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HOPEWELL
Holdings Limited
2007-2008 Interim Report
合和實業有限公司
二零零七至二零零八年中期報告



Highlights

- Profit attributable to equity holders of the Company rose 293% to HK\$5,252 million or HK\$5.84 per share.
- Interim dividend of HK55 cents per share and special interim dividend of HK55 cents per share.
- Disposal of the Group's property development project in Macau was completed, and a disposal gain of HK\$3,948 million was recognised in the period under review.
- Positive growth from Property Investment and Hospitality.
- Net cash on hand amounted to HK\$11,605 million (the Group's net cash (exclusive of HHI): HK\$5,353 million; HHI (but excluding jointly controlled entities): HK\$6,252 million) as at 31st December, 2007.

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GROUP RESULTS

The Board of Directors of Hopewell Holdings Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31st December, 2007.

Overview

The six months ended 31st December, 2007 was an exceptionally good period for the Group, the profit attributable to equity holders of the Company increased tremendously from HK\$1,336 million to HK\$5,252 million. Such performance arose mainly from the disposal of the Group’s property development project in Macau and the disposal of the Group’s interest in Guangzhou East-South-West Ring Road joint venture company (“Ring Road JV”). Since both items are regarded as “Exceptional items” and because the Group ceased to share their revenue after their respective disposals, the Group’s Turnover and Earnings before Interest and Tax (“EBIT”) were therefore reduced.

For the six months ended 31st December, 2007, the Group’s turnover by activities and their respective EBIT are reported as follows:

<i>In HK\$ million</i>	<i>Turnover</i> (Note 1)		<i>Earnings before interest & tax</i> (Note 2)	
	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>
Property investment ^(Note 3)	189	229	104	109
Fair value gain on property completed during the period	—	—	—	371
Property development	193	6	655	(7)
Infrastructure project investment	3	1	627	462
Hospitality ^(Note 4)	190	209	38	45
Others	—	—	73	79
	575	445	1,497	1,059
Share of turnover of jointly controlled entities				
Property development	1,064	—		
Infrastructure project investment	1,004	924		
	2,643	1,369		

<i>In HK\$ million</i>	<i>Results</i>	
	<i>2006</i>	<i>2007</i>
Earnings before interest & tax ^(Note 2)	1,497	1,059
Exceptional items	8	4,763
Fair value gain on other investment properties	96	130
Finance costs	(44)	(45)
Taxation	(23)	(273)
Profit for the period	1,534	5,634
Attributable to:		
Equity holders of the Company	1,336	5,252
Minority interests	198	382
	1,534	5,634

Notes:

- (1) Turnover represented the sum of the Group's turnover of HK\$445 million (2006: HK\$575 million) plus the Group's attributable share of turnover of jointly controlled entities engaging in property development business of HK\$ nil (2006: HK\$1,064 million) and infrastructure project investment of HK\$924 million (2006: HK\$1,004 million).
- (2) Earnings before interest & tax included share of profits of jointly controlled entities and associates of HK\$493 million (2006: HK\$1,269 million).
- (3) Property investment includes property letting, agency and management.
- (4) Hospitality includes hotel ownership and management, restaurant operations and food catering.

Turnover

Turnover for the six months ended 31st December, 2007, including the Group's proportionate share of turnover of jointly controlled entities engaging in property development and toll expressway businesses was HK\$1,369 million, a 48% decrease as compared with HK\$2,643 million of the last corresponding period. The decrease was due to, as mentioned above, the disposal of the Group's interests in two jointly controlled entities, namely, the property development joint venture company in Macau and the Ring Road JV. Turnover attributable to the two disposed projects for the six months ended 31st December, 2007 were nil and HK\$46 million respectively and were HK\$1,064 million and HK\$92 million for the last corresponding period respectively. At the same time, the sale of Phase 1A of the Group's Huadu development properties which was substantially completed in the year ended 30th June, 2007 remained small in the period under review as a new phase of development is yet to be launched. On the other hand, the Group's property investment and hospitality have recorded turnover of HK\$229 million and HK\$209 million (growth of 21% and 10% over last corresponding period) respectively.

Earnings before Interest and Tax

The Group's EBIT decreased by 29% to HK\$1,059 million from HK\$1,497 million of the last corresponding period. The decrease was mainly attributable to the disposal of the Group's property development project in Macau (contribution to EBIT of the Group for the six months ended 31st December, 2006 was HK\$630 million) and the reduction in contribution from infrastructure project investment business. The performance of infrastructure business was affected by the disposal of 45% interest in Ring Road JV in September 2007, the temporary closure of the South bound lanes of Xintang to Dongguan section of Guangzhou-Shenzhen Superhighway ("GS Superhighway") for maintenance and improvement works since 18th October, 2007 until 10th January, 2008, and benefited from the gain on Renminbi appreciation. On top of the above, the PRC authority promulgated the Law on Enterprise Income Tax by Order No. 63 of the President of the PRC ("New PRC Corporate Income Tax"), which will change the tax rate gradually from 18% to 25% for the Group's PRC jointly controlled entities effective 1st January, 2008 over the coming 5 years. Deferred tax balances of the jointly controlled entities have been adjusted to increase the deferred tax expenses. Positive growth was recorded from other business segments, including property investment and hospitality.

Exceptional Items

Gain from exceptional items of HK\$4,763 million was recorded for the period under review. The amount is the aggregate of (i) gain on disposal of the Group's property development project in Macau of HK\$3,948 million; (ii) gain on disposal of the Group's interest in Ring Road JV of HK\$793 million; and (iii) gain on disposal of available-for-sale investments of HK\$22 million. Exceptional items for last corresponding period of HK\$8 million represented gain on deemed disposal of interests in Hopewell Highway Infrastructure Limited ("HHI") upon exercise of HHI warrants by the warrants holders during that period.

Profit Attributable to Equity Holders

The Group's profit attributable to equity holders was HK\$5,252 million, representing an increase of 293% over HK\$1,336 million of the last corresponding period. Excluding the effects of the fair value gain on investment properties completed in prior years, the Group's net profit attributable to equity holders would be HK\$5,145 million, a 309% increase over HK\$1,257 million of the last corresponding period.

INTERIM DIVIDEND AND SPECIAL INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK55 cents per ordinary share in respect of the financial year ending 30th June, 2008 (30th June, 2007: HK38 cents). The Board of Directors has also decided to declare a special interim dividend of HK55 cents per ordinary share (30th June, 2007: Nil). The interim and special interim dividends will be paid on or about 26th March, 2008 to those shareholders as registered at the close of business on 20th March, 2008.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Monday, 17th March, 2008 to Thursday, 20th March, 2008, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend and special interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 14th March, 2008.

BUSINESS REVIEW

Property Investment

Turnover of the property rental business for the period under review rose from HK\$189 million of the last corresponding period to HK\$229 million, representing a 21% increase. EBIT increased 5% to HK\$109 million.

During the period, the Hongkong International Trade & Exhibition Centre ("HITEC") has completed its first phase of major renovation and refurbishment and both EMax and the Star Hall have started operation.

The Group's property investment portfolio is further strengthened by the completion of QRE Plaza, for which occupation permit has recently been obtained. To further promote and enhance the value of Hopewell Centre, QRE Plaza and the neighbouring building, the Group has initiated "The East" program by linking them up to create a new hub under the one-stop lifestyle enjoyment concept. A footbridge linking Hopewell Centre, QRE Plaza and Wu Chung House is now open for public use. "The East" brand will focus the public on the convenient location of the buildings, namely, Queen's Road East in the heart of Wanchai with proximity to the MTR station and their unique oriental attraction under a multi-cultural environment.

To strengthen the branding of the Group's property business, Hopewell Real Estate Agency Limited has been rebranded and offers a full range of high-quality property sales, leasing and property management services in Hong Kong and the Pearl River Delta region. It currently manages assets in Hong Kong with total gross floor area of about 3 million square feet by a professional team of approximately 270 employees.

Hopewell Centre, Wanchai

Hopewell Centre, the flagship of the Group's rental properties, has maintained an average occupancy rate of about 95% during the period under review with improved rental rates for both renewals and new lettings. Its overall rental rate increased 38% as compared with the last

corresponding period. The office tenant mix has included an increasing number of multi-national companies and new retail tenants have been recruited to promote “The East” concept. Continuous improvement and upgrading works are scheduled to be carried out in the Hopewell Centre to consolidate its long-term competitive position.

QRE Plaza, Wanchai

QRE Plaza, a 25-storey stylish commercial building, has recently obtained the Occupation Permit during the period under review. Although “The East” brand has just been launched, the market has responded well to our leasing campaign and various trendy food and beverage companies together with other lifestyle and servicing trades have already chosen QRE Plaza for their outlets. The Group will continue its efforts to achieve a good tenant mix to strengthen “The East” concept. The total investment cost in QRE Plaza is approximately HK\$140 million.

Hongkong International Trade and Exhibition Centre, Kowloon Bay

HITEC has completed its first phase of major renovation and refurbishment. More than 900,000 square feet of HITEC has been converted from Trademart to EMax, a new shopping and entertainment centre, during the period under review. A new multi-purpose hall known as “Star Hall” has also been completed in November 2007. The venue offers 30,000 square feet of column-free space capable of accommodating of 3,600 persons for hosting concerts, exhibitions, movie premieres, conferences, banquets, sports, academic and other activities. It has received overwhelming market response. The Group is now fine tuning its plan for the second phase of the renovation and refurbishment of HITEC.

With the growing demand for retail and/or office space in Eastern Kowloon and the addition of new entertainment-driven tenants to HITEC, as at 31st December, 2007, the average occupancy rate for the whole building (including retail and office) was approximately 87%. The average occupancy rate for the office portion was 91% and for EMax was 82%. The convention and exhibition business also enjoyed an increase of 21.5% in revenue as compared with the last corresponding period.

Panda Place, shopping mall of Panda Hotel, Tsuen Wan

Panda Place is a 221,000 square feet shopping centre on the second, ground and three basement floors of Panda Hotel with ample car park provision. It is situated within walking distance from MTR stations and surrounded by a wide array of commercial, industrial and residential developments which generate a substantial amount of pedestrian traffic. It has been well-perceived as a modern and stylish shopping mall. A wide variety of tenants were attracted to offering food and beverage, fashion and accessories, home design, lifestyle and entertainment to the affluent local families, hotel guests and visitors from other districts. During the period under review, the average occupancy rate was over 80% and on a growing trend.

Residential and Commercial Tower, 214-224 Queen’s Road East, Wanchai

Construction of the 28-storey building on this site for long term investment purpose has been progressing well. Under the present plan, construction is scheduled to be completed in the first half of 2009. The currently planned total investment will be about HK\$365 million. Since this building is conveniently located in the heart of the commercial district of Wanchai well served by public transport and has extensive pedestrian linkage with adjacent buildings, the building is currently planned to offer 216 units of high quality stylish serviced apartments for short or long term leases. The pre-marketing response is encouraging.

BUSINESS REVIEW (continued)

Residential Development, 12 Broadwood Road, Happy Valley

The current plan to redevelop this site into a 45-storey building of apartments with gross floor area of approximately 113,900 square feet is well under way. The development's foundation and site formation works have commenced and are targeted to be completed in the second quarter of 2010. Under current planning, the total investment will be about HK\$615 million. The building is presently planned as luxurious apartments for rental purposes to be held by the Group for long term investment and for further strengthening the Group's stream of recurring rental income.

Liede Integrated Commercial Project, Guangzhou

During the period under review, a subsidiary of the Group entered into an agreement with Guangzhou Lie De Economic Company Limited ("Liede Company") for leasing from the Liede Company an integrated commercial property after its completion under an operating lease arrangement. The project will be situated at the Zhujiangxincheng region of Tianhe District, the central business district of Guangzhou. Pursuant to the agreement, the subsidiary will be responsible for fitting-out and equipping the project and for paying rent to the Liede Company when the project commences business operations. Under the present plan, the subsidiary intends to invest approximately RMB1,000 million in this project and the construction works of this project will start in the fourth quarter of 2009 with project completion scheduled in 2014.

This project is now in its design stage. The project's site area is about 32,000 square meters. It is currently planned that the total gross floor area will be about 240,000 square meters (including basements) consisting of a five-star hotel with 400 rooms, 250 units of serviced apartments, about 38,000 square meters of grade A offices space and a high-end shopping centre of about 57,500 square meters with dining, entertainment and shopping facilities.

Allway Gardens Shopping Arcade, Tsuen Wan

In January 2008, the Group has completed the disposal of its interest in the shopping arcades and various car parking spaces in the Allway Gardens.

Property Development

Nova City, Taipa Island, Macau

The Group has completed the disposal of all its 50% interest in the Nova City project as well as its entire 50% interest in two related property management companies for a total consideration of HK\$4,580 million in cash. The transaction was completed and the full amount of the consideration was received. This disposal enabled the Group to capture the opportunity to early realize the value of its interest in the project and a gain of HK\$3,948 million on the disposal was recognized in the period under review.

Hopewell New Town, Huadu, Guangzhou

The Group owns a 95% interest in Hopewell New Town, a composite development project in Huadu District which is one of the fastest growing districts of Guangzhou. All apartments and townhouses of Phase 1A of the development were sold out in early 2007. The development of Phase 1B of approximately 18,000 square metres, is currently planned to be completed in the second quarter of 2009 with total investment of about RMB50 million. Under the present approved plan, Phase 1B will comprise 6 apartment buildings. Phase 2, with a total gross floor area of approximately 94,000 square metres is currently planned to commence construction in

mid 2008 and will comprise 48 units of townhouses (planned to be completed by early 2009) and 10 blocks of apartment buildings (planned to be completed in the second half of 2009). The currently planned total investment for Phase 2 will be about RMB300 million.

Road Infrastructure

HHI

As at 31st December, 2007, the Group continues to retain approximately 73% shareholding in HHI which focuses on the initiation, promotion, development, investment and operation of toll expressways and bridges.

For the six months ended 31st December, 2007, the aggregate average daily traffic of HHI's expressway project investments, namely GS Superhighway and Phase I of the Western Delta Route ("Phase I West") recorded a 5% increase to 363,500 vehicles and their aggregate average daily toll revenue decreased 5% to RMB9.8 million. The total toll revenue in the six months under review amounted to RMB1,806 million. The decrease in toll revenue was mainly attributable to the closure of the South bound lanes of Xintang to Dongguan section of GS Superhighway for maintenance and improvement works since 18th October, 2007. Such works were completed earlier than schedule and the affected section has been re-opened to traffic since 10th January, 2008.

In recent years, although the Central Government has imposed stringent land use approval requirements throughout the Mainland which increase the difficulty in land acquisition and site clearance as well as the time required for handover of land, the construction of Phase II of the Western Delta Route ("Phase II West") is continuously proceeding and the completion is currently planned to be by end of 2009. The preliminary work prior to the application for the project approval of the Phase III of the Western Delta Route ("Phase III West") project is underway.

On 9th August, 2007, a subsidiary of HHI entered into an agreement with the PRC partner of the Guangzhou ESW Ring Road Company Limited ("Ring Road JV") for the sale of its entire interest in this company at a consideration of RMB1,712.55 million. The transaction was completed in September 2007, resulting into a disposal gain of HK\$793 million (before taxation) for the Group.

The New PRC Corporate Income Tax has been effective since 1st January, 2008. The new tax rate will gradually increase from the current 18% to the new tax rate of 25% over five years (20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012) after 1st January, 2008. According to this law, GS Superhighway and Phase I West joint venture companies which are currently entitled to corporate income tax holidays can continue to enjoy the remaining unutilized tax holidays until their respective expiry dates.

Benefiting from the continuous Renminbi appreciation, the GS Superhighway joint venture company has recorded exchange gains on retranslation of the United States dollar bank loans. HHI is in a strong financial position. As at 31st December, 2007, HHI and its subsidiaries (excluding the jointly controlled entities) have HK\$6,252 million cash on hand and the unutilized syndicated bank loan facility is about HK\$3,600 million.

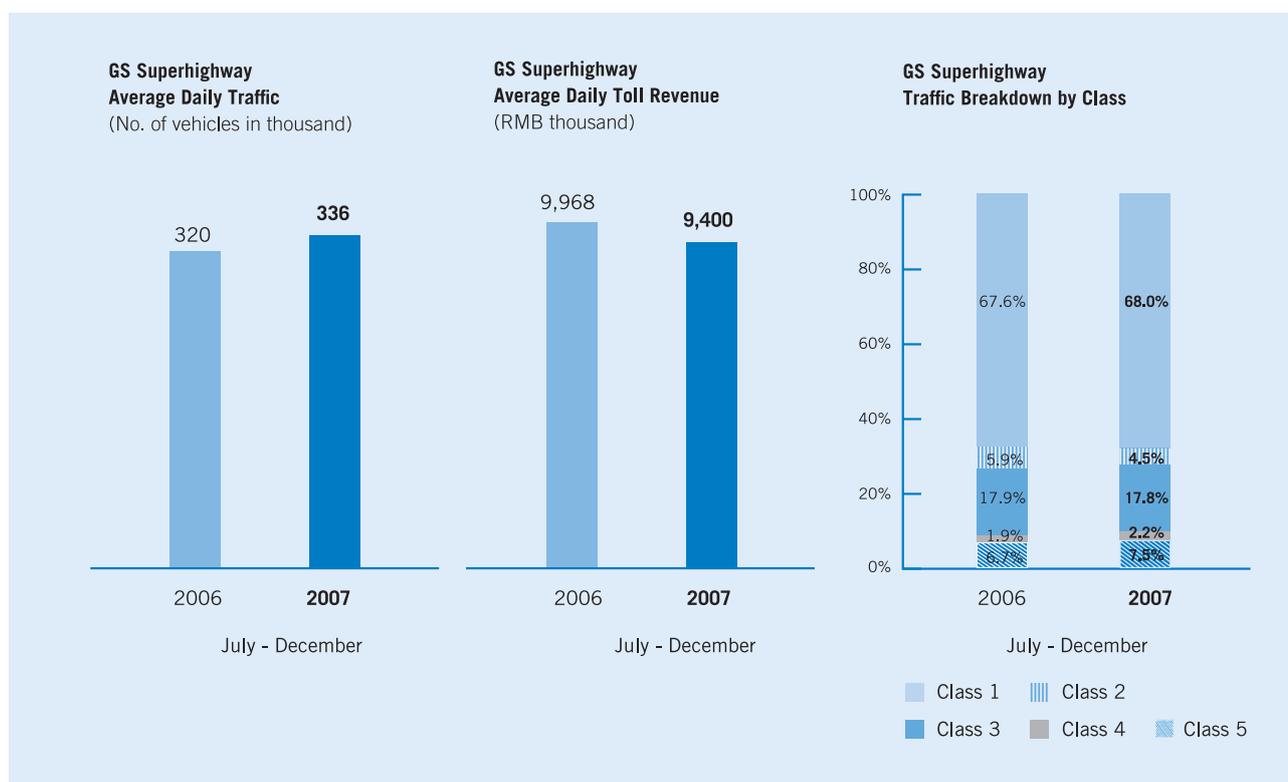
Guangzhou-Shenzhen Superhighway

GS Superhighway is the main artery of Pearl River Delta region's expressway network, connecting four major cities, namely Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, GS Superhighway's average daily traffic rose 5% to 336,000 vehicles as

BUSINESS REVIEW (continued)

compared with the last corresponding period. Its average daily toll revenue decreased 5% to RMB9.4 million. The total toll revenue in the six months under review amounted to RMB1,734 million. The decrease in toll revenue is mainly attributable to the temporary closure of the South bound lanes of the Xintang to Dongguan section for maintenance and improvement works since 18th October, 2007. During such period, the average daily toll revenue decreased about RMB1.7 million compared with the last corresponding period. Although the average daily toll revenue decreased 17%, the daily traffic only fell 3% indicating that the diverted vehicles returned to GS Superhighway after by-passing the closed section during the period for the maintenance and improvement works.

Such works were completed earlier than schedule and the affected section has been re-opened to traffic since 10th January, 2008. GS Superhighway JV has commenced similar maintenance and improvement works on the North bound lanes of the Dongguan to Xintang section since 18th February, 2008 and according to the current plan, the works will be completed within this financial year ending 30th June, 2008. HHI believes that such works will be beneficial to the operations of the GS Superhighway in the long term.



In relation to the additional investment of HHI incurred during the construction of the GS Superhighway, GS Superhighway JV has paid RMB725.14 million to a subsidiary of HHI in January 2008.

GS Superhighway continued to maintain its focus on traffic management. During the period under review, resources have been deployed to strengthen the patrol and rescue services and to enhance safety facilities, in order to improve emergency handling efficiency and minimize traffic congestion caused by traffic accidents. As a result, the number of fatal in accidents had been reduced in 2007.

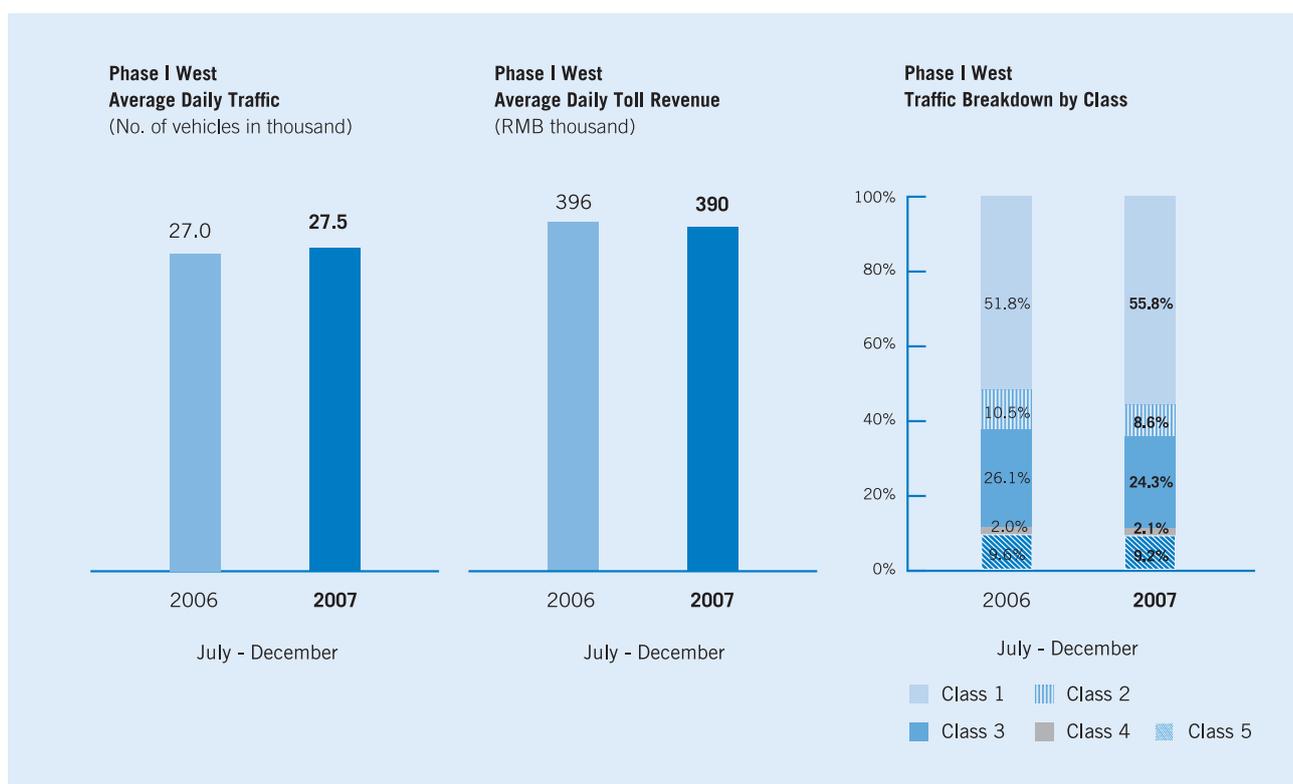
With the continuous economic development of the Guangdong Province and the rapid increase in car ownership, HHI believes that the traffic flow and toll revenue of GS Superhighway will maintain stable growth. To cater for the increasing traffic demand, GS Superhighway JV is actively refining the feasibility study of widening GS Superhighway to total 10 lanes in dual directions.

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

Phase I of the Western Delta Route

Phase I West connects to ESW Ring Road in the north, and Shunde's National Highway 105 and Bigui Road in the south. It is currently the only expressway linking Guangzhou and Shunde.

During the past year, as the traffic diversion on Phase I West caused by a parallel-run local toll-free road in Foshan had been stabilized and the ESW Ring Road had become toll-free since mid-September 2007, Phase I West's traffic flow had notably increased and its toll revenue has resumed a growth momentum. During the period under review, Phase I West's average daily traffic increased 2% to 27,500 vehicles and its average daily toll revenue slightly decreased 1% to RMB390,000 as compared with the last corresponding period. The total toll revenue in the six months under review amounted to RMB72 million.



With the increasing number of vehicles using the Phase I West via the toll-free ESW Ring Road, HHI believes that its traffic flow and toll revenue will continue to grow.

Phase II and III of the Western Delta Route

Phase II West is a 46 km expressway with total 6 lanes in dual directions, connecting to Phase I West in the north, and National Highway 105 and a proposed western expressway of Zhongshan in the south. A subsidiary of HHI (the same subsidiary as for Phase I West) owns 50% interest in this project. In recent years, although the Central Government has imposed stringent land use approval requirements throughout the Mainland which increase the difficulty in land acquisition and site clearance as well as the time required for handover of land, the construction of Phase II West is continuously proceeding and the completion is currently planned to be by end of 2009.

Phase III West is an expressway project of approximately 38 km in length connecting the Phase II West in the north to Zhuhai in the south. A subsidiary of HHI (the same subsidiary as for Phase I West) has entered into an agreement with its PRC partner (which is also the PRC partner of Phase I West and Phase II West) for the investment, construction and operation of Phase III West. The preliminary work prior to the application for the approval of the project is underway.

It is expected that upon the completion of Phase II West and Phase III West, the Western Delta Route will link up various major cities including Guangzhou, Foshan, Zhongshan and Zhuhai and will become a strategic route on the western bank of the Pearl River Delta region.

Hong Kong-Zhuhai-Macau Bridge Project

As reported in the media, the Central Government is highly supportive of the Hong Kong-Zhuhai-Macau bridge project and the feasibility studies of its various aspects have substantially been completed. HHI is confident that HHI and its subsidiaries will be in an advantageous position to assume an important role in this project once it proceeds to the tendering stage.

Power Plant

The planned Heyuan Power Plant, a 2 × 600 MW ultra super-critical coal-fired power plant in Heyuan City, Guangdong Province, was well under construction. According to present planning, its commercial operation is targeted to commence in the first half year of 2009 and the total investment cost will be about RMB5,200 million. The joint venture company has obtained a RMB3,640 million syndicated project bank loan facility in February 2008. It is a joint venture between Shenzhen Energy Group and a subsidiary of the Group. Our subsidiary's interest in the joint venture is about 40%.

Hotel and Catering

Turnover and EBIT of the hospitality business for the period under review were HK\$209 million and HK\$45 million respectively, up 10% and 18% respectively from the last corresponding period. Panda Hotel has achieved a satisfactory performance and the restaurant and catering services have also enjoyed a steady growth in their business.

Panda Hotel, Tsuen Wan

During the period under review, despite new entrants and intensive market competition, Panda Hotel has achieved a higher average room rate as compared with the last corresponding period notwithstanding a slight decrease in average room occupancy rate of 2% to 88%. The total room revenue was HK\$73.4 million, which exceeded last year by 2% and the total revenue was HK\$112.6 million, which was above last year by HK\$5.3 million or 5%. While the key contribution of room revenue was from the leisure market, guests from business segment also supplied the Panda Hotel with a steady flow of income.

Restaurant and Catering Services

The R66 Revolving Restaurant in Hopewell Centre and the restaurant and catering businesses at Panda Hotel continued to enjoy steady growth during the period under review.

The banquet business in HITEC had also recorded an increase of 26% in revenue when compared to the corresponding period last year, mainly due to the increase of functions being held in HITEC. Other catering outlets in HITEC had been repositioned to attract gourmet customers with positive market response.

The business of Bayern Gourmet Food, a manufacturer and supplier of sausages, meats and fish products, continued to enjoy positive growth during the period.

Mega Tower Hotel, Wanchai

The Group is committed to pursue its plan to develop the proposed 2,000-room Mega Tower Hotel at the adjacent site to the west of Hopewell Centre. During the period under review, the appeal against the Town Planning Board's rejection to the Group's planning application of 2004 was adjourned by amicable agreement. The Group believes that the adjournment was to the mutual interests of the parties and would facilitate the earlier realization of the project.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's financial position continues to be strong with net cash balance and available banking facilities amounted to HK\$29,569 million (30th June, 2007: HK\$19,593 million).

<i>In HK\$ million</i>	<i>30.6.2007</i>	<i>31.12.2007</i>
Cash		
HHI	3,904	6,252
Other entities in the Group	1,854	5,353
	5,758	11,605
Available Banking Facilities		
HHI	3,600	3,600
Other entities in the Group	10,235	14,364
	13,835	17,964
Cash and Available Banking Facilities		
HHI	7,504	9,852
Other entities in the Group	12,089	19,717
	19,593	29,569

One of the main reasons for the increase of cash and available banking facilities is the receipt of the cash proceeds from completion of the sales of Nova City in Macau of HK\$4,580 million. In addition, the Group successfully procured a HK\$7,000 million seven-year revolving loan facility from 20 international and local banks in September 2007, which is for general working capital of the Group.

As at 31st December, 2007, there is no corporate debt outstanding (same position as at 30th June, 2007). With net cash balances in hand as well as available banking facilities, the Group has sufficient financial resources to cater for its recurring operating activities, present and potential investment activities.

Treasury Policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilize the group funding efficiently and to manage the financial risks effectively.

The Group maintains a conservative approach in treasury management by constantly monitoring its interest rate and foreign exchange exposure. The use of financial instrument is strictly controlled.

The bank credit facilities of the Group are principally on a floating rate basis and denominated in Hong Kong dollars. As at 31st December, 2007, the Group has no bank borrowing.

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

<i>In HK\$ million</i>	<i>30.6.2007</i>	<i>31.12.2007</i>
Equity attributable to equity holders of the Company	19,171	23,466
Share based compensation reserves of a subsidiary	2	4
Minority interests	3,059	3,295
Total Equity	22,232	26,765
Bank Borrowings	—	—
Total Capitalisation	22,232	26,765

Project Commitments

Details of the project commitments are set out in note 21 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities are set out in note 22 to the condensed consolidated financial statements.

Charges on Assets

As at 31st December, 2007, no mortgage was charged on the Group's assets.

Material Acquisitions or Disposals

Other than the disposal of our interest in Ring Road JV and the completion of disposal of the Group's property development project in Macau as mentioned in the Business Review, there was no material acquisition or disposal of the Company's subsidiaries, jointly controlled entities and associates during the six months ended 31st December, 2007.

PROSPECTS

As the prospects for the economy of China and in particular, the PRD region and Hong Kong remain bright with the continuous integration of Hong Kong and the Mainland, the Group believes that its core businesses, namely Property, Infrastructure and Hospitality will benefit.

On the property side, with the completion of the QRE Plaza and EMax, the first phase of the renovation and refurbishment of the HITEC building, and the coming realization of 214 Queen's Road East project, the Broadwood Road project and the Liede Property project and the contemporaneous upgrading and renovation programs of existing buildings, the Group's property investment portfolio will be further strengthened.

On the development side, the Group will keep on its endeavour to develop Hopewell New Town in Huadu in phases and to pursue the early realization of the Mega Tower Hotel.

On the road infrastructure side, although the Xintang to Dongguan section of the GS Superhighway has to be closed for maintenance and improvement works, the Group believes that such improvement works will be beneficial to its operation in the long term. Works relating to the South bound lanes of the above mentioned section was completed ahead of schedule on 10th January, 2008. Works relating to the North bound lanes have also commenced on 18th February, 2008 and according to the current plan, such works will be completed within this financial year ending 30th June, 2008. On Phase I West, the Group believes that the traffic flow and the toll revenue will continue to grow. The construction of Phase II West is also proceeding satisfactorily.

On the power side, progress of the construction of the Heyuan Power Plant is satisfactory and under current planning, power generation is scheduled to commence in 2009.

In relation to the hospitality business, the Group will keep on taking actions to deploy differentiation and focus strategies to strengthen its competitiveness and to enlarge its market share.

The Group has performed well during the period under review and with its strong and sound financial position, is well-positioned to capture new investments when appropriate opportunities come up.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results of the Group for the six months ended 31st December, 2007 have been reviewed by the Audit Committee and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31st December, 2007, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(A) the Company⁽ⁱ⁾

Directors	Shares				Underlying shares of equity derivatives ^(iv)	Awarded shares ^(v)	Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests ⁽ⁱⁱⁱ⁾				
Gordon Ying Sheung WU	74,683,032	21,910,000 ^(vi)	111,250,000 ^(vii)	30,680,000	—	—	238,523,032 ^(x)	26.49%
Eddie Ping Chang HO	25,023,462	1,365,538	2,050,000	—	—	—	28,439,000	3.16%
Thomas Jefferson WU	27,840,000	—	820,000	—	—	—	28,660,000	3.18%
Josiah Chin Lai KWOK	1,095,000	—	—	—	—	180,000	1,275,000	0.14%
Henry Hin Moh LEE	5,104,322	—	—	—	—	—	5,104,322	0.57%
Robert Van Jin NIEN	756,000	—	—	—	—	72,000	828,000	0.09%
Guy Man Guy WU	2,645,650	—	—	—	—	—	2,645,650	0.29%
Ivy Sau Ping KWOK WU	21,910,000	124,743,032 ^(viii)	61,190,000 ^(ix)	30,680,000	—	—	238,523,032 ^(x)	26.49%
Linda Lai Chuen LOKE	—	1,308,981	—	—	—	—	1,308,981	0.15%
David Yau-gay LUI	8,537	—	—	—	—	—	8,537	0.00%
Albert Kam Yin YEUNG	230,000	—	—	—	—	120,000	350,000	0.04%
Eddie Wing Chuen HO Junior	536,000	—	—	—	—	72,000	608,000	0.07%
Lee Yick NAM	90,000	—	—	—	—	—	90,000	0.01%
Barry Chung Tat MOK	200,000	—	—	—	2,000,000	100,000	2,300,000	0.26%
William Wing Lam WONG	50,000	—	—	—	288,000	100,000	438,000	0.05%

Notes:

- (i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.
- (ii) The corporate interests were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests in 30,680,000 shares represented the interests held by Sir Gordon Ying Sheung WU ("Sir Gordon WU") jointly with his wife Lady Ivy Sau Ping KWOK WU ("Lady Ivy WU").
- (iv) The interests in underlying shares of equity derivatives represented interests in options granted to Directors under the 2003 Share Option Scheme to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options of the Company".

OTHER INFORMATION (continued)

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

<i>Directors</i>	<i>Date of award</i>	<i>No. of awarded shares</i>	<i>Vesting date</i>
Josiah Chin Lai KWOK	25/01/2007	90,000	25/01/2008
		90,000	25/01/2009
Robert Van Jin NIEN	25/01/2007	36,000	25/01/2008
		36,000	25/01/2009
Albert Kam Yin YEUNG	25/01/2007	60,000	25/01/2008
		60,000	25/01/2009
Eddie Wing Chuen HO Junior	25/01/2007	36,000	25/01/2008
		36,000	25/01/2009
Barry Chung Tat MOK	25/01/2007	50,000	25/01/2008
		50,000	25/01/2009
William Wing Lam WONG	25/01/2007	50,000	25/01/2008
		50,000	25/01/2009

- (vi) The family interests in 21,910,000 shares represented the interests of Lady Ivy WU.
- (vii) The corporate interests in 111,250,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (ix).
- (viii) The family interests in 124,743,032 shares represented the interests of Sir Gordon WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations.
- (ix) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (x) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

(B) Associated Corporations

(a) Hopewell Highway Infrastructure Limited (“HHI”)

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

Notes:

- (i) These HHI shares were beneficially owned by a company in which the relevant Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (ii) The interests in 2,491,000 HHI shares were interests held by Lady Ivy WU.
- (iii) The corporate interests in 10,124,999 HHI shares held by Sir Gordon WU included the corporate interests in 6,118,999 HHI shares referred to in Note (vii).
- (iv) The other interests in 3,068,000 HHI shares represented the interests held jointly by Sir Gordon WU and Lady Ivy WU.

- (v) The interests in 2,491,000 HHI shares were personal interests beneficially owned by Lady Ivy WU and represented the same block of shares in Note (ii).
- (vi) The family interests in 10,255,402 HHI shares represented the interests of Sir Gordon WU. This figure included 4,006,000 HHI shares held by Sir Gordon WU through corporations.
- (vii) The corporate interests in 6,118,999 HHI shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (viii) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

(b) *HCNH Insurance Brokers Limited (“HCNH”)*

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

All the above interests in the shares of associated corporations were long positions.

Save as aforesaid, as at 31st December, 2007, none of the Directors or chief executives had any other interests or short positions in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options of the Company

The shareholders of the Company approved the adoption of a new share option scheme (the “2003 Share Option Scheme”) effective on 1st November, 2003. The 2003 Share Option Scheme will expire on 31st October, 2013, but any options then outstanding will continue to be exercisable.

Details of the movement of share options under the 2003 Share Option Scheme during the period ended 31st December, 2007 were as follows:

	Date of grant	Exercise price per share HK\$	Number of share options				Outstanding at 31/12/2007	Exercise period	Closing price before date of grant falling within the period HK\$
			Outstanding at 01/07/2007	Granted during the period	Exercised during the period*	Vested during the period			
Directors									
Andy Lee Ming CHEUNG [†]	08/09/2004	17.10	200,000	—	200,000	—	08/09/2004–07/09/2007	N/A	
Barry Chung Tat MOK	02/09/2005	19.94	2,000,000	—	—	2,000,000	02/03/2006–01/03/2009	N/A	
William Wing Lam WONG	10/10/2006	22.44	288,000	—	—	288,000	01/11/2007–31/10/2013	N/A	
Employees	10/10/2006	22.44	8,416,000	—	845,600	7,570,400	01/11/2007–31/10/2013	N/A	
Employees	15/11/2007	36.10	—	5,248,000	—	5,248,000	01/12/2008–30/11/2014	35.20	
Total			10,904,000	5,248,000	1,045,600	—	15,106,400		

* Included 27,800 share options which were exercised in December 2007 but new shares were allotted in January 2008.

[†] Mr. Andy Lee Ming CHEUNG resigned as a Director of the Company with effect from 18th October, 2007.

The weighted average closing price of the shares on the date immediately before the date on which the options were exercised by the director during the period was HK\$32.1.

OTHER INFORMATION (continued)

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by the employees during the period was HK\$36.08.

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

<i>Maximum options exercisable</i>	<i>Exercise period</i>
Granted on 2nd September, 2005	
50% of options granted	02/03/2006–01/03/2007
100%* of options granted	02/03/2007–01/03/2009
Granted on 10th October, 2006	
20% of options granted	01/11/2007–31/10/2008
40%* of options granted	01/11/2008–31/10/2009
60%* of options granted	01/11/2009–31/10/2010
80%* of options granted	01/11/2010–31/10/2011
100%* of options granted	01/11/2011–31/10/2013
Granted on 15th November, 2007	
20% of options granted	01/12/2008–30/11/2009
40%* of options granted	01/12/2009–30/11/2010
60%* of options granted	01/12/2010–30/11/2011
80%* of options granted	01/12/2011–30/11/2012
100%* of options granted	01/12/2012–30/11/2014
* including those not previously exercised	

The fair value of the share options granted during the period with the exercise price per share of HK\$36.10 is estimated at approximately HK\$43.7 million at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK\$35.10 per share at the grant date, the historical volatility of share price of the Company of 33% which is based on the 7 years weekly historical volatility of the Company's share price as at 15th November, 2007, expected life of options of 7 years, expected dividend yield of 4.7%, and the risk free rate of 3.384% with reference to the rate on the 7-year Exchange Fund Notes.

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the characteristics of the options granted during the period are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Share Options of HHI

- (a) The share option scheme of HHI was approved by the written resolutions of the then sole shareholder of HHI passed on 16th July, 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16th July, 2003 (the “HHI Option Scheme”). The HHI Option Scheme will expire on 15th July, 2013.
- (b) Details of the movement of share options under the HHI Option Scheme during the period ended 31st December, 2007 were as follows:

	Date of grant	Exercise price per share HK\$	Number of share options					Exercise period	Closing price before date of grant falling within the period HK\$
			Outstanding at 01/07/2007	Granted during the period	Exercised during the period*	Cancelled/lapsed during the period	Outstanding at 31/12/2007		
Employees of HHI	17/10/2006	5.858	6,200,000	—	152,000	—	6,048,000	01/12/2007–30/11/2013	N/A
Employees of HHI	19/11/2007	6.746	—	760,000	—	—	760,000	01/12/2008–30/11/2014	6.500
Total			6,200,000	760,000	152,000	—	6,808,000		

* Included 80,000 share options which were exercised in December 2007 but new shares were allotted in January 2008.

The weighted average closing price of the shares on the date immediately before the date on which the options were exercised by the employees of HHI during the period was HK\$6.64.

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

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

OTHER INFORMATION (continued)

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

The Binomial option pricing model was developed for use in estimating the fair value of traded option. Such option pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the characteristics of the options granted during the period are significantly different from those of publicly traded options and changes in the subjective inputs may materially affect the fair value estimate, the Binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Share Awards of the Company

- (A) The Share Award Scheme of the Company (the "HHL Award Scheme") was adopted by the Board on 25th January, 2007 ("HHL Adoption Date"). Unless terminated earlier by the Board, the HHL Award Scheme shall be valid and effective for a term of 15 years commencing on the HHL Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHL Adoption Date. A summary of some of the principal terms of the HHL Award Scheme is set out in (B) below.
- (B) The purpose of the HHL Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

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

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

<i>Vesting Date</i>	<i>Outstanding at 01/07/2007</i>	<i>Movements during the period</i>			<i>Outstanding at 31/12/2007</i>
		<i>Awarded</i>	<i>Vested</i>	<i>Lapsed</i>	
<i>Directors</i>					
25/01/2008	358,000	—	—	36,000	322,000
25/01/2009	358,000	—	—	36,000	322,000
Total	716,000	—	—	72,000	644,000
Weighted average fair value	HK\$24.22	—	—	—	HK\$24.22

- (D) During the period under review, a total of 72,000 share awards lapsed and the trustee shall hold these returned shares (i.e. the awarded shares which are not vested in accordance with the terms of the Scheme whether as a result of a lapse or otherwise) for the benefit of one or more employees of the Group as it determines at its discretion, after taking into consideration the recommendations of the remuneration committee of the Board.
- (E) During the period under review, the dividend income amounted to HK\$838,000 had been received in respect of the shares held upon the trust for the HHL Award Scheme and shall form part of the trust fund of such trust. The trustee may apply such cash for the purchase of share which shall become returned shares for the purpose of the HHL Award Scheme, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash to the Company, as the trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the remuneration committee of the board of the Company.

Share Awards of HHI

- (A) The Share Award Scheme of HHI (the “HHI Award Scheme”) was adopted by the board of directors of HHI (“HHI Board”) on 25th January, 2007 (“HHI Adoption Date”). Unless terminated earlier by HHI Board, the HHI Award Scheme shall be valid and effective for a term of 15 years commencing on the HHI Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHI Adoption Date. A summary of some of the principal terms of the HHI Award Scheme is set out in (B) below.
- (B) The purpose of the HHI Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of HHI group and to give incentive in order to retain them for the continual operation and development of HHI group and to attract suitable personnel for further development of HHI group.

Under the HHI Award Scheme, the HHI Board (or where the relevant selected employee is a director of HHI, the Remuneration Committee of HHI) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the HHI Award Scheme and determine the number of shares to be awarded. The HHI Board shall not grant any award of shares which would result in

OTHER INFORMATION (continued)

the total number of shares which are the subject of awards granted by the HHI Board under the HHI Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of HHI as at the date of such grant.

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

<i>Vesting Date</i>	<i>Outstanding at 01/07/2007</i>	<i>Movements during the period</i>			<i>Outstanding at 31/12/2007</i>
		<i>Awarded</i>	<i>Vested</i>	<i>Lapsed</i>	
<i>Directors of HHI</i>					
25/01/2008	340,000	—	—	—	340,000
25/01/2009	340,000	—	—	—	340,000
<i>Employees of HHI</i>					
25/01/2008	40,000	—	—	—	40,000
25/01/2009	40,000	—	—	—	40,000
Total	760,000	—	—	—	760,000
Weighted average fair value	HK\$5.94	—	—	—	HK\$5.94

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

Substantial Shareholder

Save as disclosed under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", as at 31st December, 2007, the Company had not been notified of any other interest or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under section 336 of the SFO.

Purchase, Sale or Redemption of Securities

During the six months ended 31st December, 2007, the Company repurchased 82,000 shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration, including transaction costs, of HK\$2.8 million. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$205,000 was credited to capital redemption reserve and the aggregate consideration was paid out from the Company's retained profits. Details of the repurchases are as follows:

<i>Month of the repurchases</i>	<i>Total no. of ordinary shares repurchased</i>	<i>Lowest price paid per share HK\$</i>	<i>Highest price paid per share HK\$</i>	<i>Aggregate consideration paid (including transaction costs) HK\$</i>
November 2007	62,000	33.65	34.65	2,130,000
December 2007	20,000	33.30	33.30	668,000
Total	82,000			2,798,000

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the six months ended 31st December, 2007.

Employees and Remuneration Policies

As at 31st December, 2007, the Group has approximately 1,200 employees. The Group continues to provide competitive remuneration packages (including various fringe benefits including medical and personal accident insurance coverage) to employees based on the market practices and individual performance. In order to motivate and retain talent, the Group's remuneration policy is to reward performance. In addition to the contractual bonus and the discretionary bonus which may be granted to the employees based on the individual performance and the Group's performance, the Group has adopted a new share option scheme in 2003 and a share award scheme since 2007. The Group has granted share options and share awards to employees to recognize the contributions by such employees of the Group, to give incentive thereto for retention purpose and to attract suitable personnel for further development of the Group.

During the period under review, the Group organized various staff activities in order to foster staff relations and communication, build up team spirit and recognize the contribution of the employees. Training programs and workshops have also been conducted on an ongoing basis for promoting employees' job knowhow and productivity.

The Company, HHI and Hopewell Property Management Company Limited were awarded Caring Companies by the Hong Kong Council of Social Service for recognizing their contribution to the community in the year.

OTHER INFORMATION (continued)

Corporate Governance

During the period under review, the Company has complied with all code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Company’s Directors and an employees’ share dealing rule on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of unpublished price sensitive information. Based on the specific enquiries made of all Directors, each of the Directors has confirmed that he or she has complied fully with the required standard set out in the Model Code throughout the period under review.

Disclosure under Chapter 13 of the Listing Rules

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

Change of Director

Mr. Andy Lee Ming CHEUNG resigned as an executive director of the Company with effect from 18th October, 2007. Mr. Yuk Keung IP was appointed an Independent Non-Executive Director and a member of the Audit Committee of the Company and HHI both with effect from 13th August, 2007. Due to other business commitments, Mr. IP has resigned as independent non-executive director of both the Company and HHI with effect from 29th February, 2008.

The Board would like to express appreciation to Mr. CHEUNG and Mr. IP for their valuable contribution to the Company during their respective tenure of office.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 28th February, 2008



TO THE BOARD OF DIRECTORS OF HOPEWELL HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 45, which comprises the condensed consolidated balance sheet of Hopewell Holdings Limited as of 31st December, 2007 and the related condensed consolidated income statement, condensed consolidated statement of recognised income and expense and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28th February, 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2007

	Notes	Six months ended	
		31.12.2006 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (unaudited)
Turnover	3	575,122	445,286
Cost of sales and services		(362,319)	(266,027)
Other income	4	212,803	179,259
Selling and distribution costs		124,116	170,105
Administrative expenses		(16,295)	(18,332)
Other operating expenses		(90,887)	(137,044)
Gain arising from changes in fair value of investment properties		(1,376)	—
— Property completed during the period		—	371,408
— Other properties		96,777	130,150
Gain on disposal of jointly controlled entities and associates	5	—	4,741,457
Gain on disposal of available-for-sale investments		—	21,756
Gain on deemed disposal of a subsidiary	6	7,617	117
Finance costs	7	(44,091)	(44,621)
Share of profits of			
— jointly controlled entities	8	1,266,350	487,782
— associates		2,215	5,381
Profit before taxation		1,557,229	5,907,418
Income tax expense	9	(23,267)	(272,813)
Profit for the period		1,533,962	5,634,605
Attributable to:			
Equity holders of the Company		1,335,533	5,252,286
Minority interests		198,429	382,319
		1,533,962	5,634,605
Dividends paid	10	431,407	1,051,674
Earnings per share	11	HK\$	HK\$
Basic		1.49	5.84
Diluted		1.49	5.82

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2007

	Notes	30.06.2007 HK\$'000 (audited)	31.12.2007 HK\$'000 (unaudited)
ASSETS			
Non-current Assets			
Investment properties	12	6,870,499	7,864,100
Property, plant and equipment	12	448,516	468,329
Prepaid land lease payments	12	982,611	954,663
Properties for or under development		335,653	341,918
Interests in jointly controlled entities	13	7,103,156	5,615,639
Interests in associates		23,625	22,551
Other investment project	14	336,866	—
Available-for-sale investments		18,682	81,180
Long-term loans and receivables		283,431	53,950
		16,403,039	15,402,330
Current Assets			
Inventories		14,690	19,798
Stock of properties			
— Under development		287,389	327,610
— Completed		23,760	20,443
Prepaid land lease payments	12	11,109	11,423
Trade and other receivables	15	990,175	105,146
Deposits and prepayments		55,974	84,022
Amount due from a jointly controlled entity		—	736,004
Bank balances and cash held by			
— Hopewell Highway Infrastructure Limited and its subsidiaries		3,904,064	6,251,673
— Other entities in the Group		1,853,515	5,352,876
		7,140,676	12,908,995
Assets classified as held for sale	16	818,333	195,000
		7,959,009	13,103,995
Total Assets		24,362,048	28,506,325

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

At 31st December, 2007

	Notes	30.06.2007 HK\$'000 (audited)	31.12.2007 HK\$'000 (unaudited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	2,248,458	2,250,797
Share premium and reserves	18	16,922,054	21,215,000
Equity attributable to equity holders of the Company		19,170,512	23,465,797
Share option reserve of a subsidiary	18	1,268	2,237
Share award reserve of a subsidiary	18	1,043	2,339
Minority interests	18	3,058,754	3,295,019
Total Equity		22,231,577	26,765,392
Non-current Liabilities			
Deferred tax liabilities		731,922	841,710
Warranty provisions		84,059	84,059
Amount due to a minority shareholder of a subsidiary		—	45,236
		815,981	971,005
Current Liabilities			
Trade and other payables	19	356,926	526,199
Rental and other deposits		134,351	150,441
Amount due to a jointly controlled entity		238,499	—
Amounts due to associates		10,668	8,476
Amount due to a minority shareholder of a subsidiary		32,048	—
Tax liabilities		48,828	49,642
Liabilities associated with assets classified as held for sale	16	493,170	35,170
		1,314,490	769,928
Total Liabilities		2,130,471	1,740,933
Total Equity and Liabilities		24,362,048	28,506,325

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 31st December, 2007

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	74,238	90,556
Gain arising from changes in fair value of available-for-sale investments	280,572	84,254
Deferred tax liabilities on changes in fair value of available-for-sale investments	(53,871)	(14,741)
Net income recognised directly in equity	300,939	160,069
Profit for the period	1,533,962	5,634,605
Translation reserve realised on disposal of a jointly controlled entity	—	(76,918)
Investment revaluation reserve transferred to profit or loss on disposal of available-for-sale investments	—	(21,756)
Reversal of deferred tax liabilities on disposal of available-for-sale investments	—	3,807
Total recognised income for the period	1,834,901	5,699,807
Attributable to:		
Equity holders of the Company	1,619,272	5,317,780
Minority interests	215,629	382,027
	1,834,901	5,699,807

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2007

	<i>Six months ended</i>	
	31.12.2006	31.12.2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating activities		
Cash generated from operations before income tax payments	220,024	106,492
Tax paid	(17,139)	(25,166)
Net cash from operating activities	202,885	81,326
Investing activities		
Dividend received	1,229,513	357,439
Net proceeds received on disposal of jointly controlled entities and associates	—	6,345,907
Investments in jointly controlled entities	(2,500)	(391,762)
Tax paid on disposal of a jointly controlled entity	—	(132,376)
Repayment from jointly controlled entities	184,889	949,601
Acquisition of available-for-sale investments	(327,778)	(44,024)
Net proceeds received on disposal of power station project	133,726	—
Other investing cash flows	(68,304)	(146,264)
Net cash from investing activities	1,149,546	6,938,521
Financing activities		
Dividends and distributions paid to		
— shareholders	(431,407)	(1,051,674)
— minority shareholders of subsidiaries	(171,267)	(170,100)
Other financing cash flows	40,862	28,317
Net cash used in financing activities	(561,812)	(1,193,457)
Net increase in cash and cash equivalents	790,619	5,826,390
Cash and cash equivalents at beginning of the period	3,649,562	5,757,579
Effect of foreign exchange rate changes	10,792	20,580
Cash and cash equivalents at end of the period	4,450,973	11,604,549
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,450,973	11,604,549

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Hong Kong Stock Exchange”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group, comprising the Company and its subsidiaries, for the year ended 30th June, 2007 except as described below.

In the current interim period, the Group has applied, for the first time, a new accounting standard, an amendment and interpretations (“new HKFRSs”) issued by the HKICPA which are effective for the current accounting period. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 12	Service Concession Arrangements ²
HK(IFRIC)-INT 13	Customer Loyalty Programmes ³
HK(IFRIC)-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1st January, 2009

² Effective for annual periods beginning on or after 1st January, 2008

³ Effective for annual periods beginning on or after 1st July, 2008

The directors of the Company anticipate that the application of these accounting standards and interpretations will have no material impact on the results and the financial position of the Group, except for HK(IFRIC)-INT 12 “Service Concession Arrangements”. The Group is in the midst of assessing the overall effect of HK(IFRIC)-INT 12 on the results of operations and financial position of the Group.

3. TURNOVER AND SEGMENTS

Business Segments

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

3. TURNOVER AND SEGMENTS (continued)

Business Segments (continued)

Segment information about these businesses is presented below.

Segment turnover

	Six months ended 31.12.2006			Six months ended 31.12.2007		
	External HK\$'000	Inter-segment HK\$'000	Combined HK\$'000	External HK\$'000	Inter-segment HK\$'000	Combined HK\$'000
Property investment	188,439	12,070	200,509	229,416	15,043	244,459
Property development	192,556	—	192,556	5,760	—	5,760
Infrastructure project investments	3,287	—	3,287	1,479	—	1,479
Hotel investment and management	107,080	5	107,085	112,014	12	112,026
Restaurants and catering	82,941	—	82,941	96,569	—	96,569
Other operations	819	29	848	48	2,244	2,292
Eliminations	—	(12,104)	(12,104)	—	(17,299)	(17,299)
Total turnover	575,122	—	575,122	445,286	—	445,286

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

Segment results

	Profit (loss) for the six months ended 31.12.2006				Profit (loss) for the six months ended 31.12.2007			
	Segment results HK\$'000	Jointly controlled entities HK\$'000	Associates HK\$'000	Total HK\$'000	Segment results HK\$'000	Jointly controlled entities HK\$'000	Associates HK\$'000	Total HK\$'000
Property investment								
Operations	102,215	(144)	1,762	103,833	106,746	930	1,060	108,736
Gain arising from changes in fair value of investment properties								
— Property completed during the period	—	—	—	—	371,408	—	—	371,408
— Other properties	96,777	—	—	96,777	130,150	—	—	130,150
Property development	24,450	629,842	—	654,292	(6,657)	—	—	(6,657)
Infrastructure project investments	(9,400)	636,652	—	627,252	(25,443)	486,852	—	461,409
Hotel investment and management	31,105	—	—	31,105	32,876	—	3,880	36,756
Restaurants and catering	7,300	—	—	7,300	8,177	—	—	8,177
Other operations	296	—	453	749	(5,119)	—	441	(4,678)
Segment results	252,743	1,266,350	2,215	1,521,308	612,138	487,782	5,381	1,105,301

3. TURNOVER AND SEGMENTS (continued)

Business Segments (continued)

Segment results (continued)

	Six months ended	
	31.12.2006 HK\$'000	31.12.2007 HK\$'000
Segment results		
Company and subsidiaries	252,743	612,138
Interest and other income	102,878	150,995
Exchange gains, net	11,388	13,044
Unallocated corporate expenses	(41,871)	(80,631)
	325,138	695,546
Gain on disposal of jointly controlled entities and associates	—	4,741,457
Gain on disposal of available-for-sale investments	—	21,756
Gain on deemed disposal of a subsidiary	7,617	117
Finance costs	(44,091)	(44,621)
Share of profits of		
— jointly controlled entities	1,266,350	487,782
— associates	2,215	5,381
Profit before taxation	1,557,229	5,907,418

The share of profits of jointly controlled entities and associates shown above includes share of tax of jointly controlled entities and associates of approximately HK\$142,140,000 (six months ended 31.12.2006: HK\$136,837,000) and HK\$311,000 (six months ended 31.12.2006: HK\$441,000) respectively.

Geographical Segments

The following table provides an analysis of the Group's turnover by geographical market:

	Six months ended	
	31.12.2006 HK\$'000	31.12.2007 HK\$'000
Hong Kong	373,754	434,552
Mainland China (the "PRC")	201,368	10,734
	575,122	445,286

4. OTHER INCOME

	Six months ended	
	31.12.2006 HK\$'000	31.12.2007 HK\$'000
Other income includes:		
Interest on bank deposits and loans receivable	102,329	149,806
Exchange gains, net	11,388	13,044

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

5. GAIN ON DISPOSAL OF JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

	Six months ended	
	31.12.2006	31.12.2007
	HK\$'000	HK\$'000
Gain on disposal of a jointly controlled entity and associates engaged in property development and property management (<i>Note a</i>)	—	3,948,285
Gain on disposal of a jointly controlled entity engaged in the operation of an expressway (<i>Note b</i>)	—	793,172
	—	4,741,457

Notes:

- (a) In June 2007, the Group entered into a conditional agreement with a fellow subsidiary of a shareholder of the Group's jointly controlled entity, Nova Taipa-Urbanizacoes Limitada ("Nova Taipa"), for the disposal of the equity interest in, and loans to, a subsidiary of the Company, Nomusa Limited ("Nomusa"), and the equity interests in two associates, namely, Nova City Property Management Limited ("Nova City") and Nova Taipa Gardens Property Management Limited ("Nova Gardens"), for a total consideration of HK\$4,580 million. The sole assets of Nomusa are the 50% equity interest in, and loans to, Nova Taipa which is principally engaged in property development whereas Nova City and Nova Gardens are principally engaged in property management. In the current period, the disposal was completed and gave rise to a gain amounting to HK\$3,948 million which has been recognised in the Group's condensed consolidated income statement for the period. The gain recognised is mainly attributable to the disposal of the Group's equity interest in, and loans to, Nova Taipa.
- (b) During the current period, the Group disposed of its entire interest in a jointly controlled entity, Guangzhou E-S-W Ring Road Company Limited ("Ring Road JV"), for a consideration of RMB1,712.55 million. Ring Road JV is principally engaged in the construction, operation and management of the Guangzhou East-South-West Ring Road in the PRC. The disposal gave rise to a gain amounting to HK\$793 million which has been recognised in the Group's condensed consolidated income statement for the period.

6. GAIN ON DEEMED DISPOSAL OF A SUBSIDIARY

	Six months ended	
	31.12.2006	31.12.2007
	HK\$'000	HK\$'000
Gain on deemed disposal of interest in a listed subsidiary	7,617	117

7. FINANCE COSTS

	Six months ended	
	31.12.2006	31.12.2007
	HK\$'000	HK\$'000
Interest reimbursed to a jointly controlled entity	20,379	20,910
Loan arrangement fees and related charges	23,712	23,711
	44,091	44,621

8. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of profits of jointly controlled entities before interest income from loans to, and amortisation of cost of investments in, jointly controlled entities	1,271,945	513,875
Interest income from loans to jointly controlled entities	57,159	19,977
Amortisation of cost of investments in jointly controlled entities	(62,754)	(46,070)
	1,266,350	487,782

9. INCOME TAX EXPENSE

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax		
Current period	10,167	17,991
Under(over)provision in respect of prior periods	31	(27)
	10,198	17,964
Taxation elsewhere		
Current period	14,070	155,998
Deferred tax	(1,001)	98,851
	23,267	272,813

Hong Kong Profits Tax is calculated at 17.5% (six months ended 31.12.2006: 17.5%) on the estimated assessable profits for the period. Taxes on profits assessable elsewhere are calculated at tax rates prevailing in the countries in which the Group operates.

Taxation elsewhere for the current period represents mainly the PRC tax amounting to HK\$23 million (six months ended 31.12.2006: Nil) charged on the repayment to the Group of additional cost of investment of RMB725 million previously incurred for the Group's jointly controlled entity, Guangzhou Shenzhen Zhuhai Superhighway Company Limited, and PRC tax amounting to approximately HK\$132 million (six months ended 31.12.2006: Nil) charged on the disposal of interest in Ring Road JV.

Deferred tax for the current period is mainly attributable to the gain on changes in fair value of investment properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

10. DIVIDENDS

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid		
Final dividend paid for the year ended 30th June, 2007 of HK82 cents per share (six months ended 31.12.2006: final dividend paid for the year ended 30th June, 2006 of HK48 cents per share)	431,407	737,658
Special dividend for the year ended 30th June, 2007 of HK35 cents per share (six months ended 31.12.2006: Nil)	—	314,854
	431,407	1,052,512
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	—	(838)
	431,407	1,051,674
Dividends declared		
Interim dividend for the year ending 30th June, 2008 of HK55 cents per share (six months ended 31.12.2006: year ended 30th June, 2007 of HK38 cents per share)	341,473	494,274
Special interim dividend for the year ending 30th June, 2008 of HK55 cents per share (six months ended 31.12.2006: Nil)	—	494,274
	341,473	988,548
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(272)	(433)
	341,201	988,115

Subsequent to 31st December, 2007, the directors have declared that an interim dividend and a special interim dividend in respect of the financial year ending 30th June, 2008 of HK55 cents (year ended 30.6.2007: HK38 cents) per share and HK55 cents (year ended 30.6.2007: Nil) per share respectively shall be paid to the shareholders of the Company whose names appear on the Register of Members on 20th March, 2008.

The dividends declared are calculated based on the number of shares in issue, less the dividend for shares held by HHL Employees' Share Award Scheme Trust, at the date of approval of this interim financial information.

11. EARNINGS PER SHARE

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purpose of basic earnings per share		
Profit for the period attributable to equity holders of the Company	1,335,533	5,252,286
Effect of dilutive potential ordinary shares of a subsidiary, Hopewell Highway Infrastructure Limited ("HHI"):		
Adjustment to the Group's results arising from a dilution of HHI's earnings attributable to share options issued and shares awarded	—	(217)
Earnings for the purpose of diluted earnings per share	1,335,533	5,252,069
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	898,517,268	899,051,684
Effect of dilutive potential ordinary shares:		
Share options	633,527	3,444,460
Award shares	—	586,816
Weighted average number of ordinary shares for the purpose of diluted earnings per share	899,150,795	903,082,960

The weighted average number of ordinary shares shown above has been arrived at after deducting 716,000 shares (six months ended 31.12.2006: Nil) held by HHL Employees' Share Award Scheme Trust.

12. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

The Group's investment properties at 31st December, 2007 are carried at their fair value at that date, which has been arrived at on the basis of market value as valued by CB Richard Ellis Limited, an independent firm of professional property valuers not connected to the Group.

The development of a property of the Group was completed during the period. Such property, which is held to earn rentals and for capital appreciation purposes, has been reclassified from properties for or under development and prepaid land lease payments to investment properties. Gain on changes in fair value of this investment property amounting to HK\$371 million has been recognised in the condensed consolidated income statement of the Group for the current period.

Depreciation of property, plant and equipment and amortisation of prepaid land lease payments charged to the condensed consolidated income statement are as follows:

	<i>Six months ended</i>	
	<i>31.12.2006</i>	<i>31.12.2007</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of prepaid land lease payments	5,630	5,711
Less: Amortisation capitalised on properties under development	(4,016)	(3,923)
Depreciation of property, plant and equipment	1,614	1,788
	15,324	17,597

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

13. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Expressway and property projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,368,159	445,112
Additional cost of investments	4,231,541	2,846,739
	5,599,700	3,291,851
Share of post-acquisition reserves	2,177,654	2,346,447
Less: Accumulated amortisation	(680,670)	(662,469)
	7,096,684	4,975,829
Power station project in the PRC (note 14)		
Unlisted investment, at cost		
Registered capital contribution	—	631,658
Other unlisted investments	6,472	8,152
	7,103,156	5,615,639

14. OTHER INVESTMENT PROJECT

During the period, a joint venture company was established to undertake the development of the power station project referred to in note 21(e). The equity interest in this joint venture company to the extent of 40% is held by the Group. Accordingly, the Group's cost of investment in this power station project, which represents the Group's contributions to the registered capital of the joint venture company, has been reclassified to "Interests in jointly controlled entities".

15. TRADE AND OTHER RECEIVABLES

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

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

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Receivables aged		
0-30 days	28,128	37,756
31-60 days	7,405	9,312
Over 60 days	8,379	2,174
	43,912	49,242
Interest on bank deposits	9,017	9,966
Deposit monies from disposal of interests in, and loans to, a jointly controlled entity and interests in associates (note 16(ii)(b))	458,000	—
Proceeds receivable on disposal of investment and property, plant and equipment	75,869	—
Dividend receivable from a jointly controlled entity	403,377	45,938
	990,175	105,146

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

(i) Assets classified as held for sale comprise:

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Investment properties (<i>Note a</i>)	195,000	195,000
Interest in a jointly controlled entity (<i>Note b</i>)	204,263	—
Interests in associates (<i>Note b</i>)	1,072	—
Long-term loans and receivables (<i>Note b</i>)	417,998	—
	818,333	195,000

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

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Deposits received on disposal of investment properties (<i>Note a</i>)	35,170	35,170
Deposit monies in respect of disposal of interests in a jointly controlled entity and associates, and long-term loans and receivables (<i>Note b</i>)	458,000	—
	493,170	35,170

Notes:

- (a) During the year ended 30th June, 2007, the Group entered into agreements with certain independent third parties for the disposal of its investment properties and stock of completed properties with carrying amounts at 30th June, 2007 amounting to HK\$195 million and HK\$3.8 million, respectively, for a total consideration of HK\$240.8 million. The disposals have not been completed up to the balance sheet date and, accordingly, the investment properties have been reclassified as "Assets classified as held for sale". Deposits received on the disposal of such properties amounting to HK\$35.17 million have been classified as "Liabilities associated with assets classified as held for sale".

The disposals of the above properties were completed in January 2008 (note 23).

- (b) As referred to in note 5(a), the disposal of the Group's equity interest in, and loans to, a jointly controlled entity and the equity interests in two associates was completed during the current period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

17. SHARE CAPITAL

	<i>Number of shares</i>		<i>Nominal value</i>	
	<i>30.6.2007</i> <i>'000</i>	<i>31.12.2007</i> <i>'000</i>	<i>30.6.2007</i> <i>HK\$'000</i>	<i>31.12.2007</i> <i>HK\$'000</i>
Ordinary shares of HK\$2.50 each Authorised	1,200,000	1,200,000	3,000,000	3,000,000
Issued and fully paid	899,383	900,319	2,248,458	2,250,797

During the period, the Company issued 200,000 and 817,800 ordinary shares at the subscription prices of HK\$17.10 each and HK\$22.44 each, respectively, for a total cash consideration of HK\$21,771,000 upon the exercise of the share options previously granted. These shares rank pari passu in all respects with the existing ordinary shares.

During the period, the Company repurchased 82,000 ordinary shares of the Company on the Hong Kong Stock Exchange for a total consideration of HK\$2.8 million.

Share option scheme

(a) *The Company*

During the period, the Company granted options to certain employees to subscribe for a total of 5,248,000 ordinary shares in the Company at the subscription price of HK\$36.10 per share.

During the period, the Company issued 200,000 and 817,800 ordinary shares at the subscription prices of HK\$17.10 each and HK\$22.44 each, respectively, for a total cash consideration of HK\$21,771,000 upon the exercise of the share options previously granted. These shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) *Hopewell Highway Infrastructure Limited ("HHI")*

During the period, HHI granted options to certain employees to subscribe for a total of 760,000 ordinary shares in HHI at the subscription price of HK\$6.746 per share.

During the period, HHI issued 72,000 ordinary shares at the subscription price of HK\$5.858 each for a total cash consideration of HK\$421,000 upon the exercise of the options previously granted. These shares rank pari passu in all respects with the existing ordinary shares of HHI.

Share award scheme

(a) *The Company*

Except for the cancellation of 72,000 shares in the Company awarded to a director following his resignation during the period, there were no changes in the shares awarded by the Company during the period.

(b) *HHI*

There were no changes in the shares awarded by HHI during the period.

18. SHARE PREMIUM AND RESERVES

	Attributable to equity holders of the Company											Equity component of share option reserve of a subsidiary HKS'000	Equity component of share award reserve of a subsidiary HKS'000	Minority interests HKS'000	Total HKS'000		
	Share premium HKS'000	Capital redemption reserve HKS'000		Capital reserve HKS'000	Translation reserve HKS'000	PRC statutory reserve HKS'000	Investment revaluation reserve HKS'000	Share option reserve HKS'000	Share award reserve HKS'000	Shares held for share award scheme HKS'000						Retained profits HKS'000	Total HKS'000
At 1st July, 2006	8,657,496	2,668	83,010	71,146	70,955	27,260	5,295	—	—	6,069,562	14,987,392	—	—	2,862,080	17,849,472		
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	57,038	—	—	—	—	—	—	57,038	—	—	17,200	74,238		
Gain arising from changes in fair value of available-for-sale investments	—	—	—	—	—	280,572	—	—	—	—	280,572	—	—	—	280,572		
Deferred tax liabilities on changes in fair value of available-for-sale investments	—	—	—	—	—	(53,871)	—	—	—	—	(53,871)	—	—	—	(53,871)		
Net income recognised directly in equity	—	—	—	57,038	—	226,701	—	—	—	—	283,739	—	—	17,200	300,939		
Profit for the period	—	—	—	—	—	—	—	—	—	1,335,533	1,335,533	—	—	198,429	1,533,962		
Total recognised income for the period	—	—	—	57,038	—	226,701	—	—	—	1,335,533	1,619,272	—	—	215,629	1,834,901		
Issue of shares	8,468	—	—	—	—	—	—	—	—	—	8,468	—	—	—	8,468		
Shares issue expenses	(8)	—	—	—	—	—	—	—	—	—	(8)	—	—	—	(8)		
Repurchase of shares	—	2,080	—	—	—	—	—	—	—	(18,878)	(16,798)	—	—	—	(16,798)		
Recognition of equity-settled share-based payments	—	—	—	—	—	—	5,602	—	—	—	5,602	375	—	140	6,117		
Dividends and distributions to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(171,267)	(171,267)		
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,224)	(4,224)		
Deemed disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	69,398	69,398		
Transfers between reserves	—	—	—	—	8,340	—	—	—	—	(8,340)	—	—	—	—	—		
Dividend paid (note 10)	—	—	—	—	—	—	—	—	—	(431,407)	(431,407)	—	—	—	(431,407)		
At 31st December, 2006	8,665,956	4,748	83,010	128,184	79,295	253,961	10,897	—	—	6,946,470	16,172,521	375	—	2,971,756	19,144,652		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

18. SHARE PREMIUM AND RESERVES (continued)

	Attributable to equity holders of the Company											Equity component of share option reserve of a subsidiary	Equity component of share award reserve of a subsidiary	Minority interests	Total	
	Share premium	Capital redemption reserve	Capital reserve	Translation reserve	PRC statutory reserve	Investment revaluation reserve	Share option reserve	Share award reserve	Shares held for share award scheme	Retained profits	Total					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July, 2007	8,684,344	4,748	83,010	176,114	79,529	—	19,056	5,626	(21,668)	7,891,295	16,922,054	1,268	1,043	3,058,754	19,983,119	
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	69,955	—	—	—	—	—	—	69,955	—	—	20,601	90,556	
Gain arising from changes in fair value of available-for-sale investments	—	—	—	—	—	84,254	—	—	—	—	84,254	—	—	—	84,254	
Deferred tax liabilities on changes in fair value of available-for-sale investments	—	—	—	—	—	(14,741)	—	—	—	—	(14,741)	—	—	—	(14,741)	
Net income recognised directly in equity	—	—	—	69,955	—	69,513	—	—	—	—	139,468	—	—	20,601	160,069	
Profit for the period	—	—	—	—	—	—	—	—	—	5,252,286	5,252,286	—	—	382,319	5,634,605	
Translation reserve realised on disposal of interest in a jointly controlled entity	—	—	—	(56,025)	—	—	—	—	—	—	(56,025)	—	—	(20,893)	(76,918)	
Investment revaluation reserve transferred to profit or loss on disposal of available-for-sale investments	—	—	—	—	—	(21,756)	—	—	—	—	(21,756)	—	—	—	(21,756)	
Reversal of deferred tax liabilities on disposal of available-for-sale investments	—	—	—	—	—	3,807	—	—	—	—	3,807	—	—	—	3,807	
Total recognised income for the period	—	—	—	13,930	—	51,564	—	—	—	5,252,286	5,317,780	—	—	382,027	5,699,807	
Issue of shares	23,241	—	—	—	—	—	(4,014)	—	—	—	19,227	(50)	—	—	19,177	
Shares issue expenses	(19)	—	—	—	—	—	—	—	—	—	(19)	—	—	—	(19)	
Repurchase of shares	—	205	—	—	—	—	—	—	—	(2,798)	(2,593)	—	—	—	(2,593)	
Recognition of equity-settled share-based payments	—	—	—	—	—	—	10,498	5,361	—	—	15,859	1,019	1,296	844	19,018	
Dividends and distributions to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(170,100)	(170,100)	
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(8,434)	(8,434)	
Deemed disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	302	302	
Change in profit sharing of a jointly controlled entity	—	—	—	(2,534)	(3,100)	—	—	—	—	—	(5,634)	—	—	(2,095)	(7,729)	
Contribution from equity participants	—	—	—	—	—	—	—	—	—	—	—	—	—	33,721	33,721	
Transfers between reserves	—	—	—	—	5,287	—	—	—	—	(5,287)	—	—	—	—	—	
Dividends paid (note 10)	—	—	—	—	—	—	—	—	—	(1,051,674)	(1,051,674)	—	—	—	(1,051,674)	
At 31st December, 2007	8,707,566	4,953	83,010	187,510	81,716	51,564	25,540	10,987	(21,668)	12,083,822	21,215,000	2,237	2,339	3,295,019	24,514,595	

19. TRADE AND OTHER PAYABLES

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

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Payables due		
0-30 days	212,519	200,420
31-60 days	1,955	12,762
Over 60 days	110,986	254,215
Retentions payable	325,460	467,397
	31,466	58,802
	356,926	526,199

20. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31st December, 2007 amounted to approximately HK\$27,736 million (30.6.2007: HK\$23,048 million).

The net current assets of the Group at 31st December, 2007 amounted to approximately HK\$12,334 million (30.6.2007: HK\$6,645 million).

21. PROJECT COMMITMENTS

(a) Property development

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
<i>(i) Projects undertaken by the Group</i>		
Authorised but not yet contracted for	646,679	429,760
Contracted for but not provided	111,975	204,279
	758,654	634,039
<i>(ii) Project undertaken by a jointly controlled entity</i>		
Group's share of property development expenditure		
Authorised but not yet contracted for	245,448	—
Contracted for but not provided	2,705	—
	248,153	—

(b) Property renovation

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Property renovation expenditure		
Contracted for but not provided	278,209	8,353

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2007

21. PROJECT COMMITMENTS (continued)

(c) Commercial and hotel property project

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

(d) Expressway projects

At 31st December, 2007, the Group had outstanding commitments to make capital contribution to a jointly controlled entity, Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") for the development of Phase II of the Western Delta Route in the PRC ("Phase II West") of approximately RMB 591 million (30.6.2007: RMB 683 million).

At 31st December, 2007, the Group had agreed, subject to approval of the relevant authorities, to make capital contribution to West Route JV for the development of Phase III of the Western Delta Route of approximately RMB571 million (30.6.2007: RMB571 million).

In addition to the above, the Group's attributable share of the commitments of certain jointly controlled entities of the Group in respect of the acquisition of property and equipment, and construction of Phase II West contracted for but not provided totalling approximately HK\$2,116 million at 31st December 2007 (30.6.2007: HK\$1,426 million).

(e) Power station project

The Group has entered into a co-operation agreement with a PRC enterprise for the joint development of a 2X600 MW power station in Guangdong Province of the PRC which is undertaken by a joint venture company established during the current period for that purpose. The development cost of the project is estimated to be in the region of RMB5,200 million. The project has been approved by the relevant PRC authority. The Group has agreed to make capital contribution to the joint venture company amounting to RMB624 million, all of which has been contributed by the Group up to 31st December, 2007.

In addition to the above, the Group's share of the commitments of the joint venture company in respect of the development of the power station is as follows:

	30.6.2007 HK\$'000	31.12.2007 HK\$'000
Authorised but not yet contracted for	—	16,667
Contracted for but not provided	—	971,522
	—	988,189

Save as disclosed herein, there have been no material changes in the Group's project commitments since 30th June, 2007.

22. CONTINGENT LIABILITIES

- (a) Pursuant to the relevant agreements entered into among the joint venture partners of a jointly controlled entity, the Group had given guarantees for the repayment of the jointly controlled entity's bank loans, of which RMB890 million and HK\$500 million were utilised at 30th June, 2007. The Group's obligation in this respect was released and discharged following the completion of the disposal of the jointly controlled entity during the current period.
- (b) A subsidiary of the Company acted as guarantor for the repayment of the mortgage bank loans granted to purchasers of the subsidiary's properties amounting to HK\$23 million at 31st December, 2007 (30.6.2007: HK\$140 million).

Save as disclosed herein, there have been no material changes in the Group's contingent liabilities since 30th June, 2007.

23. EVENT AFTER THE BALANCE SHEET DATE

The disposal of the Group's investment properties and stock of completed properties referred to in note 16(ii)(a) was completed in January 2008, giving rise to a gain on disposal of HK\$42 million which will be recognised in the consolidated income statement of the Group for the year ending 30th June, 2008.

CORPORATE INFORMATION AND KEY DATES

Board of Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

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

Mr. Thomas Jefferson WU
Co-Managing Director

Mr. Josiah Chin Lai KWOK
Deputy Managing Director

Mr. Henry Hin Moh LEE#

Mr. Robert Van Jin NIEN

Mr. Guy Man Guy WU##

Lady Ivy Sau Ping KWOK WU JP#

Ms. Linda Lai Chuen LOKE##

Mr. Albert Kam Yin YEUNG

Mr. David Yau-gay LUI

Mr. Carmelo Ka Sze LEE#

Mr. Eddie Wing Chuen HO Junior

Mr. Lee Yick NAM##

Mr. Barry Chung Tat MOK

Mr. William Wing Lam WONG

Mr. Yuk Keung IP##

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

Non-Executive directors

Independent Non-Executive directors

Audit Committee

Mr. Lee Yick NAM *Chairman*

Ms. Linda Lai Chuen LOKE

Mr. Guy Man Guy WU

Mr. Yuk Keung IP

Remuneration Committee

Mr. Eddie Ping Chang HO *Chairman*

Mr. Lee Yick NAM

Ms. Linda Lai Chuen LOKE

Company Secretary

Mr. Peter Yip Wah LEE

Registered Office

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Hong Kong

Tel : (852) 2528 4975

Fax : (852) 2861 2068

Solicitors

Woo, Kwan, Lee & Lo

Auditors

Deloitte Touche Tohmatsu

Listing Information

The Stock Exchange of Hong Kong Limited

Ordinary Shares (Stock Code: 54)

Principal Bankers⁺

Agricultural Bank of China

Bank of China Limited

Bank of China (Hong Kong) Limited

Bank of Communications Co., Limited

Bank of East Asia, Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

BNP Paribas

Calyon

China CITIC Bank Corporation Limited

China Construction Bank Corporation

China Development Bank

China Merchants Bank Co., Limited

Chong Hing Bank Limited

Citibank, N.A.

DBS Bank Limited

Export Development Canada

Hang Seng Bank Limited

The Hongkong and Shanghai Banking
Corporation Limited

Hua Nan Commercial Bank, Limited

Industrial and Commercial Bank of China Limited

Industrial and Commercial Bank of China
(Asia) Limited

Luso International Banking Limited

Malayan Banking Berhad

Mizuho Corporate Bank, Limited

Nanyang Commercial Bank, Limited

Oversea-Chinese Banking Corporation Limited

Shanghai Commercial Bank Limited

Shenzhen Development Bank

Sumitomo Mitsui Banking Corporation

Tai Fung Bank Limited

Wing Lung Bank Limited

⁺ names are in alphabetical order

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American Depositary Receipt

CUSIP No. 439555301

Trading Symbol HOWWY

ADR to share ratio 1:1

Depository Bank Citibank, N.A., U.S.A.

Investor Relations

Investor Relations Manager

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Web Page

www.hopewellholdings.com

Key Dates

Interim results announcement

Closure of Register

Interim dividend and special interim dividend payable
(HK55 cents and HK55 cents respectively
per ordinary share)

28th February, 2008

17th March, 2008 to 20th March, 2008
(both days inclusive)

26th March, 2008



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