

HOPEWELL Holdings Limited

2006-2007 Interim Report
合和實業有限公司
二零零六至二零零七年中期報告

STOCK CODE 股份代號 : 54



rejuvenation
新開始

growth
增長

achievement
成就

HIGHLIGHTS

- Net profit attributable to equity holders of the Company rose 19% to HK\$1,336 million
- Interim dividend of HK38 cents per share
- Property Development has become a significant profit contributor, driven by Nova City and Hopewell New Town
- Steady growth in infrastructure business, with 17% increase in the Group's share of joint venture toll revenue
- Growth in Rental Property business remains healthy. Market response to pre-letting of EMax and QRE Plaza was encouraging
- Positive net cash on hand amounted to HK\$4,451 million (the Group but excluding HHI: HK\$1,178 million; HHI: HK\$3,273 million) as at 31st December, 2006



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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 Group for the six months ended 31st December, 2006.

Overview

For the six months ended 31st December, 2006, the Group’s turnover by activities and their respective earnings before interest and tax are reported as follows:

	Turnover (Note 1)		Earnings before interest & tax (Note 2)	
	2005 HK\$’M	2006 HK\$’M	2005 HK\$’M	2006 HK\$’M
Property letting, agency & management	160	189	92	104
Property development	—	193	(13)	655
Infrastructure projects investment	4	3	540	627
Hotel operations, restaurant & catering	180	190	38	38
Others	—	—	42	73
	344	575	699	1,497
Share of turnover of jointly controlled entities				
Infrastructure projects investment	860	1,004		
Property development	—	1,064		
	1,204	2,643		

	Results	
	2005 HK\$’M	2006 HK\$’M
Earnings before interest & tax (Note 2)	699	1,497
Exceptional items (Note 3)	473	8
Fair value change on the Group’s investment properties		
– Revaluation increase	168	96
– Attributable tax effect	(29)	(17)
Finance costs	(30)	(44)
Taxation	(1)	(6)
Net profit	1,280	1,534
Attributable to:		
Equity holders of the Company	1,118	1,336
Minority interests	162	198
	1,280	1,534

Notes:

- Turnover represented the sum of the Group’s turnover of HK\$575 million (2005: HK\$344 million) and the attributable share of turnover of jointly controlled entities engaging in infrastructure projects of HK\$1,004 million (2005: HK\$860 million) and property development of HK\$1,064 million (2005: Nil).
- Earnings before interest & tax represented the sum of (i) profit from operations before changes in fair value of investment properties and exceptional items of HK\$228 million (2005: HK\$147 million); and (ii) share of profits of jointly controlled entities and associates of HK\$1,269 million (2005: HK\$552 million).
- Exceptional item for current period represented gain on deemed disposal of interests in HHI upon exercise of HHI warrants by the warrants holders during the period. The exceptional items for last period comprised profit on disposal of interests in subsidiary, power station and infrastructure project.

Turnover

Turnover for the six months ended 31st December, 2006, including the Group's proportionate share of turnover of jointly controlled entities engaging in infrastructure and property development businesses, was HK\$2,643 million which reported an increase of 120% as compared with HK\$1,204 million of last corresponding period. The increase was resulted from revenue growth of the Group's core businesses including property, hospitality, infrastructure projects and particularly the recognition of sales of development properties in Macau and Huadu. The Group's attributable share of toll revenue of the three expressways under operation, namely Guangzhou-Shenzhen Superhighway, Guangzhou ESW Ring Road and Western Delta Route Phase I amounted to HK\$1,004 million for the period under review, representing a 17% increase over HK\$860 million of the last period.

Earnings before Interest and Tax

During the period, all business segments reported growth over last period. The Group's earnings before interest and tax ("EBIT") surged to HK\$1,497 million, representing 114% increase over HK\$699 million of last period.

The prominent growth was mainly attributable to infrastructure projects and property development businesses. Due to the continued growth of toll revenue from the expressway projects as well as benefiting from appreciation of Renminbi, EBIT from infrastructure projects reported an increase over 16% over last period. During the period, the Group has also recognized significant contribution from sale of properties in Macau and Huadu totalling HK\$655 million.

Net Profit Attributable to Equity Holders of the Company

The Group's net profit attributable to shareholders was HK\$1,336 million as compared to HK\$1,118 million of last period, representing an increase of 19%. Excluding the effect of exceptional items and property revaluation gain, the Group's net profit attributable to shareholders would be HK\$1,249 million, which reported a 147% increase over HK\$506 million of last period.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK38 cents per ordinary share in respect of the financial year ending 30th June, 2007 (30th June, 2006: HK36 cents). The dividend will be paid on or about 23rd March, 2007 to those shareholders as registered at the close of business on 22nd March, 2007.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Monday, 19th March, 2007 to Thursday, 22nd March, 2007, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the 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 4:00 p.m. on Friday, 16th March, 2007.

BUSINESS REVIEW

Rental Property

Turnover of the property rental business for the period under review increased from HK\$160 million of the last corresponding period to HK\$189 million, representing an 18% increase. EBIT increased by 13% to HK\$104 million. Both increases were mainly attributable to the strong performance of Hopewell Centre. During the period, renovation and improvement work have been carried out in phases on certain existing rental properties to upgrade and improve the quality of our rental assets.

Hopewell Centre, Wanchai

Hopewell Centre, flagship of the Group's properties, has been rejuvenated since the completion of major renovation and modernization works in mid 2006. Average occupancy rate was maintained at the same optimal level as the last corresponding period at about 96% and rental rates for both renewals and new lettings have increased substantially. The Group was able to capture the rising trend of the office rental market and concluded a number of satisfactory lease renewals during the period.

Hongkong International Trade and Exhibition Centre, Kowloon Bay

The average occupancy of Hongkong International Trade and Exhibition Centre ("HITEC") maintained at a steady level of 60% notwithstanding that construction works for a major revamp of a substantial portion of the complex was under way. As compared to the last corresponding period, turnover from convention and exhibition increased slightly from HK\$15.8 million to HK\$16.3 million.

The major revamp program will re-designate and convert approximately 900,000 square feet of the complex into a major entertainment and destination shopping mall named “EMax”. In addition to upgrading the existing venues and facilities, a new multi-purpose hall named “Star Hall” with a seating capacity of approximately 3,500 will be added. The revamp will be completed by phases, and according to existing plan, the revamped floors are scheduled to open in the second half of 2007. Market response to our pre-letting exercise is encouraging.

Panda Place, shopping mall of Panda Hotel, Tsuen Wan

Panda Place, located on the second, ground and three basement floors of Panda Hotel, provides a wide selection of food and beverage, lifestyle and entertainment. With continuous effort and resources put on marketing activities and promotional events, Panda Place has successfully achieved over 80% occupancy rate.

Taking advantage of the market opportunities evolved from the various redevelopment projects in Tsuen Wan, asset enhancement works will be carried out in Panda Place with a view to capture more quality tenants and targeted customer groups.

QRE Plaza, Wanchai

The commercial development at 196-206 Queen’s Road East has been named “QRE Plaza”. Superstructure work commenced in April 2006 and the building was topped out in December 2006. A footbridge linking QRE Plaza, Hopewell Centre and Wu Chung House is under construction. The development is currently planned to be completed in the third quarter of 2007. Upon completion, it will add to the Group’s rental property portfolio. Pre-letting activities of the QRE Plaza have commenced since December 2006 and market response is encouraging.

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

Foundation work for the development has been completed. Superstructure work is currently planned to commence in early 2007 with construction work to be completed in the fourth quarter of 2008. Under current planning, the site will be developed into high quality serviced apartments to maximize investment returns and held for long term rental purpose.

Residential Development, 12 Broadwood Road, Happy Valley

During the period under review, acquisition of the remaining units of the development site was completed and demolition work has been completed in December 2006. Foundation work commenced in January 2007 and superstructure work is currently planned to be completed in the first quarter of 2010. The current plan is to redevelop the site into a 45-storey building of luxurious rental apartments with gross floor area of approximately 113,900 square feet. Upon completion, the development would further enhance the Group’s recurring rental income base.

Allway Gardens Shopping Arcade, Tsuen Wan

In line with the Group's strategy to focus on high quality residential and commercial properties, the Group has during the period entered into two conditional sale and purchase agreements for the disposal of all its interest in the shopping arcades and various car parking spaces in Allway Gardens.

Hotel and Catering

Turnover and EBIT of the hospitality business for the period under review were maintained at a steady level of HK\$190 million and HK\$38 million respectively.

Panda Hotel, Tsuen Wan

Total revenue of Panda Hotel increased 17% to HK\$122 million as compared to the last corresponding period. Average room rate also rose by 9% and average room occupancy remained at 90% level. The increases were mainly attributable to the strong global economy and the continued rebound of both short and long haul visitor arrivals. While the key contributor of room revenue was from the leisure market, guests from the business segment also provided Panda Hotel with a steady flow of income.

Despite intensive competition in the industry, with the opening of various tourism attractions and the AsiaWorld Expo in 2006, continuous growth from short and long hauls, leisure and business travelers from various regions is anticipated. The hotel will deploy differentiation and focus on its strategies to strengthen and enlarge its market share on both leisure and business segments.

Restaurant and Catering Services

R66 Restaurant at Hopewell Centre and YinYue at Panda Hotel both achieved steady growth during the period under review.

The catering outlets of IT Catering at HITEC are being repositioned as part of the HITEC revamp plan. A new western restaurant, MENU, which replaced the Grand Buffet Restaurant was opened in November 2006. Continuous promotion packages and marketing schemes will be launched to build up reputation and public awareness of the restaurant.

Mega Tower Hotel, Wanchai

The Group is committed to pursue the development of the Mega Tower Hotel at the adjacent site to the west of Hopewell Centre. The appeal against the Town Planning Board's decision relating to the Group's proposal to amend the scheme of development approved in 1994 is in process. Other alternatives in realizing the project is from time to time under review by the Group.

Property Development

The Group's property development for sale business comprises of its 50% interest in Nova City, Taipa Island, Macau and its 95% interest in Hopewell New Town in Huadu, Guangzhou, PRC.

Nova City, Taipa Island, Macau

Nova Taipa Gardens, in which the Group has a 50% interest, is a multi-phased joint venture property development of residential, commercial, carparks and social amenities on Taipa Island in Macau.

Construction of Nova City Phase I, with about 1,100,000 square feet in gross floor area, was completed and occupation permit has been obtained. So far, about 99% of the units have been sold and handover of units to flat owners commenced in September 2006.

Construction of Nova City Phase II, with about 864,000 square feet in gross floor area, is well under way and completion is currently planned to be in the second quarter of 2007. The pre-sale of Nova City Phase II units was launched in May 2006 and was well received by the market with over 80% units pre-sold so far.

Construction of Nova City Phase III, with about 865,000 square feet in gross floor area, is well under way and completion is currently planned to be in 2008. Pre-sale of two blocks (out of four) of Nova City Phase III units was launched in December 2006 and all units of the two blocks were sold out so far.

The remaining phases of the project will be developed by stages and are under planning. This includes Nova City Phase IV, which according to the present plan, will have about 681,000 square feet in gross floor area for residential purpose.

With the continuous strong economic growth and coming completion of the new hotels and entertainment centres which will bring ample job opportunities, higher income, and strong investment demand, the Group is optimistic about the Macau property market and its sustainability and expects to yield good profits from this project.

Hopewell New Town, Huadu, Guangzhou

The Group owns a 95% interest in Hopewell New Town, a composite development project in Huadu, one of the fastest growing districts of Guangzhou. Up to now, all apartments and townhouses of Phase 1A of Hopewell New Town were sold. The satisfactory sales result was mainly attributable to the quality of the development and the strong market in Huadu District.

Phase 1B, comprising 6 blocks of apartments with total gross floor area of approximately 193,000 square feet, is currently under construction. Completion is presently planned to be in the fourth quarter of 2007.

Infrastructure

EBIT from infrastructure business for the period under review increased 16% from HK\$540 million of the last corresponding period to HK\$627 million due to the steady growth in traffic flow and toll revenue of the three toll expressway projects, viz. Guangzhou-Shenzhen Superhighway (“GS Superhighway”), Guangzhou East-South-West Ring Road (“ESW Ring Road”) and Phase I of the Western Delta Route (“Phase I West”), invested by the Group’s listed subsidiary, Hopewell Highway Infrastructure Limited (“HHI”).

HHI

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.

Along with the continuous and vigorous development of the Guangdong Province and the Pearl River Delta region (the “PRD”), the three expressway projects invested by HHI have recorded continued steady growth in both traffic flow and toll revenue during the period under review. For the six months ended 31st December, 2006, aggregate average daily traffic and aggregate average daily toll revenue of the three expressways recorded an increase of 17% and 14% to 429,000 vehicles and RMB11,532,000 respectively. Total toll revenue for the six months reached RMB2,122 million. Benefiting from Shenzhen’s traffic restrictions on heavy trucks on certain of its local roads since mid-September 2006, GS Superhighway’s average daily toll revenue has exceeded RMB10 million in the fourth quarter of 2006.

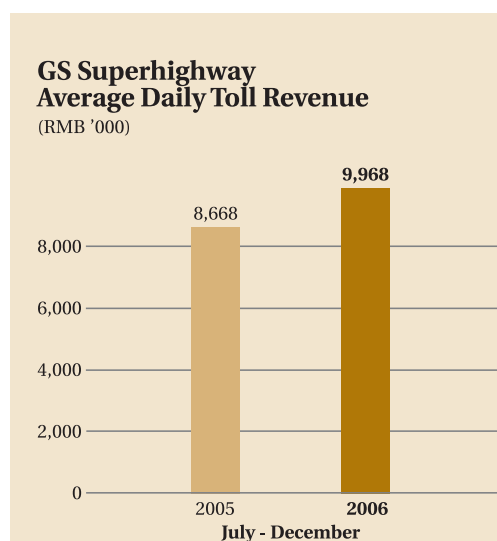
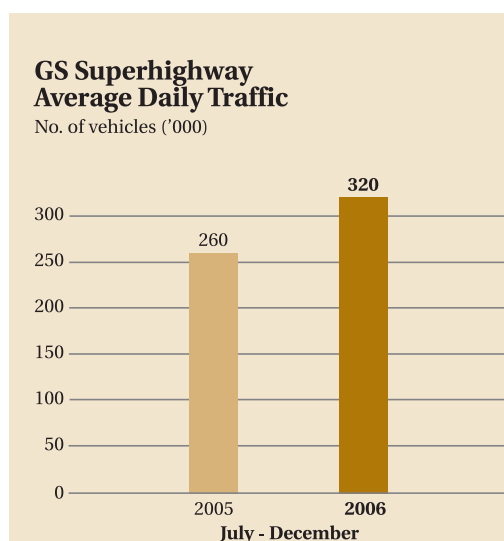
Construction of Phase II of the Western Delta Route, connecting to Phase I West, has been commenced since December 2005 and the works are in progress. Preparation works for Phase III of the Western Delta Route are underway.

In view of the continuing expansion and improvement in the PRD expressway network, substantial increase in car ownership, rapid growth in passenger and freight transportation and logistics industry, all lead to tremendous traffic demand in the region. HHI expects that GS Superhighway, ESW Ring Road and Phase I West will become increasingly important components of the PRD expressway network, and that they will continue to enjoy stable growth in traffic flow and toll revenue. At the same time, they provide HHI with opportunities to explore and develop new projects.

Benefiting from the continuing Renminbi appreciation, the GS Superhighway joint venture company has recorded exchange gains on retranslation of the United States dollar bank loans. As at 31st December, 2006, HHI has HK\$3.3 billion cash on hand and unutilized syndicated bank loan facility of HK\$3.6 billion. This strong financial position has secured the Group’s funding capabilities to capture future project investment.

Guangzhou-Shenzhen Superhighway (“GS Superhighway”)

GS Superhighway is the main artery of PRD’s expressway network, connecting with the four major cities, Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, GS Superhighway has exhibited strong growth. Average daily traffic rose 23% to 320,000 vehicles and average daily toll revenue grew 15% to RMB9,968,000. Total toll revenue in the six months amounted to RMB1,834 million, demonstrating that GS Superhighway still has capacity for increasing traffic throughput.



Shenzhen has implemented a traffic restriction policy on heavy trucks on certain of its local roads since mid-September 2006, requiring heavy trucks entering into the Huanggang Border Crossing to travel directly to GS Superhighway through the Huanggang toll station. The joint venture company offered concession tariff to these heavy trucks which therefore brought a positive return to GS Superhighway.

The joint venture company has persisted in upgrading its service standard and improving its ancillary facilities. During the period under review, it has completed the construction of Nanping toll station connecting Nanping Expressway in Shenzhen and the expansion of Huanggang toll station in collaboration with Shenzhen’s traffic restriction on heavy trucks. It has also deployed resources to enhance the safety facilities, strengthen the patrol and rescue services aiming to improve emergency handling efficiency and minimize traffic congestion caused by traffic accidents. As a result, the number of accidents, casualty, as well as the number of traffic congestion caused had been significantly reduced. Currently, the joint venture company is actively expanding the Futian, Fuyong and Xinqiao toll stations and increasing the number of traffic CCTV along the superhighway. Upon completion of the aforesaid works, the traffic throughput of GS Superhighway will be further enhanced.

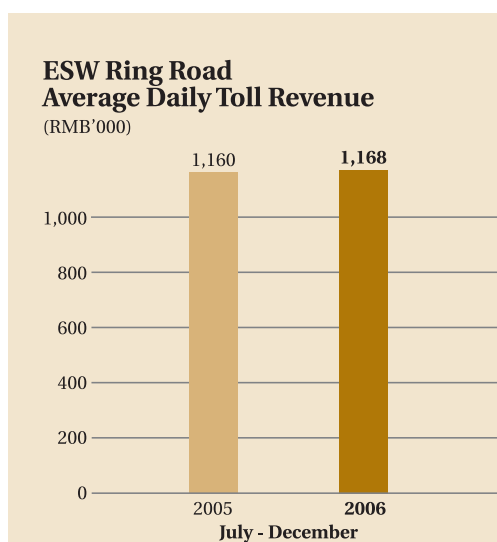
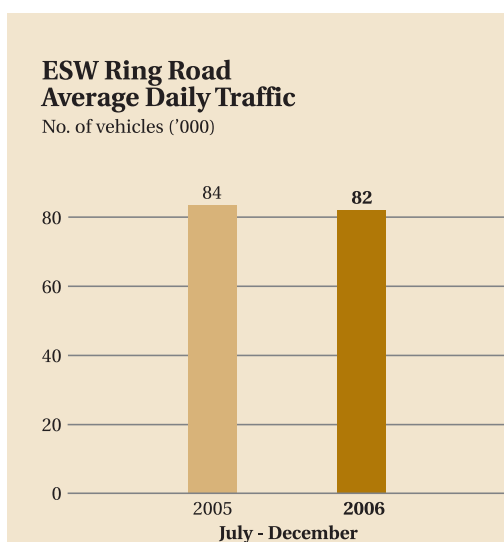
After friendly negotiation, the joint venture company has agreed in principle, subject to approval of the Guangdong Provincial Government, to take up RMB725.14 million, a part of the additional investment of HHI incurred during the construction of the GS Superhighway. The above will not have a material impact on the results of the operation of HHI.

Due to difficulties in changing the original land use to utilize land parcels already acquired within the interchanges and along the GS Superhighway for property development and that the operation of space under elevated sections for shops has primarily ceased for some time due to various constraints, the above two projects will not be further proceeded with by the joint venture company.

With the continuous economic development of Guangdong Province and the expansion of the PRD expressway network, together with the rapid increase in car ownership, HHI believes that the traffic flow and toll revenue of GS Superhighway will maintain growth. To cater for the increasing traffic demand, the joint venture company has been actively studying the feasibility of widening GS Superhighway to 10 lanes.

Guangzhou East-South-West Ring Road (“ESW Ring Road”)

ESW Ring Road connects to GS Superhighway, Guangzhou Nansha Port Expressway, Phase I West, Guangfo Expressway and major feeder roads of Guangzhou. It plays a vital role in relieving the pressure of traffic congestion in the inner city of Guangzhou and in providing a speedy route passing through Guangzhou en route to other destinations. ESW Ring Road is a major trunk route in the expressway network in the PRD and Guangzhou.

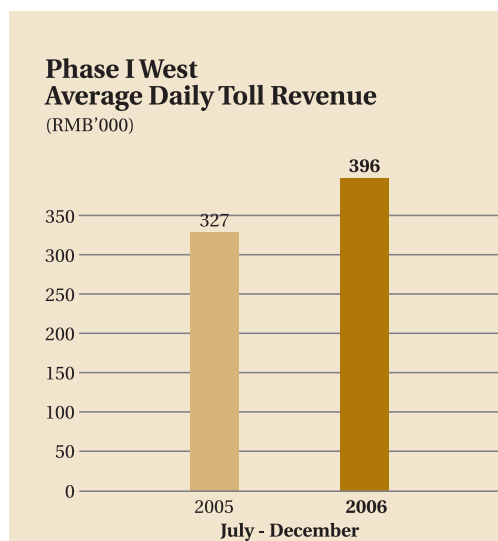
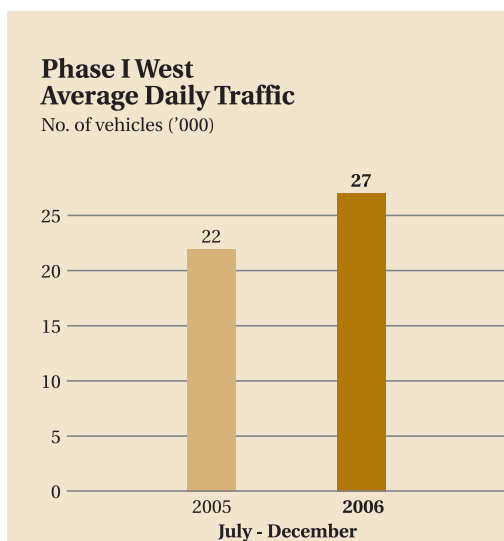


To meet increasing traffic needs, Guangzhou has been developing its city and road facilities quickly, by constructing and expanding the road network. During the period under review, a local toll free road, running parallel to a portion of the south-east section of ESW Ring Road, was opened. This has resulted in mild traffic diversion from ESW Ring Road, and thus a slower traffic growth of the project. HHI believes that the traffic and toll revenue of this project may experience a slower growth in the coming year until this mild diversion has been fully digested. Average daily toll revenue rose 1% to RMB1,168,000 and average daily traffic dropped 2% to 82,000 vehicles. Total toll revenue in the six months was RMB215 million.

Phase I of the Western Delta Route (“Phase I West”)

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

Phase I West continued to achieve robust growth in both traffic flow and toll revenue. During the period under review, average daily traffic was 27,000 vehicles, an increase of 21% over the last corresponding period. Average daily toll revenue was RMB396,000, an increase of 21% over the last corresponding period. Total toll revenue in the six months reached RMB73 million.



With the continuing rapid economic development and the increasing inter-city business activities between Guangzhou and Shunde, HHI believes that Phase I West will continue to grow in traffic flow and toll revenue.

Phases II and III of the Western Delta Route (“Phase II West” and “Phase III West”)

Phase II West is a 46 km expressway with 6 lanes in dual directions, connecting to Phase I West in the north, and National Highway 105 and the proposed western expressway of Zhongshan in the south. The project, in which HHI owns a 50% interest, has already commenced construction in December 2005. According to the latest estimation, total investment (excluding interest during construction) is approximately RMB4,900 million. The joint venture agreement has been approved by the relevant authorities.

Phase III West is a 38 km expressway project to link up Phase II West to Zhongshan and Zhuhai. In September 2005, HHI conditionally amended the agreements with the PRC partner of Phase I West (same partner as Phase II West) to invest, construct and operate Phase III West. Currently, preparation works are underway.

Upon the completion of Phase II West and Phase III West, the Western Delta Route will link up the major cities including Guangzhou, Foshan, Zhongshan and Zhuhai and will become a strategic route on the western bank of the PRD.

Hong Kong-Zhuhai-Macau Bridge Project

According to the latest news released by the Hong Kong Special Administrative Region, the Central Government is highly supportive of the Hong Kong-Zhuhai-Macau Bridge project. The State Council has recently set up a taskforce with a deputy director of the National Development and Reform Commission as its convener to expedite the progress of the Hong Kong-Zhuhai-Macau Bridge project. The taskforce has held its first meeting in January 2007. HHI is confident that it will be in an advantageous position to assume an important role in this project when it proceeds to the tendering stage.

Other Project***Heyuan Power Plant***

The Group's plan to invest in the proposed 2 × 600 MW coal-fired power plant in Heyuan City, Guangdong province, the total cost of which currently estimated to be about RMB5.4 billion, is well underway. Project approval has been obtained and construction work of the project has commenced. Commercial operation is presently planned to be in 2009.

A Group's subsidiary will own an interest of 40% in this project whilst the remaining 60% will be owned by the Shenzhen Energy Group, the former joint venture partner of the Group in the very successful Shajiao B Power Plant Project in China.

Liquidity and Financial Resources

The Group's financial position remains strong with a total balance of HK\$18,680 million available and undrawn banking facilities together with deposits and cash holdings as at 31st December, 2006 (30th June, 2006: HK\$17,874 million).

On 31st December, 2006, the Group had net cash balances of HK\$4,451 million (30th June, 2006: HK\$3,650 million), including which HK\$3,273 million was held by HHI (30th June, 2006: HK\$3,014 million). The increase of cash balances are mainly contributed by the cash proceeds from the sales of Nova City in Macau and Hopewell New Town in Huadu.

In June 2006, the Group procured a HK\$5,350 million five-year revolving loan facility from 17 international and local banks. As at 31st December, 2006, there is no corporate debt outstanding (same position as at 30th June, 2006).

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 treasury activities were managed centrally at the corporate level by managing the financial risks, such as interest rate and foreign exchange risks, and for providing cost efficient funding to the Group as a whole. The use of financial instrument is strictly controlled and is solely for managing the Group's interest rate and foreign currency exchange rate exposures in connection with its borrowings.

The continuing appreciation of Renminbi since the reform of Renminbi exchange rate regime in July 2005 has benefited the Group as a whole, since the revenue from business operations of HHI and its jointly controlled entities are mainly denominated in Renminbi.

The borrowings of the Group are principally on a floating rate basis and denominated in Hong Kong dollars. As at 31st December, 2006, the Group has no banking borrowing. The Group has constantly monitored its interest rate and foreign exchange exposure and, when appropriate, the Group may apply hedging instruments to minimize these risks.

The capital structure of the Group is mainly financed by equity, and is shown as below:

	<i>30.6.2006</i> <i>HK\$'M</i>	<i>31.12.2006</i> <i>HK\$'M</i>
Equity attributable to equity holders of the Company	17,234	18,418
Minority interests	2,862	2,972
Total Equity	20,096	21,390
Bank Borrowings	—	—
Total Capitalization	20,096	21,390

Contingent Liabilities

Details of the contingent liabilities are set out in note 23 to the condensed consolidated financial statements.

Charges on Assets

During the six months ended 31st December, 2006, no mortgage was charged on the Group's properties.

Project Commitments

Details of the project commitments are set out in note 22 to the condensed consolidated financial statements.

Material Acquisition or Disposal

During the six months ended 31st December, 2006, there was no material acquisition or disposal of the Company's subsidiaries or associates.

The Group believes that the continuous robust economic growth in the PRD region and Macau, coupled with the improved economic conditions of Hong Kong, will benefit the three core businesses of the Group, namely, Property, Infrastructure and Hospitality. The Group will continue to focus on these core businesses.

EMax is scheduled to open in the second half of 2007 and the QRE Plaza is planned to be completed in the third quarter of 2007. This, together with the two new property rental projects in Hong Kong, which, upon completion in the next few years, will strengthen the Group's rental property portfolio and thus enhance its recurring rental income base. Pre-sales of the units of Nova City in Macau and Hopewell New Town in Huadu, Guangzhou are well received and we are optimistic about the property markets and their sustainability.

The Group expects GS Superhighway, ESW Ring Road and Phase I West to become increasingly important components of the PRD expressway network, and that they will continue to enjoy stable growth in traffic flow and toll revenue. At the same time, they provide HHI with opportunities to explore and develop new projects. For the Hong Kong-Zhuhai-Macau Bridge project, we believe that HHI will be in an advantageous position to assume an important role when the project proceeds to the tendering stage.

The financial position of the Group is strong and sound. With more than HK\$18 billion of cash and available banking facilities, the Group is on very solid ground to capture investment opportunities when they arise.

Review of Interim Results

The unaudited interim results of the Group for the six months ended 31st December, 2006 have been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31st December, 2006, 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) (i.e. share option)	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	73,803,032	21,910,000 ^(v)	111,250,000 ^(vi)	30,680,000	—	237,643,032 ^(ix)	26.45%
Eddie Ping Chang HO	24,273,462	1,365,538	2,050,000	—	—	27,689,000	3.08%
Thomas Jefferson WU	27,170,000	—	820,000	—	—	27,990,000	3.12%
Josiah Chin Lai KWOK	1,005,000	—	—	—	—	1,005,000	0.11%
Henry Hin Moh LEE	5,204,322	—	—	—	—	5,204,322	0.58%
Robert Van Jin NIEN	720,000	—	—	—	—	720,000	0.08%
Guy Man Guy WU	2,645,650	—	—	—	—	2,645,650	0.29%
Ivy Sau Ping KWOK WU	21,910,000	123,863,032 ^(vii)	61,190,000 ^(viii)	30,680,000	—	237,643,032 ^(ix)	26.45%
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	100,000	—	—	—	270,000	370,000	0.04%
Andy Lee Ming CHEUNG	90,000	—	—	—	500,000	590,000	0.07%
Eddie Wing Chuen HO Junior	500,000	—	—	—	—	500,000	0.06%
Lee Yick NAM	90,000	—	—	—	—	90,000	0.01%
Barry Chung Tat MOK	—	—	—	—	2,500,000	2,500,000	0.28%

Notes:

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

- (v) The family interests in 21,910,000 shares represented the interests of Lady Ivy WU.
- (vi) The corporate interests in 111,250,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (viii).
- (vii) The family interests in 123,863,032 shares represented the interests of Sir Gordon WU, the husband of Lady Ivy WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations.
- (viii) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (ix) 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”)

Directors	HHI shares				Total interests	% of issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱ⁾ (interests of controlled corporation)	Other interests		
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	4,803,000	—	82,000	—	4,885,000	0.16%
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, the wife of Sir Gordon 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, 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, 2006, 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, 2006 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 01/07/2006	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 31/12/2006		
Directors									
Albert Kam Yin YEUNG	08/09/2004	17.10	850,000	—	580,000	—	270,000	08/09/2004-07/09/2007	N/A
Andy Lee Ming CHEUNG	08/09/2004	17.10	500,000	—	—	—	500,000	08/09/2004-07/09/2007	N/A
Barry Chung Tat MOK	02/09/2005	19.94	2,500,000	—	—	—	2,500,000	02/03/2006-01/03/2009	20.05
Employees									
	10/10/2006	22.44	—	8,960,000	—	—	8,960,000	01/11/2007-31/10/2013	22.25
Total			3,850,000	8,960,000	580,000	—	12,230,000		

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by Mr. Albert Kam Yin YEUNG during the period was HK\$22.98.

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

<i>Maximum options exercisable</i>	<i>Exercisable period</i>
<p>Granted on 2nd September, 2005</p> <p>50% of options granted</p> <p>100% of options granted (including those not previously exercised)</p>	<p>from the expiry of 6 months from the date of grant up to 18 months thereof (i.e. 2nd March, 2006 to 1st March, 2007)</p> <p>from the expiry of 18 months from the date of grant up to 42 months thereof (i.e. 2nd March, 2007 to 1st March, 2009)</p>
<p>Granted on 10th October, 2006</p> <p>20% of options granted</p> <p>40% of options granted (including those not previously exercised)</p> <p>60% of options granted (including those not previously exercised)</p> <p>80% of options granted (including those not previously exercised)</p> <p>100% of options granted (including those not previously exercised)</p>	<p>from the expiry of 12 months from 1st November, 2006 up to 31st October, 2008</p> <p>from the expiry of 24 months from 1st November, 2006 up to 31st October, 2009</p> <p>from the expiry of 36 months from 1st November, 2006 up to 31st October, 2010</p> <p>from the expiry of 48 months from 1st November, 2006 up to 31st October, 2011</p> <p>from the expiry of 60 months from 1st November, 2006 up to 31st October, 2013</p>

The fair value of the share options granted during the period with the exercise price per share of HK\$22.44 is estimated at approximately HK\$44.0 million at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK\$22.25 per share at the grant date, the historical volatility of share price of the Company of 26% which is based on rolling two-year volatility of the Company's share price over last three years, expected life of options of 7 years, expected dividend yield of 1.9% on a semi-annual basis, and the risk free rate of 3.956% 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, 2006 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 01/07/2006	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 31/12/2006		
<i>Director of HHI</i>									
Leo Kwok Kee LEUNG	08/09/2004	4.875	2,000,000	—	—	—	2,000,000	08/09/2004-07/09/2007	N/A
<i>Employee of HHI</i>									
	08/09/2004	4.875	400,000	—	100,000	—	300,000	08/09/2004-07/09/2007	N/A
<i>Employees of HHI</i>									
	17/10/2006	5.858	—	6,200,000	—	—	6,200,000	01/12/2007-30/11/2013	5.710
Total			2,400,000	6,200,000	100,000	—	8,500,000		

The weighted average closing price of the shares on the date immediately before the date on which the options were exercised by the employee of HHI during the period was HK\$5.67.

The options granted on 8th September, 2004 are exercisable from the date of grant while the options granted on 17th October, 2006 are exercisable in the following manner:

<i>Maximum options exercisable</i>	<i>Exercisable period</i>
20% of options granted	from the expiry of 12 months from 1st December, 2006 up to 30th November, 2008
40% of options granted (including those not previously exercised)	from the expiry of 24 months from 1st December, 2006 up to 30th November, 2009
60% of options granted (including those not previously exercised)	from the expiry of 36 months from 1st December, 2006 up to 30th November, 2010
80% of options granted (including those not previously exercised)	from the expiry of 48 months from 1st December, 2006 up to 30th November, 2011
100% of options granted (including those not previously exercised)	from the expiry of 60 months from 1st December, 2006 up to 30th November, 2013

The fair value of the share options granted during the period with the exercise price per share of HK\$5.858 is estimated at approximately HK\$5,814,000 at the date of grant using the Binomial option pricing model. The value is estimated based on the share price of HK\$5.700 per share at the grant date, the historical volatility of share price of HHI of 23% which is based on rolling two-year volatility of HHI's share price over last three years, expected life of options of 7 years, expected dividend yield of 4.75%, and the risk-free rate of 3.969% 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.

Substantial Shareholder

Save as disclosed under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", as at 31st December, 2006, 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, 2006, the Company repurchased 832,000 shares on the Stock Exchange at an aggregate consideration, including transaction costs, of HK\$18,877,541. All the repurchased shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$2,080,000 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 the ordinary shares repurchased</i>	<i>Highest price paid per share HK\$</i>	<i>Lowest price paid per share HK\$</i>	<i>Aggregate consideration paid (including transaction costs) HK\$</i>
October 2006	432,000	22.45	22.25	9,702,113
November 2006	400,000	22.95	22.80	9,175,428
Total	832,000			18,877,541

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

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the six months ended 31st December, 2006.

Employees and Remuneration Policies

The Group has approximately 1,199 employees as at 31st December, 2006. The Group continues to provide competitive remuneration packages to employees with reference to prevailing market practices and individual performance in addition to other staff benefits including medical and personal accident insurance coverage. Share options under the 2003 Share Option Scheme of the Company and discretionary bonuses may be granted to employees based on individual performance as well as the performance of the Group. In January 2007, the Company adopted a share award scheme to recognize the contributions by certain employees of the Group, to give incentive thereto for retention purpose and to attract suitable personnel for further development of the Group. Apart from the above, training programs are also conducted on an ongoing basis throughout the Group aiming at improving employee productivity. In 2006, we launched a two-year Graduate Trainee Program to develop potential young talent in a conglomerate environment, and to groom tomorrow's leaders for taking up management positions in the Group.

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 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 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

The Board welcomes new Executive Director, Mr. William Wing Lam WONG, who was appointed on 18th January, 2007.

On behalf of the Board

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

Chairman

Hong Kong, 1st March, 2007

INDEPENDENT INTERIM REVIEW REPORT



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

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 25 to 43.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, 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.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31st December, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1st March, 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31st December, 2006

	Notes	<i>Six months ended</i>	
		<i>31.12.2005</i>	<i>31.12.2006</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(unaudited</i>	<i>(unaudited)</i>
		<i>and restated)</i>	
Turnover	3	344,288	575,122
Cost of sales and services		(190,376)	(362,319)
Other income	4	153,912	212,803
Selling and distribution costs		107,903	124,116
Administrative expenses		(16,520)	(16,295)
Other operating expenses		(79,297)	(90,887)
Gain arising from changes in fair value of investment properties		(18,927)	(1,376)
Gain on disposal/deemed disposal of subsidiaries	5	168,162	96,777
Gain on disposal of a power station project	6	265,387	7,617
Reversal of impairment loss on an amount due from a former jointly controlled entity	6	44,818	—
Finance costs	7	163,200	—
Share of profits (losses) of Jointly controlled entities	8	(30,676)	(44,091)
Associates	9	551,887	1,266,350
		(381)	2,215
Profit before taxation		1,309,468	1,557,229
Income tax expense	10	(29,510)	(23,267)
Profit for the period		1,279,958	1,533,962
Attributable to:			
Equity holders of the Company		1,117,544	1,335,533
Minority interests		162,414	198,429
		1,279,958	1,533,962
Dividends paid	11	341,417	431,407
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	12		
Basic		1.24	1.49
Diluted		1.24	1.49

CONDENSED CONSOLIDATED BALANCE SHEET

At 31st December, 2006

	Notes	30.6.2006 HK\$'000 (audited)	31.12.2006 HK\$'000 (unaudited)
ASSETS			
Non-current Assets			
Investment properties	13	6,537,344	6,498,862
Property, plant and equipment	13	458,804	455,649
Prepaid land lease payments	13	972,953	977,125
Properties for or under development		231,647	270,202
Interests in jointly controlled entities	14	6,949,504	7,047,329
Interests in associates		23,376	24,861
Other investment project	22(c)	92,344	183,416
Available-for-sale investments		194,932	803,282
Long-term loans and receivables		1,039,530	969,763
		16,500,434	17,230,489
Current Assets			
Inventories		11,537	14,071
Properties for sale		462,094	317,680
Prepaid land lease payments	13	8,449	11,076
Trade and other receivables	15	656,117	460,531
Deposits and prepayments		50,616	51,601
Loans to a jointly controlled entity		45,620	—
Bank balances and cash		3,649,562	4,450,973
		4,883,995	5,305,932
Assets classified as held for sale	16	—	195,000
		4,883,995	5,500,932
Total Assets		21,384,429	22,731,421

	Notes	30.6.2006 HK\$'000 (audited)	31.12.2006 HK\$'000 (unaudited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	2,246,413	2,245,783
Share premium and reserves	18	14,987,392	16,172,521
Equity attributable to equity holders of the Company		17,233,805	18,418,304
Share option reserve of a subsidiary	18	—	375
Minority interests	18	2,862,080	2,971,756
Total Equity		20,095,885	21,390,435
Non-current Liabilities			
Warranty provisions		84,059	84,059
Deferred tax liabilities		659,113	711,983
		743,172	796,042
Current Liabilities			
Trade and other payables	19	330,204	316,215
Deposits received from sale of properties		41,589	7,399
Rental and other deposits		125,457	120,831
Amounts due to associates		10,891	11,689
Amount due to a minority shareholder		8,531	17,321
Tax liabilities		28,700	36,319
Liabilities associated with assets classified as held for sale	16	545,372 —	509,774 35,170
		545,372	544,944
Total Liabilities		1,288,544	1,340,986
Total Equity and Liabilities		21,384,429	22,731,421

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 31st December, 2006

	<i>Six months ended</i>	
	<i>31.12.2005</i>	<i>31.12.2006</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	62,323	74,238
Gain arising from changes in fair value of available-for-sale investments	6,942	280,572
Deferred tax liabilities on changes in fair value of available-for-sale investments	—	(53,871)
Net income recognised directly in equity	69,265	300,939
Profit for the period	1,279,958	1,533,962
Total recognised income for the period	1,349,223	1,834,901
Attributable to:		
Equity holders of the Company	1,173,464	1,619,272
Minority interests	175,759	215,629
	1,349,223	1,834,901

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2006

	<i>Six months ended</i>	
	<i>31.12.2005</i> <i>(unaudited)</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>(unaudited)</i> <i>HK\$'000</i>
Operating activities		
Cash generated from operations before income tax payments	61,709	220,024
Tax paid	(5,366)	(17,139)
Net cash from operating activities	56,343	202,885
Investing activities		
Dividend received	323,623	1,229,513
Repayment from jointly controlled entities	163,200	184,889
Acquisition of available-for-sale investments	(50,506)	(327,778)
Net proceeds received on disposal of power station project	44,818	133,726
Proceeds on redemption of held-to-maturity debt securities	733,677	—
Other investing cashflows	(188,645)	(70,804)
Net cash from investing activities	1,026,167	1,149,546
Financing activities		
Dividend paid to		
Shareholders	(341,417)	(431,407)
Minority shareholders of subsidiaries	(108,433)	(171,267)
Other financing cashflows	(35,607)	40,862
Net cash used in financing activities	(485,457)	(561,812)
Net increase in cash and cash equivalents	597,053	790,619
Cash and cash equivalents at beginning of the period	2,551,430	3,649,562
Effect of foreign exchange rate changes	2,130	10,792
Cash and cash equivalents at end of the period	3,150,613	4,450,973
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	3,150,613	4,450,973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31st December, 2006

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the 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, 2006 except as described below.

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

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment ²
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions ³

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st November, 2006

³ Effective for annual periods beginning on or after 1st March, 2007

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 and sale 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

Segment information about these businesses is presented below.

Segment turnover

	<i>Six months ended 31.12.2005</i>			<i>Six months ended 31.12.2006</i>		
	<i>External HK\$'000</i>	<i>Inter- segment HK\$'000</i>	<i>Turnover HK\$'000</i>	<i>External HK\$'000</i>	<i>Inter- segment HK\$'000</i>	<i>Turnover HK\$'000</i>
Property investment	159,536	11,561	171,097	188,439	12,070	200,509
Property development	—	—	—	192,556	—	192,556
Infrastructure project investments	4,300	—	4,300	3,287	—	3,287
Hotel investment and management	97,493	54	97,547	107,080	5	107,085
Restaurants and catering	82,385	—	82,385	82,941	—	82,941
Other operations	574	—	574	819	29	848
Eliminations	—	(11,615)	(11,615)	—	(12,104)	(12,104)
Total turnover	344,288	—	344,288	575,122	—	575,122

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

Interest income from loans to jointly controlled entities undertaking infrastructure projects amounting to HK\$57 million (six months ended 31.12.2005: HK\$52 million), which was previously included in turnover, has been reclassified and included in share of profits of jointly controlled entities (Note 9). Comparative amounts have been restated accordingly.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

3. TURNOVER AND SEGMENTS (continued)

Business Segments (continued)

Segment results

	Profit (loss) for the six months ended 31.12.2005				Profit (loss) for the six months ended 31.12.2006			
	Company and subsidiaries	Jointly controlled entities	Associates	Total	Company and subsidiaries	Jointly controlled entities	Associates	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property investment								
- Operations	92,433	—	(775)	91,658	102,215	(144)	1,762	103,833
- Gain arising from changes in fair value of investment properties	168,162	—	—	168,162	96,777	—	—	96,777
Property development	(10,832)	(1,994)	—	(12,826)	24,450	629,842	—	654,292
Infrastructure project investments	(14,246)	553,881	—	539,635	(9,400)	636,652	—	627,252
Hotel investment and management	31,101	—	—	31,101	31,105	—	—	31,105
Restaurants and catering	7,277	—	—	7,277	7,300	—	—	7,300
Other operations	6,434	—	394	6,828	296	—	453	749
Segment results	280,329	551,887	(381)	831,835	252,743	1,266,350	2,215	1,521,308

	Six months ended	
	31.12.2005 HK\$'000	31.12.2006 HK\$'000
Segment results		
Company and subsidiaries	280,329	252,743
Interest and other income	73,998	102,878
Exchange gains, net	15,977	11,388
Unallocated corporate expenses	(55,071)	(41,871)
Gain on disposal/deemed disposal of subsidiaries	315,233	325,138
Gain on disposal of a power station project	265,387	7,617
Reversal of impairment loss on an amount due from a former jointly controlled entity	44,818	—
Finance costs	163,200	—
Share of profits (losses) of	(30,676)	(44,091)
Jointly controlled entities	551,887	1,266,350
Associates	(381)	2,215
Profit before taxation	1,309,468	1,557,229

The share of profits (losses) of jointly controlled entities and associates shown above includes share of tax of jointly controlled entities and associates of approximately HK\$136,837,000 (six months ended 31.12.2005: HK\$58,582,000) and HK\$441,000 (six months ended 31.12.2005: HK\$313,000) respectively.

Geographical Segments

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

	Six months ended	
	31.12.2005 HK\$'000	31.12.2006 HK\$'000
Hong Kong	338,337	373,754
Mainland China (the "PRC")	5,951	201,368
	344,288	575,122

4. OTHER INCOME

	<i>Six months ended</i>	
	<i>31.12.2005</i>	<i>31.12.2006</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income includes:		
Interest on bank deposits and loans receivable	65,319	102,329
Exchange gains, net	15,977	11,388

Other income for the six months ended 31st December, 2005 also included yield on held-to-maturity debt securities, after deducting premium on acquisition of HK\$3,914,000 amortised, amounting to HK\$3,822,000.

5. GAIN ON DISPOSAL/DEEMED DISPOSAL OF SUBSIDIARIES

	<i>Six months ended</i>	
	<i>31.12.2005</i>	<i>31.12.2006</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on deemed disposal of interest in a listed subsidiary (Note a)	—	7,617
Gain on disposal of a subsidiary (Note b)	265,387	—
	265,387	7,617

Notes:

- (a) Following the exercise of the HHI warrants by the warrants holders during the period as set out in note 17, the Company's interest in HHI has been decreased from 73.23% to 72.81%, giving rise to a gain on deemed disposal of HK\$7.6 million recognised in the condensed consolidated income statement for the period.
- (b) During the six months ended 31st December, 2005, the Company entered into an agreement for the disposal of the Company's entire interest in and the Group's advances to a subsidiary, Hopewell Thailand Limited ("HTL"), whose primary business was the undertaking of the elevated rail and road transport system project in Bangkok (the "BERTS Project"). The consideration for the disposal amounted to Thai Baht 500 million plus a sum equivalent to 20% of the excess over Thai Baht 2 billion if the total amount recoverable by HTL relating to its claims in connection with the BERTS Project exceeds Thai Baht 2 billion as specified in the agreement. However, the timing and ultimate receipt of the consideration could be materially affected by the occurrence of certain events relating to the successful recovery by HTL of its claims regarding the BERTS Project, which are uncertain. Accordingly, the consideration will only be recognised by the Group until receipt of the consideration is probable. The gain on disposal of HTL amounting to approximately HK\$265 million recognised in the consolidated income statement for the prior period represents the net liabilities of HTL discharged by the Group on disposal. The Group did not receive any consideration for the disposal up to the date of approval of these financial statements.

6. GAIN ON DISPOSAL OF A POWER STATION PROJECT

The amount represents the gain on disposal of the Tanjung Jati B Power Station in Indonesia recognised during the six months ended 31st December, 2005.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

7. REVERSAL OF IMPAIRMENT LOSS ON AN AMOUNT DUE FROM A FORMER JOINTLY CONTROLLED ENTITY

The Group disposed of its entire interests in the jointly controlled entities undertaking the highway and bridge project and the National Highway 105 project in Shunde, the PRC during the year ended 30th June, 2005. In determining the gain on disposal, the outstanding amount due from one of the jointly controlled entities of approximately HK\$245 million was regarded as impaired. During the six months ended 31st December, 2005, such outstanding amount to the extent of approximately HK\$163 million was repaid by the jointly controlled entity to the Group and was recognised in the condensed consolidated income statement for that period. The remaining balance due from this entity of approximately HK\$82 million, which was fully repaid to the Group during the six months ended 30th June, 2006, has been recognised in the consolidated income statement for that period.

8. FINANCE COSTS

	<i>Six months ended</i>	
	<i>31.12.2005</i>	<i>31.12.2006</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	4,327	—
Other interest expense	19,864	20,379
	24,191	20,379
Other finance costs		
Loan arrangement fees and related charges	6,485	23,712
	30,676	44,091

9. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	<i>Six months ended</i>	
	<i>31.12.2005</i>	<i>31.12.2006</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	555,641	1,271,945
Interest income from loans to jointly controlled entities	51,755	57,159
Amortisation of cost of investments in jointly controlled entities	(55,509)	(62,754)
	551,887	1,266,350

10. INCOME TAX EXPENSE

	<i>Six months ended</i>	
	<i>31.12.2005</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
Hong Kong Profits Tax		
Current period	8,493	10,167
(Over)underprovision in respect of prior periods	(1,306)	31
	7,187	10,198
Taxation elsewhere		
Current period	729	14,070
Overprovision in respect of prior periods	(16,428)	—
	(15,699)	14,070
Deferred tax	38,022	(1,001)
	29,510	23,267

Hong Kong Profits Tax is calculated at the rate of 17.5% (six months ended 31.12.2005: 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.

11. DIVIDENDS

	<i>Six months ended</i>	
	<i>31.12.2005</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
Final dividend paid for the year ended 30th June, 2006 of HK48 cents per share (six months ended 31.12.2005: final dividend paid for the year ended 30th June, 2005 of HK38 cents per share)	341,417	431,407

The directors have declared that an interim dividend in respect of the financial year ending 30th June, 2007 of HK38 cents (year ended 30.6.2006: HK36 cents) per share, totalling HK\$341,359,000 (year ended 30.6.2006: HK\$323,447,000), shall be paid to the shareholders of the Company whose names appear on the Register of Members on 22nd March, 2007.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

12. EARNINGS PER SHARE

	<i>Six months ended</i>	
	<i>31.12.2005</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic earnings per share		
Profit for the period attributable to equity holders of the Company	1,117,544	1,335,533
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 warrants and share options issued	(2,458)	—
Earnings for the purposes of diluted earnings per share	1,115,086	1,335,533
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	898,228,382	898,517,268
Effect of dilutive potential ordinary shares:		
Share options	225,797	633,527
Weighted average number of ordinary shares for the purposes of diluted earnings per share	898,454,179	899,150,795

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

The Group's investment properties at 31st December, 2006 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.

As set out in note 16, certain investment properties with carrying amounts of HK\$195 million have been reclassified as "Assets classified as held for sale".

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>31.12.2005</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
Amortisation of prepaid land lease payments	4,041	5,630
Less: Amortisation capitalised on properties under development	(2,428)	(4,016)
Depreciation of property, plant and equipment	1,613	1,614
	11,786	15,324

14. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2006 HK\$'000	31.12.2006 HK\$'000
Expressway and property projects in the PRC		
Unlisted investments, at cost	5,865,933	5,867,448
Share of post acquisition reserves	1,562,129	1,781,852
Less: Accumulated amortisation	(554,772)	(617,526)
	6,873,290	7,031,774
Property development project in Macau		
Unlisted investment, at cost	4,850	4,850
Share of post acquisition reserves	67,364	4,349
	72,214	9,199
Other unlisted investments	4,000	6,356
	6,949,504	7,047,329

15. TRADE AND OTHER RECEIVABLES

Other than rental 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:

	30.6.2006 HK\$'000	31.12.2006 HK\$'000
Receivables aged		
0 - 30 days	56,027	75,706
31 - 60 days	7,964	7,944
Over 60 days	6,823	8,367
	70,814	92,017
Interest on bank deposits and other receivables	2,519	11,585
Proceeds on disposal of investment and property, plant and equipment (including power station project) receivable	229,948	90,001
Dividend from a jointly controlled entity receivable	352,836	266,928
	656,117	460,531

16. NON-CURRENT ASSETS HELD FOR SALE

During the period, the Group entered into two provisional sale agreements with independent third parties for the disposal of its investment properties and properties for sale with carrying amounts at 31st December, 2006 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. Such investment properties have been reclassified as "Assets classified as held for sale", and the deposits received on disposal of these properties amounting to HK\$35.2 million have been classified as "Liabilities associated with assets classified as held for sale", in the condensed consolidated balance sheet.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

17. SHARE CAPITAL

	<i>Number of shares</i>		<i>Nominal value</i>	
	<i>30.6.2006</i>	<i>31.12.2006</i>	<i>30.6.2006</i>	<i>31.12.2006</i>
	<i>'000</i>	<i>'000</i>	<i>HK\$'000</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	898,565	898,313	2,246,413	2,245,783

During the period, the Company issued 580,000 ordinary shares at the subscription price of HK\$17.1 each for a total cash consideration of HK\$9,918,000 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 832,000 ordinary shares of the Company on the Hong Kong Stock Exchange for a total consideration of HK\$18.9 million.

Share Options

(a) The Company

During the period, the Company granted options to certain employees to subscribe for a total of 8,960,000 ordinary shares in the Company at the subscription price of HK\$22.44 per share.

During the period, the Company issued 580,000 ordinary shares at the subscription price of HK\$17.1 each for a total cash consideration of HK\$9,918,000 upon the exercise of the share options previously granted. These shares rank pari passu in all respects with the existing ordinary shares.

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

During the period, HHI granted options to certain employees to subscribe for a total of 6,200,000 ordinary shares in HHI at the subscription price of HK\$5.858 per share.

During the period, HHI issued 100,000 ordinary shares at the subscription price of HK\$4.875 each for a total cash consideration of HK\$487,500 upon the exercise of the options previously granted.

HHI Warrants

In connection with the listing of its shares on the Hong Kong Stock Exchange in 2003, HHI issued warrants to the Company's shareholders on the basis of one warrant for every 10 shares in the Company then held. The warrants entitle the holders to subscribe for shares in HHI at a subscription price of HK\$4.18 per share subject to adjustment during the three year period commencing 6th August, 2003.

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

18. SHARE PREMIUM AND RESERVES

	Attributable to equity holders of the Company											
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	PRC statutory reserves HK\$'000	Investment revaluation reserves HK\$'000	Share option reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Share option reserve of a subsidiary HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st July, 2005	8,648,818	2,668	83,010	(7,314)	63,742	—	—	4,491,780	13,282,704	—	2,489,390	15,772,094
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	—	—	—	48,978	—	—	—	—	48,978	—	13,345	62,323
Gain arising from changes in fair value of available-for-sale investments	—	—	—	—	—	6,942	—	—	6,942	—	—	6,942
Net income recognised directly in equity	—	—	—	48,978	—	6,942	—	—	55,920	—	13,345	69,265
Profit for the period	—	—	—	—	—	—	—	1,117,544	1,117,544	—	162,414	1,279,958
Total recognised income for the period	—	—	—	48,978	—	6,942	—	1,117,544	1,173,464	—	175,759	1,349,223
Issue of shares	7,227	—	—	—	—	—	—	—	7,227	—	—	7,227
Shares issue expenses	(7)	—	—	—	—	—	—	—	(7)	—	—	(7)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	3,035	—	3,035	—	—	3,035
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	1,567	1,567
Dividends and distributions to minority shareholders	—	—	—	—	—	—	—	—	—	—	(108,433)	(108,433)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(992)	(992)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,092)	(1,092)
Transfers between reserves	—	—	—	—	7,213	—	—	(7,213)	—	—	—	—
Dividend paid (note 11)	—	—	—	—	—	—	—	(341,417)	(341,417)	—	—	(341,417)
At 31st December, 2005	8,656,038	2,668	83,010	41,664	70,955	6,942	3,035	5,260,694	14,125,006	—	2,556,199	16,681,205

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

18. SHARE PREMIUM AND RESERVES (continued)

	Attributable to equity holders of the Company											
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	PRC statutory reserves HK\$'000	Investment revaluation reserves HK\$'000	Share option reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Share option reserve of a subsidiary HK\$'000	Minority interests HK\$'000	Total HK\$'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)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	5,602	—	5,602	375	140	6,117
Repurchase of own shares	—	2,080	—	—	—	—	—	(18,878)	(16,798)	—	—	(16,798)
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 11)	—	—	—	—	—	—	—	(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

19. TRADE AND OTHER PAYABLES

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

	<i>30.6.2006</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
Payables due		
0 - 30 days	159,362	166,838
31 - 60 days	6,476	8,926
Over 60 days	150,973	125,336
Retentions payable	13,393	15,115
	330,204	316,215

20. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31st December, 2006 amounted to approximately HK\$22,186 million (30.6.2006: HK\$20,839 million).

The net current assets of the Group at 31st December, 2006 amounted to approximately HK\$4,956 million (30.6.2006: HK\$4,339 million).

21. DISPOSAL OF SUBSIDIARIES

	<i>Six months ended</i>	
	<i>31.12.2005</i> <i>HK\$'000</i>	<i>31.12.2006</i> <i>HK\$'000</i>
Net assets disposed of:		
Property, plant and equipment	437	—
Pledged deposits	94,263	—
Trade and other receivables	1,127	—
Deposits and prepayments	431	—
Trade and other payables	(360,553)	—
	(264,295)	—
Minority interests released	(1,092)	—
Gain on disposal of subsidiaries	265,387	—
Total consideration received	—	—

The subsidiaries disposed of during the prior period did not contribute significantly to the Group's cash flows, turnover or profit before taxation for that period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31st December, 2006

22. PROJECT COMMITMENTS

(a) Property development

	30.6.2006 HK\$'000	31.12.2006 HK\$'000
<i>(i) Projects undertaken by the Group</i>		
Authorised but not yet contracted for	495,772	667,246
Contracted for but not provided	128,118	145,211
	623,890	812,457
<i>(ii) Project undertaken by a jointly controlled entity</i>		
Group's share of property development expenditure		
Authorised but not yet contracted for	15,797	56,147
Contracted for but not provided	119,622	279,013
	135,419	335,160

(b) Property renovation

	30.6.2006 HK\$'000	31.12.2006 HK\$'000
Property renovation expenditure		
Authorised but not yet contracted for	429,489	—
Contracted for but not provided	34,258	469,966
	463,747	469,966

(c) Power station project

The Group had 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 to be established for that purpose. The development cost of the project is estimated to be in the region of RMB5,400 million. The project has been approved by the relevant PRC authority. At the balance sheet date, development expenditure contracted for in respect of the development of the power station amounted to approximately RMB2,800 million (30.6.2006: RMB1,400 million).

At the balance sheet date, the Group has funded the development of the power station project amounting to approximately HK\$183 million (30.6.2006: HK\$92 million).

Save as disclosed herein, there have been no material changes in the Group's project commitments since 30th June, 2006.

23. CONTINGENT LIABILITIES

- (a) The bank loan facility of a jointly controlled entity of RMB721 million (30.6.2006: RMB736 million) utilised at 31st December, 2006 is guaranteed by the Group.
- (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 amounted to HK\$100 million (30.6.2006: HK\$24 million) outstanding at 31st December, 2006.

Save as herein disclosed, there have been no material changes in contingent liabilities of the Group since 30th June, 2006.

24. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 25th January, 2007, the Company and HHI announced the adoption of employees' share award schemes. On the same date, a total of 3,374,000 shares in the Company and 1,940,000 shares in HHI were awarded to certain directors of the Company and employees of the Group with the vesting dates between 25th January, 2007 and 25th January, 2009 subject to fulfilment of certain terms and conditions under the schemes. The Group is in the process of making an assessment of the potential impact of the shares awarded but is not yet in a position to determine the impact of these shares awarded on the results of operations and financial position of the Group.
- (b) Subsequent to 31st December, 2006, the Group disposed of part of its available-for-sale investments, giving rise to a profit of HK\$144 million. The profit on disposal will be recognised in the consolidated income statement of the Group for the year ending 30th June, 2007.

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
Deputy 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. Andy Lee Ming CHEUNG

Mr. Eddie Wing Chuen HO Junior

Mr. Lee Yick NAM##

Mr. Barry Chung Tat MOK

Mr. William Wing Lam WONG

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

Non-Executive directors

Independent Non-Executive directors

Audit Committee

Mr. Lee Yick NAM *Chairman*

Ms. Linda Lai Chuen LOKE

Mr. Guy Man Guy WU

Remuneration Committee

Mr. Eddie Ping Chang HO *Chairman*

Mr. Lee Yick NAM

Ms. Linda Lai Chuen LOKE

Company Secretary

Mr. Peter Yip Wah LEE

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Solicitors

Woo, Kwan, Lee & Lo

Auditors

Deloitte Touche Tohmatsu

Principal Bankers +

Agricultural Bank of China
Bank of China
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 Construction Bank Corporation
Chiyu Banking Corporation 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
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 arranged in alphabetical order*

Registrar and Transfer Office

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

Listing Information

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

American Depositary Receipt

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

Investor Relations

Investor Relations Manager
Tel : (852) 2862 5683 Fax : (852) 2861 2068
Email : ir@hopewellholdings.com

Web Page

www.hopewellholdings.com

Key Dates

Interim results announcement
Closure of Register

Interim dividend payable
(HK38 cents per ordinary share)

1st March, 2007
19th March, 2007 to 22nd March, 2007
(both days inclusive)
23rd March, 2007

(as at 1st March, 2007)



Hopewell Holdings Limited

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