

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

	Six months ended 31.12.2005			Six months ended 31.12.2006		
	External HK\$'000	Inter- segment HK\$'000	Turnover HK\$'000	External HK\$'000	Inter- segment HK\$'000	Turnover HK\$'000
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.