

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.

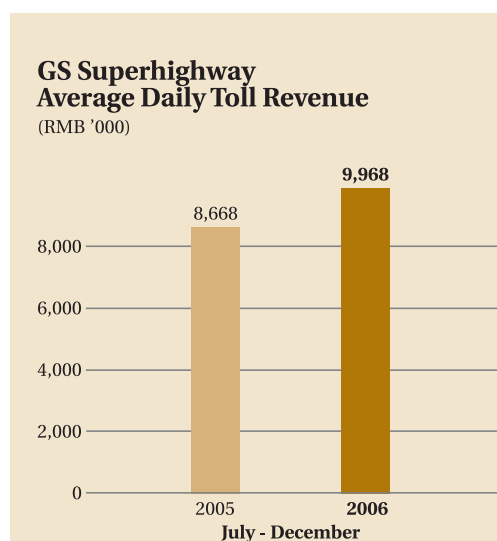
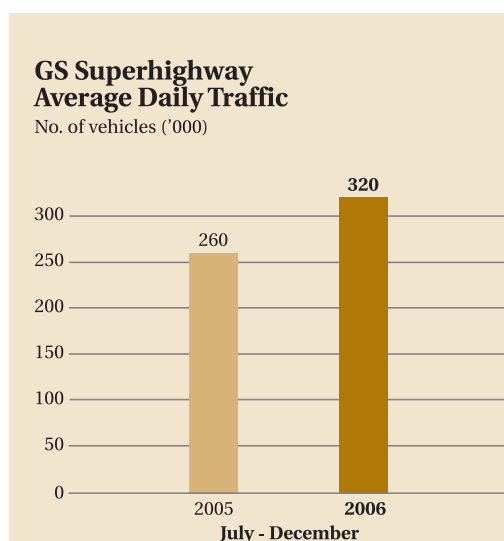
Construction of Phase II of the Western Delta Route, connecting to Phase I West, has been commenced since December 2005 and the works are in progress. Preparation works for Phase III of the Western Delta Route are underway.

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.

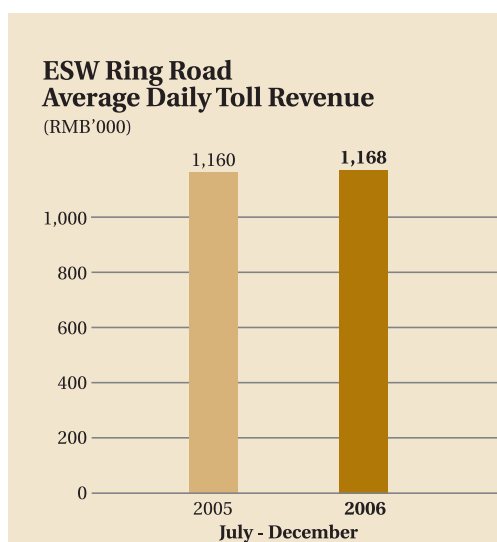
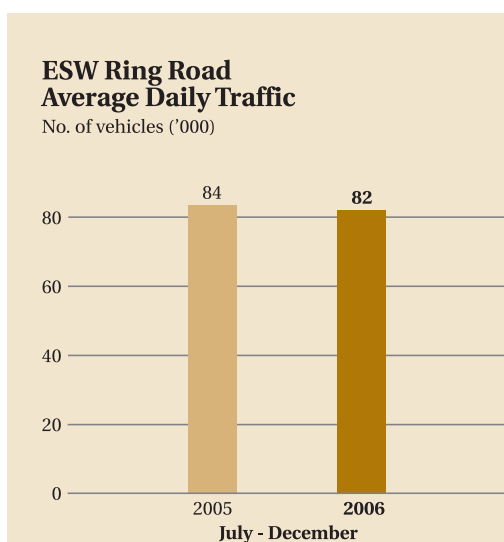
After friendly negotiation, the joint venture company has agreed in principle, subject to approval of the Guangdong Provincial Government, to take up RMB725.14 million, a part of the additional investment of HHI incurred during the construction of the GS Superhighway. The above will not have a material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

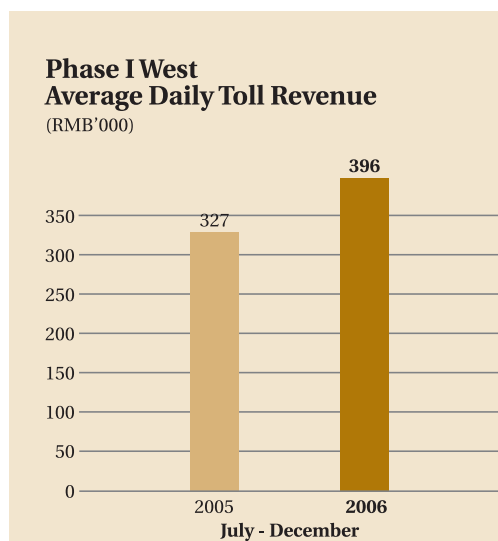
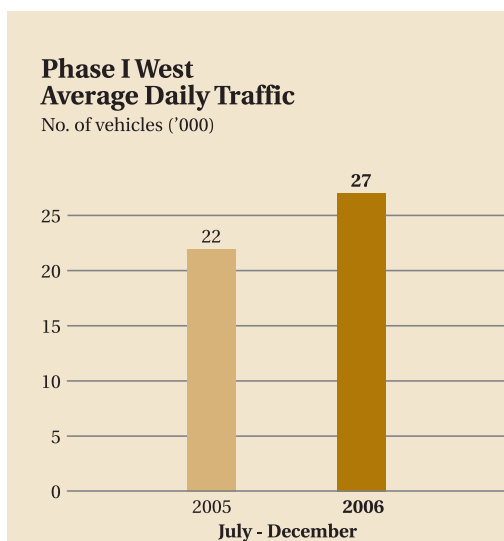


To meet increasing traffic needs, Guangzhou has been developing its city and road facilities quickly, by constructing and expanding the road network. During the period under review, a local toll free road, running parallel to a portion of the south-east section of ESW Ring Road, was opened. This has 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.