due to related parties of trading nature) is as follows:

	As at 31st December	
	2008	2007
	HK$'000	*HK$'000*
0 to 3 months	**2,933,721**	953,128

As at 31st December 2008, approximately HK$1,434,475,000 (2007: HK$70,686,000) of accounts payable was due to subsidiaries of minority shareholders of certain subsidiaries of the Company in respect of property construction fees.

(14) Reserves

For the year ended 31st December 2008

	Share premium	**Statutory reserves**	**Convertible bonds reserve**	**Asset revaluation reserve**	**Currency translation differences**	**Retained earnings**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Balance at 1st January 2008	**6,707,997**	**161,117**	**227,734**	**2,001,276**	**976,727**	**7,642,295**	**17,717,146**
Currency translation differences	**—**	**—**	**—**	**—**	**1,301,405**	**—**	**1,301,405**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**1,963,724**	**1,963,724**
Dividend relating to 2007	**—**	**—**	**—**	**—**	**—**	**(471,158)**	**(471,158)**
Dividend relating to 2008	**—**	**—**	**—**	**—**	**—**	**(140,022)**	**(140,022)**
Employee share options scheme — value of services provided	**3,004**	**—**	**—**	**—**	**—**	**—**	**3,004**
Share options lapsed	**(46,405)**	**—**	**—**	**—**	**—**	**46,405**	**—**
Fair value loss on available-for-sale financial asset	**—**	**—**	**—**	**(20,513)**	**—**	**—**	**(20,513)**
Realised upon disposal of properties held for sale	**—**	**—**	**—**	**(546,921)**	**—**	**—**	**(546,921)**
Deferred tax	**—**	**—**	**—**	**225,992**	**—**	**—**	**225,992**
Balance at 31st December 2008	**6,664,596**	**161,117**	**227,734**	**1,659,834**	**2,278,132**	**9,041,244**	**20,032,657**
Representing:							
2008 final dividend proposed						**154,599**	
Others						**8,886,645**	
						9,041,244	
Analysed by:							
Company and subsidiaries						**8,961,826**	
Jointly controlled entity						**81,938**	
Associates						**(2,520)**	
						9,041,244	

For the year ended 31st December 2007

	Share premium *HK$'000*	Statutory reserves *HK$'000*	Convertible bonds reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Currency translation differences *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1st January 2007	2,648,048	161,117	—	—	280,574	4,619,416	7,709,155
Issue of convertible bonds	—	—	227,734	—	—	—	227,734
Currency translation differences	—	—	—	—	696,153	—	696,153
Profit for the year	—	—	—	—	—	3,517,312	3,517,312
Dividend relating to 2006	—	—	—	—	—	(348,669)	(348,669)
Dividend relating to 2007	—	—	—	—	—	(145,764)	(145,764)
Employee share options scheme							
— value of services provided	43,401	—	—	—	—	—	43,401
Issue of shares							
— placements	3,981,777	—	—	—	—	—	3,981,777
— employee share options scheme	34,791	—	—	—	—	—	34,791
Share issue expenses	(20)	—	—	—	—	—	(20)
Fair value gain on available-for-sale financial asset	—	—	—	151,965	—	—	151,965
Acquisition of a subsidiary, net of tax	—	—	—	2,180,096	—	—	2,180,096
Realised upon disposal of properties held for sale	—	—	—	(513,811)	—	—	(513,811)
Deferred tax	—	—	—	183,026	—	—	183,026
Balance at 31st December 2007	6,707,997	161,117	227,734	2,001,276	976,727	7,642,295	17,717,146
Representing:							
2007 final dividend						471,158	
Others						7,171,137	
						7,642,295	
Analysed by:							
Company and subsidiaries						7,561,134	
Jointly controlled entity						83,648	
Associates						(2,487)	
						7,642,295	

DIVIDEND

The Board has recommended a final dividend of HK10.5 cents (2007: HK32 cents) per share. This, together with the interim dividend of HK9.51 cents (2007: HK9.9 cents) per share, will give a total dividend of HK20.01 cents (2007: HK41.9 cents) per share for the year ended 31st December 2008.

The final dividend will be paid on Tuesday, 30th June 2009 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16th June 2009 subject to the approval of shareholders at the Annual General Meeting to be held on Tuesday, 16th June 2009.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

The Group achieved a satisfactory turnover of HK$10,775 million in 2008 (2007: HK$11,131 million) amid the downturn of the overall property market in the Mainland and the reinforcement of national macroeconomic regulations during the first half of the year. Sales volume of properties delivered was held back by the pessimistic market sentiment. GFA delivered by the Group in 2008 dropped 33.5% to 750,286 square metres (2007: 1,128,655 square metres). The impact of the fall in the volume of delivered area on the turnover was offset by the growth in average selling price.

In 2008, the average selling price for delivered and completed properties rose approximately 32% to RMB12,528 per square metre (2007: RMB9,459 per square metre). The growth was driven by a considerably big supply of high-end products and the continuing demand for quality homes from buyers. Beijing achieved a significant increase in the average selling price of 77% following the delivery of Città Eterna, Beijing Regal Court and Hopson International Garden, which were sold in the second half of 2007 when the property market was active. In Tianjin, the average selling price grew 18% owing to the delivery of villas of higher price. Huizhou area also recorded an 18% price increase due to the delivery of the sizeable project, Huizhou Regal Riviera Bay. Shanghai showed an approximately 16% rise in average selling price due primarily to the launch of high-end products such as Shanghai Sheshan Dongziyuan and Ningbo Hopson International City, and the 26% price increase of Shanghai Hospon Lantern Villa. Guangzhou secured a price rise of 9% following the delivery of Pleasant View Garden, Yunshan Xijing and Yijing Huayuan.

(ii) Contracted Sales

The global economic downturn in 2008 had an adverse effect on contracted sales of properties. The market took a wait-and-see attitude in 2008. However, the Group managed to achieve a total of RMB9.53 billion in contracted sales, which included the proceeds from the disposal of the Beijing Dongfangwenhua commercial building. The disposal of this commercial building is expected to complete in 2009 and yield a profit of approximately RMB380 million to the Group.

Guangdong recorded a high level of contracted sales of RMB4,287 million representing 45% of the total contracted sales of the Group in 2008. 17 property projects were on sale in Guangdong, of which 3 were located in Huizhou. The major projects were Gallopade Park — South Court, Pleasant View Garden, Regal Rivera, Yijing Huayuan, Yushan Xijing, Junjing Bay, Top Royal View and Hushan Guoji Villa.

The combined contracted sales of Beijing and Tianjin, inclusive of the sale of the Beijing Dongfangwenhua commercial building, amounted to RMB3,110 million, representing 33% of the total contracted sales of the Group. 5 residential projects under sale were Città Eterna, Beijing Regal Court, Hopson International Garden, Dalian Lushun Hopson Regal Seashore and Jingjin New Town. The average contracted selling price in Beijing was RMB19,287 per sq.m., an increase of 12% over 2007.

Shanghai had 6 property projects for sales comprising Hopson Town, Hopson Lantern Villa, Hopson Golf Mansion, International Garden, Sheshan Dongziyuan and Hopson International City, and generated RMB2.13 billion representing 22% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs, capitalized interest and land premium amortization. In line with the decrease in turnover, cost of sales was down by 11% to HK$5,916 million (2007: HK$6,670 million) and, as a percentage of turnover, dropped 5% to 55% (2007: 60%) due primarily to more sales with higher profit margin recognized in 2008.

Gross Profit

Gross profit margin increased from 40% in 2007 to 45% in 2008 due mainly to the general rise in average selling prices, the increase in economies of scale and the delivery of some new high-end development projects with higher gross margins achieved during the year.

Other Gains

Other gains comprise: (1) a sum of HK$193 million from the recognition of the excess of interests acquired by the Group at fair value over the cost of acquisition paid for certain companies with land sites located in Guangzhou, Shanghai and Qinhuangdao; (2) a surplus of HK$34 million from revaluation of certain investment properties; (3) tax grants totaling HK$80 million from government authorities in the mainland; and (4) fair value loss of HK$8 million on investment in listed securities.

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration amounted to HK$1,080 million representing an increase of 36% from 2007 of HK$792 million. The increase was mainly due to (1) additional benefits and compensation costs expended on senior management and staff of new projects; (2) greater outlay of amounts on selling and promotional activities for new projects; (3) the new PRC land use tax levied on projects and (4) depreciation and other operating costs of fully operated Tianjin Jingjin Hyatt Hotel and golf course. The increase was, to a certain extent, offset by an exchange gain of HK$272 million on account of the strengthening of Renminbi.

Finance Costs

Gross interest before capitalization increased to HK$1,157 million (2007: HK$788 million), up HK$369 million or 47%. The increase was mainly attributable to the additional bank borrowings made in 2008. The effective interest rate in respect of the Group's borrowings was approximately 7.5% per annum (2007: 6.9%).

Operating Profit

Operating profit in 2008 decreased by 21% to HK$4,078 million (2007: HK$5,163 million).

Share of Loss of a Jointly Controlled Entity

Following the consolidation of Guangzhou Zhujiang Qiaodao Real Estate Limited into the Group's accounts from September 2007, the share of loss from the remaining jointly controlled entity located in Beijing was HK$1.71 million in 2008, down HK$104 million or 102% as compared with the prior year.

Taxation

Under the new Corporate Income Tax law, which was effective from 1st January 2008, the applicable corporate income tax ("CIT") rate was reduced to 25% from 33%. The effective tax rate was increased to 49% in 2008 from 32% in 2007. The increase was mainly attributable to (i) the reversal of deferred tax liabilities arising from the effect of change in the CIT rate of approximately HK$123 million in 2007 and (ii) the increase in Mainland China land appreciation tax ("Mainland China LAT") of approximately HK$396 million due primarily to the sale and delivery of products with higher gross profit in 2008.

Excluding (1) the adjustment made to deferred tax liabilities of HK$123 million in 2007 and the effect of increase in Mainland China LAT of HK$396 million above; (2) non-taxable items of fair value gains and negative goodwill amounting HK$193 million, government grants of HK$80 million and interest income of HK$12 million, and (3) share of loss from a jointly controlled entity and associates of HK$1.74 million, the effective tax rate of CIT for 2008 would have been 22% (2007: 30%).

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK$1,964 million for 2008 (2007: HK$3,517 million). Fully diluted earnings per share was HK$1.33. Excluding the effect of the gain representing the difference of the fair value of interests acquired over purchase costs amounting HK$193 million and the gain from investment property revaluation of HK$34 million, underlying profit was HK$1,736 million, down HK$257 million or 13% as compared with previous year. The decrease was mainly due to higher operating and finance costs and a greater amount of Mainland China LAT charged in this year.

Segment Information

Property development remains the Group's core business activity (95%). The geographical spread of financial performance among different regions this year was similar to that of 2007, except that Shanghai increased its revenue contribution from 8% to 13% and Huizhou decreased its revenue contribution from 13% to 1% to the Group in 2008. Guangzhou continued its leading position as top revenue contributor within the Group (47%), followed by Beijing (35%), Shanghai (13%), Tianjin (4%) and Huizhou (1%).

Financial Position

As at 31st December 2008, total assets of the Group amounted to HK$58,272 million and its total liabilities (excluding minority interests) amounted to HK$35,708 million, representing an increase of HK$10,339 million and HK$7,853 million respectively on the previous year. The increase in total assets was mainly attributable to the increase in (1) investment in new land sites located in Guangdong Province, Beijing, Shanghai and Tianjin, (2) acquisition of equity interests in project companies located in Guangdong Province, Shanghai and Qinhuangdao and, (3) development cost incurred in the construction and completion of projects. Aligned with this, total liabilities also increased, primarily due to (1) additional bank borrowings obtained, and (2) increase in accounts payable, accruals and other payables and tax liabilities for newly acquired land sites and companies and completion of projects.

Current ratio was 2.49 in 2008 (2007: 2.91). Equity increased to HK$22,564 million at 31st December 2008 from HK$20,078 million at 31st December 2007, due mainly to (1) the contribution from the current year's profit attributable to shareholders, and (2) increase in currency translation differences reserve.

Liquidity and Borrowings

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements. As detailed in Note 2 of the financial statements, management has prepared cash flow projections for the period up to 30th April 2010 and the Group has a number of alternative plans to offset the potential impact on the Group's business development, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in global economic conditions. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

As at 31st December 2008, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 61% (2007: 58%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 63% (2007: 52%).

As at 31st December 2008, the Group has cash and short-term bank deposits amounting HK$2,414 million (2007: HK$2,262 million) of which approximately HK$87 million (2007: HK$168 million) were charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 98% of the cash and bank deposits were denominated in Renminbi, 0.4% in Hong Kong dollars and 1.6% in United States dollars.

Total borrowings from banks amounted to HK$11,908 million as at 31st December 2008 representing an increase of 45% or HK$3,717 million as compared to those at 31st December 2007. Gearing measured by net bank borrowings, Guaranteed Senior Notes and Convertible Bonds less cash and bank deposits as a percentage of shareholders' equity, was 63%, up 11 percentage point from 52% as at 31st December 2007. The increase was mainly due to the increase in bank borrowings for financing of development of Group's projects in 2008.

All of the bank borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollars denominated Senior Notes and the Renminbi denominated United States Dollars settled Convertible Bonds due 2010 were both jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 68%, 15% and 12%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowing repayment profile as at 31st December 2008 was as follows:

	As at 31st December 2008						As at 31st December 2007					
	Bank Borrowings	**Guaranteed Senior notes**	**Guaranteed Convertible bond**	**Other borrowings**	**Total**		Bank Borrowings	Guaranteed Senior notes	Guaranteed Convertible bond	Other borrowings	Total	
	(HK$ million)						*(HK$ million)*					
1 year	**4,263**	**—**	**—**	**941**	**5,204**	**(30%)**	2,899	—	—	375	3,274	(25%)
1–2 years	**5,017**	**—**	**2,022**	**—**	**7,039**	**(40%)**	3,590	—	—	—	3,590	(28%)
2–5 years	**2,299**	**2,663**	**—**	**—**	**4,962**	**(28%)**	1,546	2,675	1,753	—	5,974	(46%)
After 5 years	**329**	**—**	**—**	**—**	**329**	**(2%)**	156	—	—	—	156	(1%)
Total	**11,908**	**2,663**	**2,022**	**941**	**17,534**		8,191	2,675	1,753	375	12,994	
Less: Cash and bank deposits					**(2,414)**						(2,262)	
Net borrowings					**15,120**						10,732	

As at 31st December 2008, the Group had banking facilities of approximately HK$27,112 million (2007: HK$13,023 million) for short-term and long-term bank loans, of which HK$15,204 million (2007: HK$4,832 million) were unutilized.

Financial Guarantee

As at 31st December 2008, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK$8,737 million (2007: HK$7,793 million).

Pending litigations

Various Group companies are involved in litigations arising in the ordinary course of their businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

Charge on Assets

As at 31st December 2008, certain assets of the Group with an aggregate carrying value of HK$10,147 million (31st December 2007: HK$4,363 million) were pledged with banks for loan facilities used by subsidiaries, jointly controlled entity and related companies.

Commitments

The Group's commitments as at 31st December 2008 were as follows:

	As at 31st December 2008 *HK$ million*	As at 31st December 2007 *HK$ million*
Capital commitments		
Contracted but not provided for		
— Property construction costs	**411**	519
— Acquisition of land and equity interests in certain Mainland China entities	**656**	1,341
— Capital contribution to BJ Dongfangwenhua	**258**	247
	1,325	2,107
Authorized but not contracted for		
— Land costs	**78**	93
— Property construction costs	**696**	739
	774	832
	2,099	2,939

	As at 31st December 2008 *HK$ million*	As at 31st December 2007 *HK$ million*
Property development commitments		
Contracted but not provided for		
— Property construction costs	**8,599**	5,326
Authorized but not contracted for		
— Property construction costs	**29,365**	20,709
	37,964	26,035

The Group's share of capital commitments of the jointly controlled entity not included in the above were as follows:

	As at 31st December 2008 *HK$ million*	As at 31st December 2007 *HK$ million*
Contracted but not provided for		
— Property construction costs	**222**	319
Authorized but not contracted for		
— Land costs	**-**	63
— Property construction costs	**506**	196
	506	259
	728	578

The Group has operating lease commitments in respect of premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31st December 2008 *HK$ million*	As at 31st December 2007 *HK$ million*
Amounts payable		
— Within one year	**40**	27
— Within two to five years	**116**	97
— After 5 years	**9**	24
	165	148

With continuous cash inflow from property sales, the banking facilities available and the cash in hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EVENTS AFTER BALANCE SHEET DATE

(a) On 16th February 2009 and 28th February 2009, the Group respectively entered into an agreement for reimbursement of land development and a land transfer contract with Beijing Bai Hong Real Estate Development Company Limited and Beijing State Land Resources Bureau ("Beijing Land Bureau"), for the transfer of the land use right in respect of a piece of land situated in Xin Tian Jia Yuan South Zone, Chaoyang District, Beijing with a site area of approximately 57,313 square metres. The total consideration of the transaction is approximately HK$965,370,000 (equivalent to approximately RMB859,180,000).

(b) On 18th February 2009, the Group completed the disposal of the 50% equity interest in Interwell Developments Limited ("Interwell") for a consideration of approximately HK$842 million (USD108 million). Interwell owns 100% equity interest in Shanghai Mintai Real Estate Co., Ltd., which owns Hopson International Tower situated in Meiyuan Street, Fang No. 9, Qiu No. 5, Pudong New District, Shanghai.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars and US dollars. However, the Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars, US dollars and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

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

EMPLOYEES

As at 31st December 2008, the Group, excluding its associates and jointly controlled entity, employed a total of 7,884 (as at 31st December 2007: 7,721) staff, the majority of which were employed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK$449 million (2007: HK$381 million) for the year ended 31st December 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding Directors' securities transactions during the year under review. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31st December 2008.

CORPORATE GOVERNANCE

Throughout the year ended 31st December 2008, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except for Code provisions A.4.1 and E.1.2 as described below.

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All the independent non-executive Directors are not appointed for specific term. This constitutes a deviation from Code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the Code.

Code E.1.2 stipulates that the chairman of the board should attend annual general meetings. The Chairman of the Board did not attend the annual general meeting for the year 2008 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2008.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee is composed of all the three independent non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2008.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2008 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 11th June 2009 to Tuesday, 16th June 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 10th June 2009.

ANNUAL REPORT

The 2008 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website http://www.irasia.com/listco/hk/hopson.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Xiang Bin, Mr. Chen Chang Ying (Chief Executive Officer), Mr. Au Wai Kin, Mr. Xue Hu, Ms. Zhao Ming Feng (Chief Financial Officer) and three independent non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 21st April 2009

* *for identification purpose only*