HOPEWELL HOLDINGS LIMITED

Stock Code: 54

Interim Report 2010-2011

Hopewell Holdings Limited, a Hong Kong-based group, was listed on the Stock Exchange of Hong Kong in 1972 (stock code: 54). Over the years, the Group has established solid foundations for its core businesses of property and infrastructure in Hong Kong and the Pearl River Delta. Well recognised of its vision and pioneering projects, the Group adopts a long-term business strategy which facilitates the timely capture of high-potential business opportunities.

Ever since its inception, the Group has been dedicated to implementing quality property projects that benefit the lives of the local population; and it continues to pursue this course with the same commitment today. The Group's portfolio of commercial, residential and hotel projects serve the needs of people from various walks of life, and are designed to enhance *living with style*.

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GROUP RESULTS

Overview

The revenues that the Group received from its three prime-earning businesses – namely (i) toll road investments; (ii) property letting, agency and management; and (iii) hotel operations, restaurants and catering – during the six months ended 31 December 2010 were all significantly greater than those recorded in the same period of 2009. The EBIT of these prime-earning businesses before gain of completion of investment properties were also considerably higher. The only exception was the toll road investments, which were affected by an increase in the tax rate for GS Superhighway from 10% in 2009 to 22% in 2010.

Property sales of Broadwood Twelve in Happy Valley and Hopewell New Town in Huadu, PRC, also boosted the Group's revenue and EBIT to higher levels than were achieved during the second half of 2009.

The Group's revenue by activities and their respective EBIT during the six months ended 31 December 2010 were as follows:

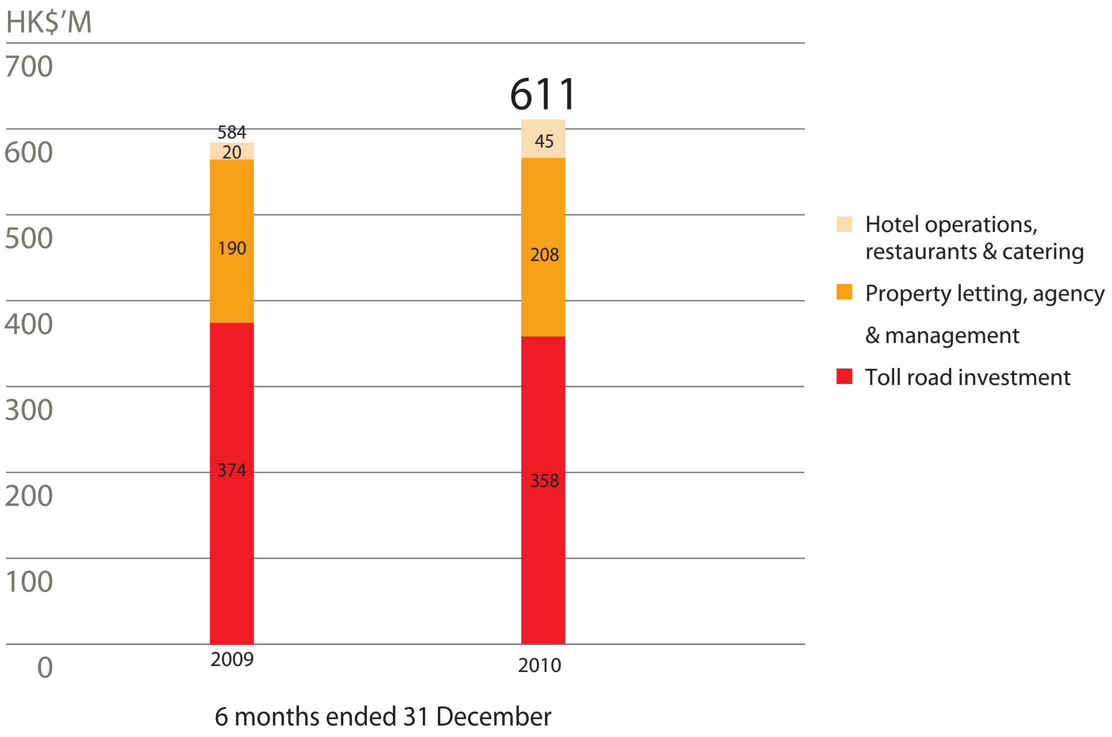
	Revenue		**EBIT***	
HK$ million	2009	**2010**	2009	**2010**
Property letting, agency and management	293	**321**	190	**208**
Hotel operations, restaurants and catering	147	**181**	20	**45**
Property development	51	**806**	6	**77**
Toll road investments (after interest and tax of JCEs)	955	**1,122**	542	**520**
Power plant (after interest and tax of JCE)	570	**696**	86	**55**
Treasury income	5	**40**	5	**40**
Other	48	**55**	(73)	**(62)**
Revenue/EBIT (before gain of completion**)	2,069	**3,221**	776	**883**
Gain of completion of Broadwood Twelve	—	**—**	1,696	**—**
Revenue/EBIT (after gain of completion**) (Note)	2,069	**3,221**	2,472	**883**

* This represents the EBIT of the Company and its subsidiaries, plus their share of the net profits (after interest and tax) of JCEs

** Refers to a gain that arose from changes in the fair value of investment properties under construction up to completion of development

HK$ million	Results 2009	2010
Earnings before interest and tax	2,472	**883**
Finance costs	(18)	**(37)**
Exceptional items	30	**—**
Changes in fair value of completed investment properties	665	**1,298**
Taxation	(64)	**(105)**
Taxation in respect of changes in fair value of completed investment properties	(110)	**(214)**
Taxation in respect of gain of completion of Broadwood Twelve	(280)	**—**
Reversal of taxation in respect of changes in fair value of units sold of Broadwood Twelve	—	**73**
Profit for the period	2,695	**1,898**
Attributable to:		
Owners of the Company	2,525	**1,733**
Non-controlling interests	170	**165**
	2,695	**1,898**

Operating Profit* from Prime-Earning Businesses



* Being EBIT net of non-controlling interests' portion

Note: Reconciliation of Revenue/EBIT with Condensed Consolidated Statement of Comprehensive Income

	Turnover		Results	
HK$ million	2009	**2010**	2009	**2010**
Revenue/EBIT per Group Results	2,069	**3,221**	2,472	**883**
Less:				
Sales proceeds of Broadwood Twelve units	—	**(640)**	—	**—**
Treasury income	(5)	**(40)**	—	**—**
Shares of the revenues of JCEs engaged in				
— Toll road investments	(955)	**(1,122)**	—	**—**
— Power plant	(570)	**(696)**	—	**—**
Add:				
Changes in fair value of completed investment properties	—	**—**	665	**1,298**
Write-back of warranty provision	—	**—**	30	**—**
Finance costs	—	**—**	(18)	**(37)**
Turnover/Profit before Taxation per Condensed Consolidated Statement of Comprehensive Income	539	**723**	3,149	**2,144**

Revenue

The Group's revenue for the six months ended 31 December 2010, including sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and the attributable share of the revenues of JCEs engaged in toll road and power plant operations, amounted to HK$3,221 million, which was 56% higher than the HK$2,069 million reported in the corresponding period of 2009.

The Group's attributable share of the revenue of GS Superhighway and Phase I West continued to record a growth as compared with the same period of the previous year. The commencement of Phase II West's operations in June 2010 further strengthened the toll road business division's operating revenue stream. The general improvement in the property letting, agency and management division's results was another major factor in the growth of the Group's revenue. Panda Hotel's business recovered from the impact of the global economic downturn in 2009; this was the principal cause of the upturn in the results of the Group's hospitality division.

Sales of residential units of Broadwood Twelve and Hopewell New Town, together with the increased sales of electricity achieved by Heyuan Power Plant, one of the Group's JCEs, likewise helped to enhance the Group's revenue apart from its prime-earning businesses.

Earnings before Interest and Tax

The Group's EBIT before gain of completion of investment properties increased by HK$107 million to HK$883 million, compared to HK$776 million during the second half of the preceding year. This growth was primarily due to income from sales of the Hopewell New Town in Huadu, as well as the increase in interest income derived from a large amount of cash on hand, which included the proceeds from HHI's issue of RMB bonds during the period under review. HHI has been using those proceeds to develop its toll road business and for general financing purposes. The Panda Hotel's business, particularly its rooms division, recovered markedly from the impact of the 2009 global economic downturn. The growth in EBIT (including the Group's share of the net profit after interest and tax of JCEs) was partly offset by a rise in the tax rate applicable to GS Superhighway from 10% in 2009 to 22% in 2010, as well as higher coal prices that inhibited the growth of Heyuan Power Plant's EBIT.

Meanwhile, the Group's EBIT after gain of completion of investment properties decreased by HK$1,589 million from HK$2,472 million recorded in the corresponding period of 2009 to HK$883 million. This was due to a one-off $1,696 million gain of completion of Broadwood Twelve reported during the corresponding period of 2009.

Exceptional Item

The exceptional item for the last corresponding period represents the write-back of a warranty provision of HK$30 million.

Taxation in Respect of Gain of Completion of Broadwood Twelve

Taxation in respect of changes in fair value of investment properties under construction up to completion of development amounting to HK$280 million for the last corresponding period comprised deferred taxation for a notional fair value gain of Broadwood Twelve. The Group has applied the amendments to HKAS 40 prospectively from 1 July 2009 as a result of which the Group's investment properties under construction, namely Broadwood Twelve, that include the leasehold land and buildings elements, have been classified as investment properties, with a notional fair value gain being recognised. The Directors consider such fair value gain up to 24 May 2010, when the Group decided to sell Broadwood Twelve flats instead of holding them for rental as originally planned, to be capital in nature, and as such should not be subject to Hong Kong Profits Tax. The Group has made such provision for deferred tax liability in respect of Broadwood Twelve solely for the compliance of the relevant accounting standard, namely HKAS 12 "Income Taxes", otherwise this will lead to non-compliance of that accounting standard.

Reversal of Taxation in Respect of Changes in Fair Value of Sold Units of Broadwood Twelve

A portion of the deferred tax provision amounting to HK$73 million attributable to Broadwood Twelve property units sold during the period under review was reversed and credited to the profit or loss upon disposal of these units.

Enterprise Income Tax of Joint Ventures of HHI

Since the tax reform in year 2008, the tax concessions for both GS Superhighway and Phase I West have been adjusted and their Enterprise Income Tax rates will increase gradually to 25%. The tax rate applicable to GS Superhighway rose from 10% to 22% in 2010, and it has risen further to 24% in 2011. The tax rate applicable to Phase I West increased from 10% to 11% in 2010 and has risen to 24% in 2011. The significant increase in the joint venture ("JV") companies' Enterprise Income Tax liabilities would inevitably affect the HHI Group's results for FY11. The tax rate for GS Superhighway and Phase I West will be stabilized at 25% from 2012 onwards until the expiry of the contractual operation periods of GS Superhighway JV and Phase I West of West Route JV. Phase II West is exempted from Enterprise Income Tax from 2010 to 2012. Its applicable tax rate from 2013 to 2015 will be 12.5%, and will be stabilized at 25% from 2016 onwards until the expiry of the contractual operation period of Phase II West of West Route JV.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company decreased by HK$792 million to HK$1,733 million, compared to the figure of HK$2,525 million during the corresponding period of 2009. This reduction was mainly due to a one-off gain of the completion of Broadwood Twelve reported in the corresponding period of 2009.

Excluding changes in the fair value of the Group's investment properties and the exceptional item, the core profit attributable to the Company's owners during the period under review was HK$576 million, an increase of HK$52 million or 10% on the figure of HK$524 million recorded in the same period of the preceding year.

DIVIDENDS AND CLOSURE OF REGISTER

DIVIDENDS

The Board has declared an interim dividend of HK45 cents per ordinary share in respect of the financial year ending 30 June 2011 (30 June 2010: HK45 cents). The interim dividend will be paid on 17 March 2011 to those shareholders as registered at the close of business on 11 March 2011.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed for one day on Friday, 11 March 2011, on which no transfer of shares 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 Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 10 March 2011.

1. Properties

A) Rental

The revenue of the Group's property letting, agency and management operations amounted to HK$321 million during the six months ended 31 December 2010. This was 10% higher than the HK$293 million reported for the same period of the previous year. Before taking any gain of completion into account, the EBIT of these operations increased by 9% to HK$208 million in period-on-period terms. The five-year compound annual growth rate of revenue and EBIT of the Group's investment properties during the first half of the financial years from FY07 to FY11 were 14% and 19% respectively.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate
	1H FY10	1H FY11	pop#	(pop#)
Hopewell Centre	85%	90%	+5%	+5%
KITEC Office	81%	81%	—	—
KITEC EMax	92%	92%	—	+23%
Panda Place	90%	94%	+4%	+5%
QRE Plaza	84%	96%	+12%	+11%
GardenEast (apartments)	81%*	96%	+15%	+9%

* GardenEast commenced operations in February 2009
# Period-on-period

Hopewell Centre

Hopewell Centre, the Group's 840,000-square-foot flagship property, had an average occupancy rate of 90% during the period under review. Its aggregate rental income increased by 12%, compared to the same period of 2009; and it achieved higher rents on renewals and new leases for both office and retail space.

The main factor responsible for the increase of its rental income was the continuous enhancement of Hopewell Centre's facilities and services, as well as its improved tenant mix. Ongoing improvements to features such as its car park, elevators and lobbies are being carried out on a rotational basis, in order to provide tenants and visitors with first-class office and retail environments and services.

A new office show flat was opened in November 2010 to keep Hopewell Centre's existing and prospective office tenants updated about the most recent and forthcoming upgrade works. The show flat also highlights the latest office provisions, such as a raised floor system, which are being introduced to maintain Hopewell Centre's competitiveness in terms of retaining tenants and attracting multi-national companies and financial institutions to move into the property.

Under "The East" brand concept, Hopewell Centre's retail section has succeeded in attracting more high-quality retailers and F&B operators. The recent signing of a new lease with Fitness First, one of the world's largest fitness corporations, has further enhanced the tenant mix of "The East". As at 31 December 2010, almost all Hopewell Centre's retail premises were let, creating a wide range of dining and shopping experiences for visitors.

QRE Plaza

QRE Plaza is a key component of "The East". Connected to Hopewell Centre and Wu Chung House via a footbridge, this 25-storey, 77,000-square-foot building boasts a wide range of dining options and unique lifestyle services. Its status is now well established as the one-stop "Quality lifestyle, Relaxation and Entertainment" hub that its name suggests.

The property achieved an average occupancy rate of 96% during the period under review. Marketing and promotional activities for "The East" have also succeeded in attracting more traffic and patrons to the property.

Wu Chung House

The Group also owns several retail outlets with a total GFA of 17,670 square feet at Wu Chung House. These form part of "The East", and they are fully let to a number of well-known retailers, thus providing the Group with rental income and complementing the trade mix of "The East".

GardenEast

Completed in September 2008, this 96,500-square-foot, 28-storey building houses 216 premium serviced apartments, plus three retail shops on its podium level. Their convenient location in the heart of Wanchai's commercial district and their outstanding reputation for service quality have enabled the GardenEast's serviced apartments to attract residents and repeat guests from around the world, especially banking, finance and investment professionals.

The average occupancy rate of the serviced apartments remained high at 96% during the period under review. Meanwhile, their average rental rate in December 2010 was around 11% higher than 12 months earlier.

The opening of a Spanish tapas wine bar on the property's ground floor in September 2010 has further enhanced the tenant mix of "The East".

"The East"

"The East" is the brand name of a dining and entertainment community that occupies a prime location in Wanchai. The concept was created and launched by the Group in December 2007, and it now encompasses a cluster of retail outlets with a total lettable floor area of approximately 273,000 square feet. These are situated at Hopewell Centre, QRE Plaza, Wu Chung House and GardenEast. As the result of well-coordinated marketing and promotional efforts, "The East" has gradually gained momentum, and it presently accommodates 27 high-profile F&B outlets, plus 33 lifestyle stores. The Group expects that the synergy created by the retail elements of the buildings concerned and the new developments currently underway in Wanchai will further enhance its rental performance in the future.

HITEC (Renamed KITEC with effect from 1 January 2011)

HITEC, a commercial and retail complex consisting of offices, convention and exhibition halls and a shopping mall known as EMax, offers unrivalled convenience and opportunities to event organisers and retail operators alike.

The office leasing market in East Kowloon remains competitive, due to the substantial supply available. HITEC has therefore focused on sharpening its competitive edge. Continuous improvement works have been carried out to provide an executive ambience for tenants and visitors. They include a brand new office entrance and lift lobby with a concierge service. The average occupancy rate of the complex's 650,000-square-foot office space was 81% during the period under review. For the period under review, HITEC's overall average occupancy rate (both retail and office) was approximately 87%. To highlight the endeavours being made to give it a fresh image, HITEC was rebranded as KITEC (Kowloonbay International Trade and Exhibition Centre) on 1 January 2011, and a new logo was introduced on the same date.

EMax, a 900,000-square-foot shopping and entertainment destination, has attracted a wide range of tenants offering F&B, pet accessories and services, home design and furniture stores, car showrooms, a bowling alley, and other retail and entertainment amenities. The Group has been carrying out a renovation programme to upgrade EMax's facilities and imbue it with a vibrant environment for shoppers, as well as to enhance its asset value. Joint promotional campaigns with tenants are being staged to promote the mall as a stylish shopping hotspot in East Kowloon. EMax's average occupancy rate was 92% during the period under review.

HITEC's comprehensive range of convention and other facilities makes it an ideal location for concerts, exhibitions, conferences, banquets, sports and other activities. Its 30,000-square-foot Star Hall has become one of the most popular performance venues in town, and it constantly hosts a wide spectrum of different types of gatherings. During the period under review, the organisers of more than 50 concerts of various sizes chose HITEC's convention venues and facilities. To promote its event business further, a new marquee designed for wedding banquets was opened in January 2011.

Panda Place

Panda Place – a 229,000-square-foot shopping mall in a convenient location in Tsuen Wan – offers a wide selection of F&B, lifestyle and entertainment choices. As the result of continuous marketing efforts and promotional events, the mall provides retailers with excellent business opportunities. Local families and hotel guests have given its new tenants and seasonal sales booths an overwhelming response. Despite intense competition between the district's shopping malls, Panda Place's average occupancy rate reached 94% during the period under review, while its total rental income was 11% higher than that for the corresponding period of 2009. Upgrading works are now underway, and a reshuffle of the tenant mix is being considered in order to increase its customer flow and rental income in the future.

B) Sales

Broadwood Twelve

Project Description

Location	12 Broadwood Road, Happy Valley, Hong Kong
Total GFA	113,900 square feet
Nature of project	Residential
Number of units	76 (including two penthouses)
Facilities	Fully equipped clubhouse, spacious landscaped gardens and car parks
Investment cost	Around HK$700 million
Status	Construction completed, sales in progress

The Group has been the driving force behind a series of luxury property developments on Broadwood Road, Happy Valley, which was a little-known narrow trail during the 1970s. Recognising its potential, the Group widened it into a standard two-way road, and afterwards developed a number of renowned luxury hillside residential projects along it.

Broadwood Twelve is the Group's latest residential development in Hong Kong. With top-quality finishes and stunning views over the racecourse and Victoria Harbour, its units are positioned as attractive luxury residences.

Sales commenced on 10 June 2010; and as of 21 February 2011, 23 or 77% of the 30 units offered for sale had been sold (of which 15 units were booked during the period under review), generating total sales proceeds of around HK$991 million (including proceeds from the sale of car-parking spaces). The average price of the units sold was HK$25,430 per square foot (based on the gross floor area as disclosed in the sales brochure) which was broadly in line with the Group's expectations. Although the residential property market's sentiment has recently been affected by the government's measures to curb speculation, their influence on end users and long-term investors is expected to be slight.

Broadwood Twelve's high-end residential units have also attracted leasing offers from large and renowned corporations, as well as individual professionals. With a view to maximizing the Group's income, seven unsold units had been leased at an average monthly rental rate of about HK$50 per square foot, as of 21 February 2011. These leased units are still available for sale.

Hopewell New Town

Project Description

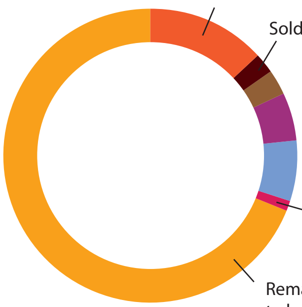
Location	Huadu, Guangzhou, the PRC
Total site area	Approx. 610,200 square metres
Total plot ratio GFA	Approx. 1.11 million square metres
Basement car park GFA	Approx. 0.38 million square metres
Nature of development	A multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities
Status	Partly developed and partly under construction

Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. Approximately 170,000 square metres of the development (made up of 104 townhouses and 1,033 apartments) had been sold and booked up to 31 December 2010. Of these, 25,000 square metres (3 townhouses and 247 apartments) were sold and booked during the period under review.

According to our plan, 80 townhouses and 448 apartments will be completed during FY12; and 41 townhouses and 336 apartments in FY13. The pre-sale schedule is to offer 448 apartments and 80 townhouses with a total plot ratio GFA of 58,000 square metres during the third quarter of 2011.

Plot ratio GFA breakdown

Approximate plot ratio GFA: 1.11 million sq.m.[N1]



Completion time	Plot ratio GFA	Pre-sale
2H FY11	33,000 sq.m.	97% already sold but not yet booked [N2]
FY12	58,000 sq.m.	3Q 2011
FY13	72,000 sq.m.	To be determined

N1: Approved as of 16 Apr 2010
N2: Units sold as of 21 Feb 2011 but not yet booked in 1H FY11
N3: Including shops 6,000 sq.m. & car park

Breakdown of Plot Ratio GFA by Type of Unit*

	Planned Completion		
(sq.m.)	**2H FY11**	**FY12**	**FY13**
Townhouse	—	23,000	12,000
Apartment	33,000	35,000	54,000
Commercial	—	—	6,000
Total	33,000	58,000	72,000

* Under current planning

Depending on the types of units (apartments or townhouses) and development phases, the sale of all the units in the entire project could generate total revenue of between RMB7 billion and RMB9 billion, based on the current average selling price of RMB6,000 to RMB8,000 per square metre. Up to 31 December 2010, the project's development cost, including land, averaged approximately RMB4,000 per square metre. Proceeds from the sale of units are expected to be sufficient to fund the development of the project's remaining phases.

The project is strategically located approximately 3 km from Baiyun International Airport in Guangzhou, and close to the highway connecting the airport with Guangzhou city centre.

C) Hospitality

Panda Hotel

The global economic recovery and the rebound in both short and long-haul visitor arrival statistics contributed to a remarkable improvement in Panda Hotel's business results and the Hong Kong tourism industry as a whole during 2010.

In the period under review, Panda Hotel's room occupancy and average room rate increased by 10 percentage points and 35% respectively, compared to the corresponding period of the previous year; and they were 1 percentage point and 12% respectively higher than in the same months in 2008. The hotel's average room occupancy rate was 90%, and its total room revenue was HK$89 million during the period under review, 51% and 12% more than in the same months of 2009 and 2008, respectively. The hotel's total revenue amounted to HK$127 million, a rise of 32% and 8% on the figures for the same months in the previous year and 2008, respectively.

The year 2011 will be another challenging one for the Panda Hotel, due to an increase in the supply of hotel rooms in Hong Kong. To maintain its competitiveness, the hotel will take various marketing initiatives and maintain its already high service quality in order to explore new potential leisure markets and MICE business. An ongoing guestroom renovation and facility-upgrading programme will continue.

The Group's restaurant and catering services business grew steadily, achieving total revenue of HK$37 million. This was 2% and 0.2% higher than the figures for the same months in 2009 and 2008, respectively.

To sustain and increase the revenue of its hospitality sector, the Group will implement flexible pricing strategies via a number of promotional campaigns. It will also expand its banqueting sales team in order to boost its income from this source.

Restaurants & Catering

The Group's restaurants and catering business consists of Hopewell Food and HITEC F&B. Its overall revenue for the period under review increased by 4% to HK$50 million, compared with the same period in 2009.

Hopewell Food

Hopewell Food operates the R66 Revolving Restaurant at Hopewell Centre and The Queen's Palace Restaurant at QRE Plaza.

R66 Revolving Restaurant

The R66 Revolving Restaurant's revenue was 18% lower than in the second half of 2009. The main reason for this decline was a renovation programme that commenced on 1 December 2010. As a result, the restaurant was operational for only five of the six months under review. However, even excluding the renovation factor, its revenue increased by 4%, compared to the same five months in 2009.

The restaurant is currently planned to reopen during the second quarter of 2011, when the renovation is completed. It will remain Hong Kong's only revolving restaurant, and therefore a major tourist attraction.

The Queen's Palace Restaurant

The outstanding quality of its cuisine and service has resulted in the Queen's Palace Restaurant being awarded a Bib Gourmand listing for the second consecutive year in the *Hong Kong Macau 2011 Michelin Guide*.

The restaurant's total revenue decreased by 2%, compared to the corresponding period in 2009. It will continue its ongoing campaigns to maintain the standards of its food and service.

HITEC F&B

The sales revenue of HITEC F&B increased by 11% during the period under review. Special tailor-made banquet menus, flexible pricing strategies, and various marketing programmes were launched to sustain the growth of its business. The Group is maintaining tight control over the operation's expenses, including its food and staff costs, and it is enhancing its speciality dinner menus and introducing customer benefits to sustain its competitive position in the market.

D) Development

Hopewell Centre II

Project Description

Location	Wanchai, Hong Kong
Total GFA	Around 101,600 square metres
Nature of Development	Primarily a conference hotel with approximately 1,024 guest rooms
Height/No. of Storeys	210 mPD/55 storeys
Planned investment	Around HK$5 billion
Status	Planning stage

The development plan for Hopewell Centre II was revised in November 2008; a revised Master Layout Plan was deposited at the Land Registry in August 2009; and the latest general building plan was approved in July 2010.

Preparations were in progress to ensure compliance with the approved conditions, and the establishment of two preparatory committees for the Hopewell Centre II Green Park and the Conservation and Revitalisation of Nam Koo Terrace were in progress. Under the current plan, Hopewell Centre II is targeted to start construction before the end of 2011 and to be completed in 2016.

A road improvement scheme, a green park open to the public, and an extensive tree-planting plan will be provided together with the project. The road improvement scheme will help to solve the area's traffic problems and enhance the safety of pedestrians, while the green park will provide a venue for public recreation and enjoyment.

As part of the Wanchai Pedestrian Walkway proposed by the Company, the project will provide a convenient pedestrian connection between the Mid-Levels Kennedy Road residential area and Wanchai MTR, via Hopewell Centre and the Lee Tung Street Project. This will increase the proximity of "The East" premises, help to integrate the Wanchai District, and create synergy between the Company's existing properties.

Lee Tung Street Project

Project Description

Location	Wanchai, Hong Kong
Project Nature	URA Project
JV partner	Sino Land Company Limited
Nature of Development	Residential, commercial and governmental/ institutional/community
Planned investment	About HK$8.3 billion (HHL's share: HK$4.15 billion)
Total site area	Approx. 88,500 square feet
Total GFA	Approx. 835,000 square feet
Residential GFA	Approx. 731,000 square feet (1,200 residential units)
Retail GFA	Approx. 86,000 square feet
Area to be handed over to URA	Approx. 18,000 square feet
Revenue sharing with URA	• Residential sales proceeds exceeding HK$6.2 billion will be shared equally between the URA and the JV • Commercial income will be shared by the URA and JV at a ratio of 40:60, respectively

The Lee Tung Street Project is a URA redevelopment project with residential, commercial and governmental/institutional/community elements. The Company and Sino Land Company Limited ("Sino") formed a 50:50 JV and won the tender in June 2009. The JV's purpose is to create synergy for the project by combining the Company's long-term presence and experience in Wanchai with Sino's strong track record in residential development, and its experience in URA projects.

The Lee Tung Street/McGregor Street area is widely known as an iconic landmark, and is full of heritage values. The project will highlight its unique and distinctive characteristics by incorporating redevelopment with heritage conservation, revitalisation, and green elements. A cluster of three historic buildings on Queen's Road East, which is a part of the project, will be revitalised as well. The project will also promote the continuous growth of Wanchai District for the benefit of the community and future generations, which is in line with the Group's sustainability strategy.

Besides revitalising the district, the project will provide a convenient pedestrian link between the Kennedy Road residential neighbourhood at the Mid-Levels and Wanchai North's commercial area. As the hub of this connection, the development's complex will form a direct and unique connection between Wanchai MTR Station and "The East". This sophisticated network of pedestrian walkways will together form the proposed Wanchai Pedestrian Walkway, which will unite and integrate various parts of Wanchai District.

Under the present plan, the JV intends to invest around HK$8.3 billion in the project. The project's residential portion is expected to be available for pre-sale in 2013. Its commercial portion is scheduled for completion in 2015, and it will further enlarge the Group's rental property portfolio. The project is also expected to create synergy between the Group's existing properties in Wanchai, which include Hopewell Centre, QRE Plaza and GardenEast, as well as the future Hopewell Centre II.

Liede Integrated Commercial (Operating Lease) Project

Project Description

Location	Zhujiangxincheng, Guangzhou's CBD, PRC
Total GFA	Around 230,000 square metres (including basement car parks)
Nature of Development	A high-quality commercial complex
Planned investment	Not less than RMB1 billion
Landlord	Guangzhou Liede Economic Company Limited
Tenant	A subsidiary wholly owned by the Company
Investment structure	Operating lease of the buildings with landlord
Status	Planning stage

Pursuant to an agreement entered into by a subsidiary of the Company and the development's landlord, Guangzhou Liede Economic Company Limited, the Company's subsidiary will be responsible for fitting out and equipping the development. Once construction work has been completed, the premises will be leased to the Company's subsidiary under an operating lease. It will pay rent to the landlord when business operations of the commercial complex commence.

The project is now at the design stage, with construction scheduled to start in the first half of 2011 and to be completed in 2015.

2. Infrastructure

A) Toll Roads – HHI

Guangdong Province's GDP surged by an impressive 12.2% in 2010. Its import and export trades also grew strongly, with the total trade amount rose by 28.4% to an all-time high. These factors have boosted demand for expressway freight transportation, thus benefiting the HHI Group's projects in Guangdong.

The PRC's automobile industry continued to prosper. The number of vehicles produced and sold reached a record of 18 million plus in 2010. China remains the world's leader in terms of domestic vehicle production and sales. In addition, the percentage figure for car ownership in Guangdong Province has been continuously increasing in double-digit terms over the past few years, reflecting consumers' rising demand for roads and expressways. Since the HHI Group's expressway projects are located in the region with the highest wealth density within the country, they will surely gain from the burgeoning demand for road transportation.

The aggregate average daily traffic volume of GS Superhighway and Phase I West increased by 14% to 426,000 vehicles during the period under review, while their aggregate average daily toll revenue increased by 8% to RMB10.58 million. Taking into account the opening of Phase II West in June 2010, the aggregate average daily traffic volume increased by 24% to 465,000 vehicles, whereas the aggregate average daily toll revenue increased by 15% to RMB11.26 million. A total of RMB2,072 million in toll revenue was collected at GS Superhighway, Phase I West and Phase II West during the first half of FY11.

GS Superhighway's average daily toll revenue grew steadily, reaching RMB10.11 million and exceeding the record previously set during FY07. Although the figure dropped slightly when temporary traffic restriction measures were in force while the 16th Asian Games were being held in Guangzhou in November 2010, it rebounded rapidly in December 2010, after the Games ended. The average daily toll revenue from Class 1 small cars using GS Superhighway continued to grow robustly, reaching a historical high of RMB4.92 million. Moreover, the growth in Guangdong Province's import and export trades boosted GS Superhighway's average daily toll revenue from Class 4 and Class 5 commercial trucks to RMB1.88 million, approaching the all-time record set during FY07.

According to recent media reports, the Guangzhou and Dongguan sections of the Coastal Expressway will commence operation by June 2011, while its Shenzhen section will be completed by 2012. The Coastal Expressway is designed to connect the ports along the eastern shore of the PRD, and will mainly serve trucks destined for them. The HHI Group will continue to monitor the Coastal Expressway's progress closely. Along with the continuous growth in car ownership in Guangdong Province, the HHI Group believes GS Superhighway will maintain its leading position as the Province's main artery.

The Guangdong Provincial Government and Hong Kong Government have been conducting studies about the feasibility of gradually increasing the number of cross-border vehicle quotas. They have also decided to conduct a pilot project at Shenzhen Bay Port, at which the owners of private cars will be allowed to apply for one-off short-term cross-border licences. This will be implemented for Hong Kong-registered cars first. The HHI Group expects the policy will effectively increase cross-border traffic, and that it will benefit GS Superhighway.

Phase II West was opened on 25 June 2010. The project cost was about RMB7,000 million, which was lower than its budget. Phase I West and Phase II West altogether form the main expressway linking Guangzhou and downtown Zhongshan. They have substantially reduced the travelling time between the two cities to approximately 30 minutes, compared to more than an hour via local roads in the past.

The synergy created by the opening of Phase II West has significantly increased the traffic volume of Phase I West, especially the number of Class 1 small cars. During the period under review, Phase I West's average daily toll revenue grew by 5% to RMB473,000, whereas revenue from Class 1 small cars rose by 31% to a record of RMB216,000. The average daily traffic of Phase I West increased by 16% to 37,000 vehicles, while the number of Class 1 small cars grew by 33% to 23,000 vehicles.

Phase II West's toll revenue and traffic volume have been rising ever since it opened in June 2010. Average daily toll revenue surged from RMB333,000 in June 2010 to RMB809,000 in December 2010. This means the cash-flow breakeven target of RMB800,000 in average daily toll revenue has already been achieved.

Construction of Phase III West has been progressing smoothly, and it is scheduled for completion by the end of 2013. When Phase III West is completed, the total length of toll expressways which the HHI Group has invested in will increase by about 20% to around 220 km. Following its first registered capital injection of RMB196 million into Phase III West in June 2010, the HHI Group injected a further RMB100 million in October 2010.

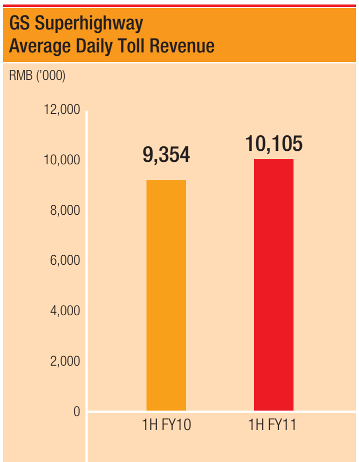
The HHI Group has responded to rising operating costs in the region by continuously adopting effective measures to control the costs and enhance the operation efficiency of the JV companies. Those already in place include promoting staff productivity, increasing energy savings, and containing the growth of administrative expenses.

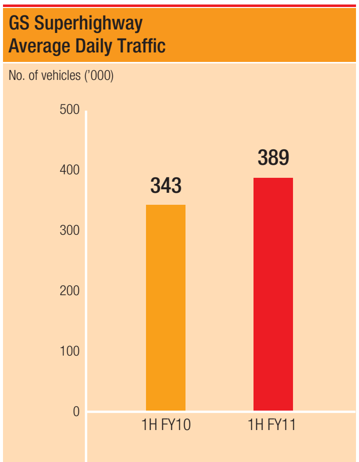
In order to support the environmental and emission reduction policies in China, the JV companies are actively studying the needs and facilities required for electric vehicles to travel on our highways.

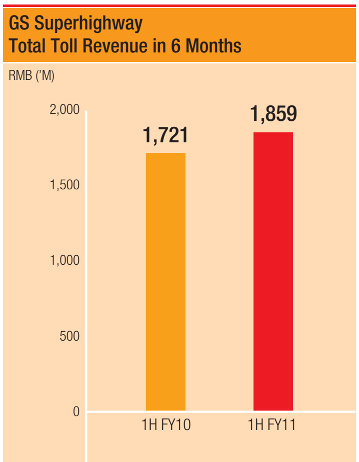
Guangzhou-Shenzhen Superhighway

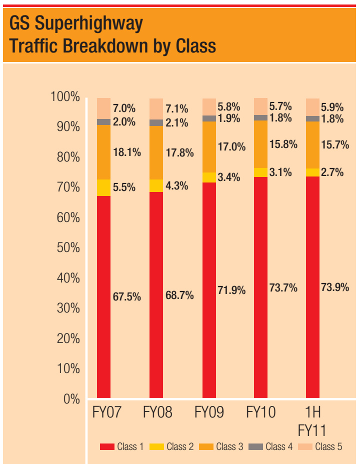
GS Superhighway is currently the only expressway that connects the four major cities of Guangzhou, Dongguan, Shenzhen and Hong Kong. It is also one of the PRC's busiest expressways. During the six months under review, its average daily toll revenue rose by 8% to RMB10.11 million, while its total toll revenue for the same period amounted to RMB1,859 million. Meanwhile, average daily traffic volume increased by 13% to 389,000 vehicles. On 30 September 2010, 524,000 vehicles used GS Superhighway, an all-time record for a single day.

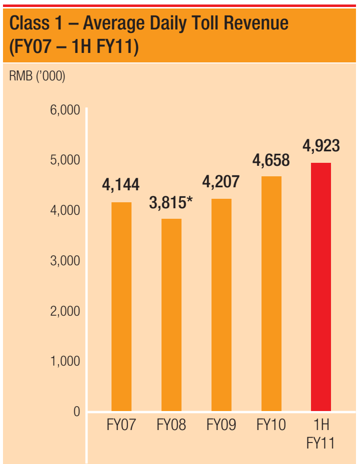
The traffic volume and toll revenue derived from Class 1 small cars both increased robustly to historically high levels during the period under review. Class 1 small cars accounted for 73.9% of the GS Superhighway's total traffic volume and 48.7% of its total toll revenue. Due to the higher proportion of Class 1 small cars; the average toll revenue per vehicle per km dropped by 1% to RMB0.93 from RMB0.94. Meanwhile, the traffic volume and toll revenue derived from Class 4 and Class 5 commercial trucks continued to rebound from FY09's trough to approach the high levels seen in FY07.

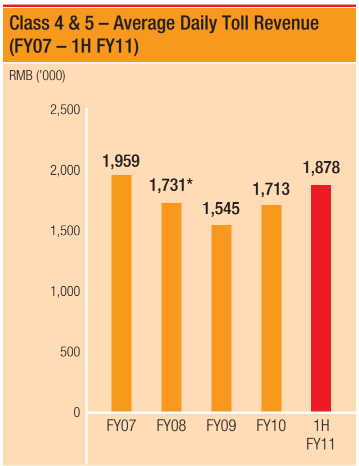












* Part of GS Superhighway closed for maintenance in phases during October 2007 to July 2008

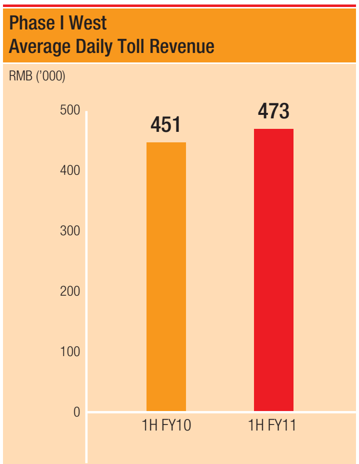
GS Superhighway currently has 39 sets of non-stop electronic toll collection ("ETC") lanes and 14 sets of automatic card-issuing lanes. The average time that vehicles spend at expressway exits and entrances for processing has been significantly reduced. The ETC and automatic card-issuing lanes have also enhanced operation efficiency and service quality, and they help to keep the number of toll collection staff needed to cope with the growing traffic volume at a reasonable level. GS Superhighway JV plans to install more ETC lanes and automatic card-issuing lanes in order to keep pace with growing traffic figures and be in line with the Guangdong Provincial Government's policy of encouraging the extensive use of Guangdong Unitoll Cards on expressways.

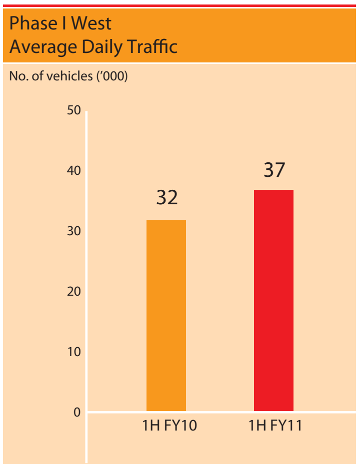
Work on widening the busier 3.5 km section between Wudianmei and Taiping interchange to provide a total of 10 lanes in dual directions began in July 2010, and it has been progressing smoothly. The 2.1 km embankment section was completed by the end of December 2010, while the remaining 1.4 km elevated section will be completed around mid 2011. All six lanes in dual directions on the section being widened were kept fully open to traffic, and its operation has not been adversely affected. The widening project will ease traffic pressure and congestion collectively built up by Hugang Expressway, Humen Bridge and GS Superhighway for certain periods during the day and will help to maintain a smooth flow of traffic all along GS Superhighway. Meanwhile, a feasibility study about widening the entire GS Superhighway to an expressway with a total of ten lanes in dual directions is being fine-tuned. When this is completed, the GS Superhighway JV will submit an application for approval by the relevant authorities.

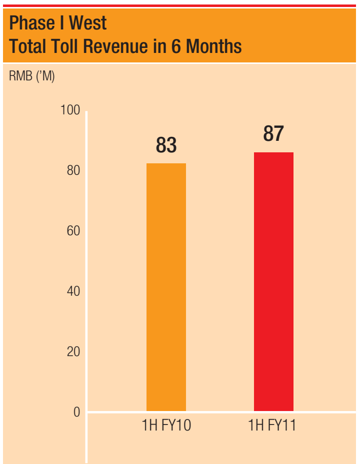
Phase I of the Western Delta Route

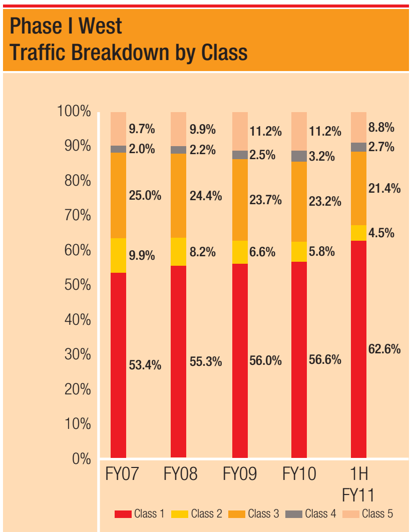
The Western Delta Route is being built in three phases. The first, Phase I West, is 14.7 km long with a total of six lanes in dual directions. It connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south.

During the period under review, despite the reopening of Sanshanxi Bridge resulting in a rediversion of certain trucks traffic from Phase I West to the Bridge, Phase I West's average daily toll revenue still increased by 5% to RMB473,000 compared to the same period in FY10. Meanwhile, its total toll revenue amounted to RMB87 million. The average daily traffic volume rose by 16% to a record level of 37,000 vehicles. Following a slight fall in toll revenue, due to temporary traffic restriction measures implemented when the 16th Asian Games were being held in Guangzhou in November 2010, its average daily toll revenue rapidly rebounded to normal levels after the Asian Games.









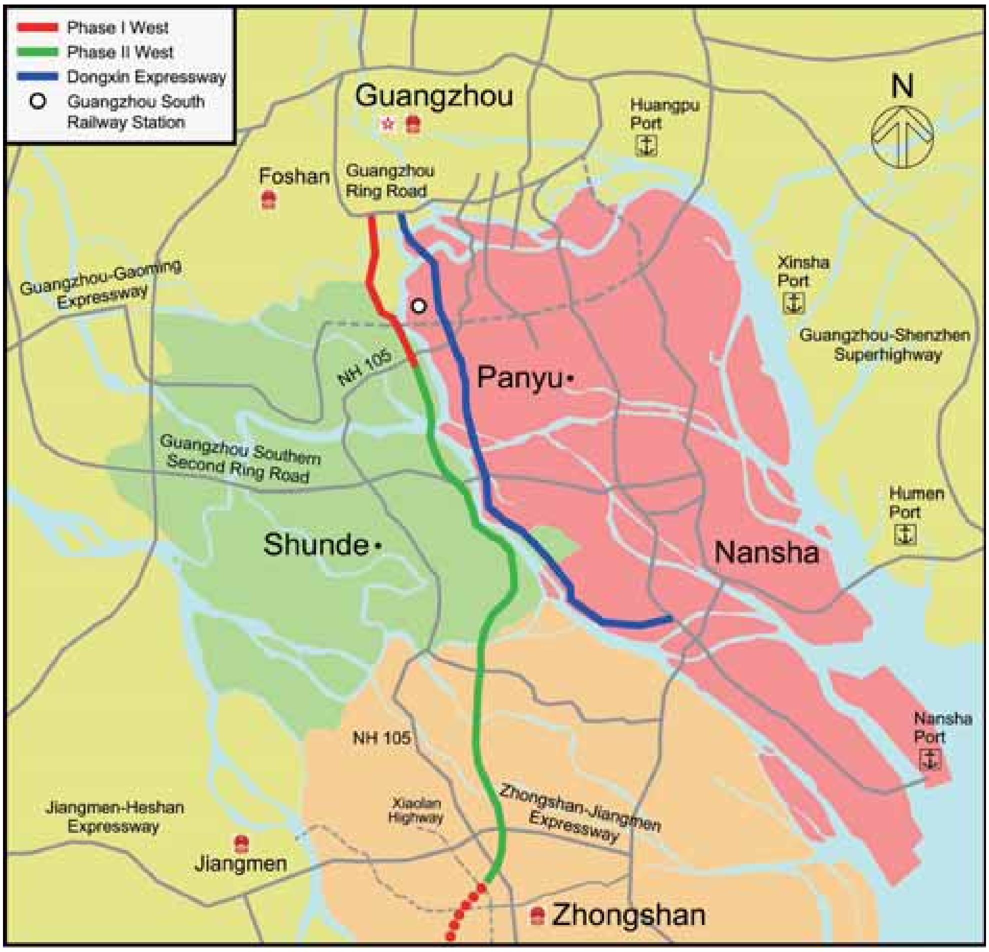
The synergy between Phase I West and Phase II West has greatly increased the number of Class 1 small cars using the former, as well as the revenue derived from them. The higher percentage of Class 1 small cars on Phase I West meant its average toll revenue per vehicle per km declined by 10%, from RMB0.96 to RMB0.87. In addition, maintenance works now in progress at Yajisha Bridge on the Guangzhou East-South-West Ring Road have meant that large trucks weighing over 15 tons have been prohibited from using a section of the expressway since January 2010 up to January 2012. This has affected the overall vehicle number of Class 5 trucks on Phase I West.

Guangzhou South Railway Station, a high-speed rail station close to Phase I West, opened in January 2010. The opening of a peripheral connecting road network between the new station and Phase I West in October 2010 means the journey between them via the Shizhou interchange now takes only a few minutes, which helps to encourage more passenger vehicles to take Phase I West.

Moreover, the Foshan First Ring Road extension link was connected to Phase I West's Bijiang interchange in November 2010. The new link and Foshan's strong ongoing economic growth will give the traffic volume and toll revenue of Phase I West and Phase II West a further boost. The toll plazas at Nanya and Bijiang interchanges on Phase I West have been expanded in readiness for the expected surge in vehicle numbers.

Dongxin Expressway, which connects regions of Guangzhou, Panyu and Nansha, opened at the end of December 2010. While it runs parallel to Phase I West, Phase I West and Phase II West connect regions of Guangzhou, Foshan, Shunde and Zhongshan. The Dongxin Expressway's impact on Phase I West was insignificant in January and February 2011.

Phase I West and Dongxin Expressway

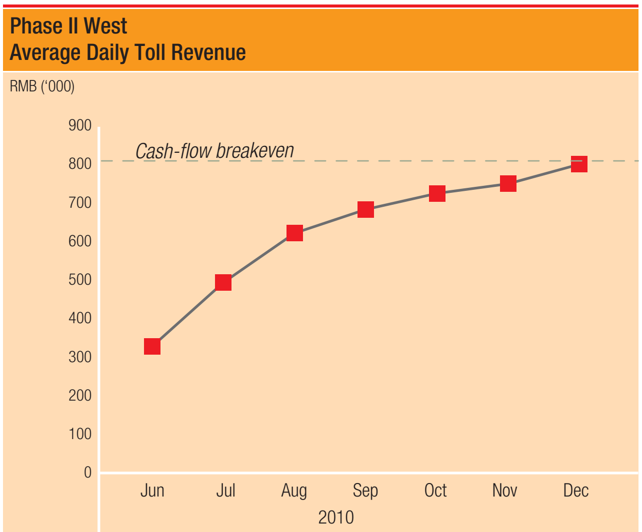


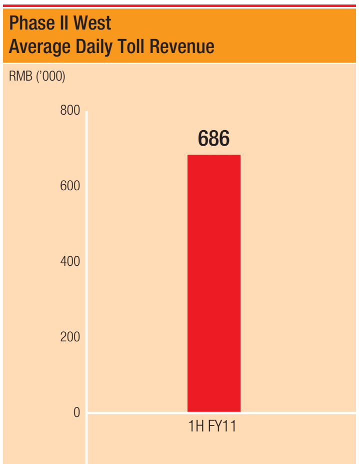
Phase II of the Western Delta Route

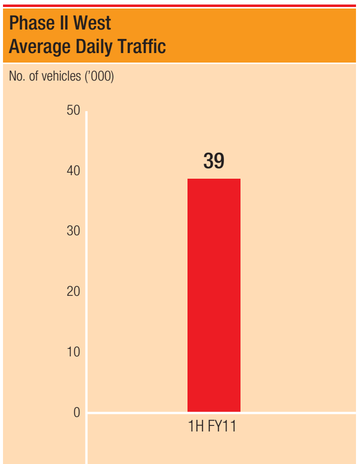
Opened on 25 June 2010, Phase II West is a 45.5 km closed expressway with a total of six lanes in dual directions. It is connected to Phase I West in Shunde to the north and Shaxi in Zhongshan to the south. It is also linked to National Highway 105 and Xiaolan Highway (which is currently under construction). Phase II West and Phase I West form the main expressway between Guangzhou and downtown Zhongshan, and they have reduced the travelling time between the two cities to approximately 30 minutes. Previously it took more than an hour via local roads.

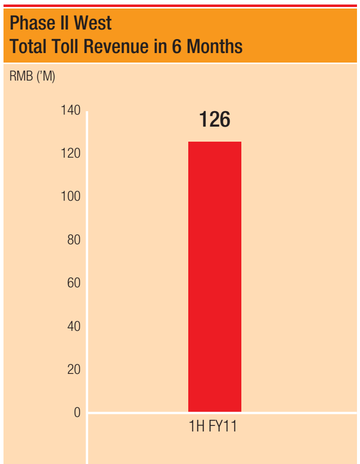
An average of 39,000 vehicles used Phase II West each day during the period under review. Its toll revenue amounted to RMB126 million, or an average of RMB686,000 a day.

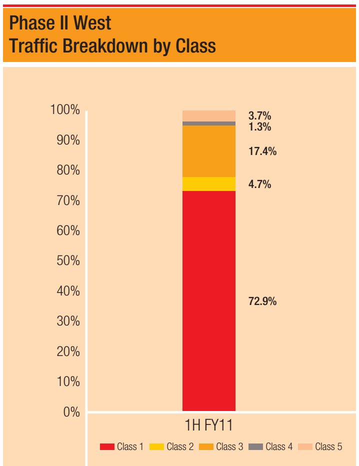
Phase II West's average daily traffic has risen from 20,000 vehicles when it opened in June 2010 to 46,000 vehicles in December 2010. Its average daily toll revenue also increased from RMB333,000 in June 2010 to RMB809,000 in December 2010. This means the cash-flow breakeven target of RMB800,000 in average daily toll revenue has already been achieved.











The network of highways connecting with Phase II West will be further enhanced in the coming few years. Guangzhou Southern Second Ring Road was opened in December 2010. It provides a direct highway connection for vehicles to and from Gaoming, Shunde and Nanhai Districts of Foshan as well as Panyu District of Guangzhou to use Phase II West. Also, the connection to Xiaolan Highway, which will be opened by the end of 2011, provides a faster link to downtown Zhongshan through the southern end of Phase II West. These further developments will strengthen Phase II West's competitive advantages.

Phase III of the Western Delta Route

Phase III West will be a closed expressway with a total of six lanes in dual directions. Approximately 38 km long, it will connect to Phase II West in Zhongshan to the north, and it will extend southwards to link with the Zhuhai highway network and offer direct access to Hengqin State-level Strategic New Zone in Zhuhai and Macau. The planned total investment for the project is currently RMB5,600 million. Construction work commenced in December 2009 and has been advancing smoothly. Phase III West is planned to be completed and to open by the end of 2013.

The relevant PRC authorities approved the HHI Group to use RMB for its injection of registered capital into the West Route JV in respect of Phase III West in June 2010. RMB196 million and RMB100 million were injected as registered capital into the West Route JV in June and October 2010, respectively. In addition, a RMB3.93 billion PRC syndicated bank loan contract for the project was signed in April 2010. Under the current plan, RMB shareholder loans are being arranged by the HHI Group for Phase III West in order to maximize the utilization of HHI's financial resources and save the finance costs of Phase III West. The first tranche of RMB100 million was provided to the West Route JV in February 2011.

The HHI Group will endeavour to expedite the construction of Phase III West. When it opens, the Western Delta Route will become the main artery of a regional expressway network along the PRD's western coast that will link Guangzhou, Foshan, Zhongshan, Zhuhai, Hengqin and Macau. It will also be directly connected with various major expressways along the route, including the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Second Ring Road, Zhongshan-Jiangmen Expressway and Western Coastal Expressway, as well as expressways linking Hengqin (China's third State-level Strategic New Zone after Shanghai's Pudong district and Tianjin's Binhai area), which is currently under development in Zhuhai, and the Hong Kong-Zhuhai-Macau Bridge. Furthermore, these expressways will form a strategic network that comprehensively covers many of the most prosperous cities on the western coast of the PRD, and they offer convenient access to Macau and Hong Kong. Completion of Phase III West will further increase the total length of toll expressways which the HHI Group has invested in by about 20% to around 220 km.

B) Power

Heyuan Power Plant

Project Description

Location	Heyuan City, Guangdong Province, PRC
Installed capacity	A coal-fired power plant with two 600MW generating units
HHL's stake	35%
JV partner	Shenzhen Energy Group
Total investment (subject to finalisation)	About RMB5.2 billion
Status	Both units are operational

Key operating data	1H FY10	1H FY11
Gross generation	3,100GWh	3,800GWh
Utilisation rate (as % of total number of hours at installed capacity) N1	67%	71%
Availability factor (as % of total number of hours) N2	96%	85%
Utilisation rate (as % of available hours at installed capacity) N3	70%	84%
Average on-grid tariff rate (excl. VAT) (RMB/MWh)	429.3	424.1
Approximate cost of coal (5500 Kcal/kg) (incl. transportation cost but excl. VAT) (RMB/ton)	612	694

N1: Utilisation rate (as % of total number of hours at installed capacity) =

$$\frac{\text{Gross generation during the period under review}}{\text{Total number of hours during the period under review X Installed capacity}}$$

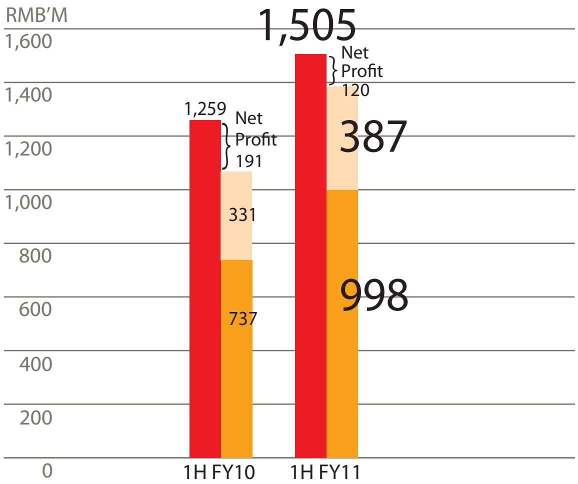
N2: Availability factor (as % of total number of hours) =

$$\frac{\text{The number of available hours for electricity generation during the period under review}}{\text{Total number of hours during the period under review}}$$

N3: Utilisation rate (as % of available hours at installed capacity) =

$$\frac{\text{Gross generation during the period under review}}{\text{The number of available hours for electricity generation during the period under review X Installed capacity}}$$

Joint Venture Level 100%



	1H FY10 RMB'M	1H FY11 RMB'M
Revenue	1,259	1,505
Coal cost	(737)	(998)
Other costs & Tax	(331)	(387)
Net profit	191	120
HHL's share*		
–Revenue	504	602
–Net profit	76	48

* Representing both HHL's effective stake of 35% and minority interest of 5% in the joint venture

Heyuan Power Plant consists of a coal-fired power plant with two 600MW generating units located in Heyuan City, Guangdong Province, PRC. Besides being one of the province's most efficient and environmentally friendly coal-fired power plants, it was also the first in China to be equipped with a desulphurised wastewater treatment system.

During its teething stages, the JV has been closely monitoring the power plant and carrying out check-ups on both its units. The long-term target is for the plant to achieve an availability factor (as a percentage of total number of hours) of 80% or above, i.e. to utilise at least 80% of the total time available for generating electricity.

The plant's financial performance is sensitive to fluctuations in the price of coal and the on-grid net sales price. Its increased utilisation rate has resulted in its revenue at JV level increasing to RMB1,505 million during the first half of FY11, which was 20% higher than the figure for the first half of FY10. Nonetheless, its net profit at JV level during the first half of FY11 fell by 37% to RMB120 million, as much of its extra revenue was offset by a rise in the price of coal. The plant's management will continue to endeavour to formulate and implement cost-control strategies and measures. The strong demand for electricity in Guangdong Province means that the Heyuan Power Plant is expected to provide the Group with relatively stable profit contributions.

Wind Power

As mentioned in previous reports, the Group is actively developing its own technology for large-scale vertical-axis wind turbines, in recognition of the ongoing and consistently strong global demand for clean renewable electricity. The design of the small experimental turbine it has already built in Yangjiang, Guangdong Province, is now being refined and its technology is being further developed in order to pave the way for construction of a new version and a larger prototype in the future.

PROSPECTS

Generally speaking, the global real economy remains fragile; yet local financial market conditions, particularly low interest rates, are favourable to investors all the more. It remains doubtful whether the various "quantitative easing" measures that have been implemented in the United States can achieve their intended results. The member countries of the European Union are devising long-term tax measures and fiscal policies in response to the region's persistent sovereign debt crisis. The global economic recovery is therefore likely to be slow.

On the other hand, the PRC economy is being driven by investment in fixed assets and unparalleled growth in domestic consumption, and economic growth is expected to remain at a relatively high level in 2011. The Hong Kong retail market is being continuingly boosted by shoppers from the Mainland, and this trend is set to continue. The effects of the Hong Kong Government's recent measures to cool down the residential property market seem to be fading away gradually. Meanwhile, the commercial sector is expected to remain robust, with the overall vacancy rate consistently declining and the financial sector rebounding.

Up to 21 February 2011, 23 or 30% of the residential units at the Group's Broadwood Twelve development had been sold. The Government's measures aimed at cooling down the property market, including the implementation of new stamp duties, have influenced sentiment in some sectors of the property market. Nevertheless, market sentiment concerning high-end residential developments targeted at end users and long-term investors remains healthy, and the volume of transactions is robust. Both the Hopewell Centre II Project and the Lee Tung Street Project are making satisfactory progress, and the Group will continue to monitor them closely. The southern Wanchai area will be renewed and revitalised when these two major projects are completed in 2016. To achieve stable returns on its property portfolio, the Group will strive to maximise its value by strengthening its asset management team. It will also embark on new asset enhancement works that will encompass repartitioning, trade mixes, customer services and promotional activities.

As an RMB-based company, HHI will continue to explore other ways to match receipts and payments in RMB. As momentum in the growth of traffic continues, Phase II West has already achieved its cash-flow breakeven target during the period under review.

As the Group makes efforts to expedite the property and toll road projects it is currently developing, it will simultaneously continue to identify and evaluate new investment opportunities that will add value to its businesses and create synergy for their sustained development.

Liquidity and Financial Resources

As at 31 December 2010, the cash balance and available committed banking facilities of HHL and its subsidiaries (excluding the HHI Group*) were as follows:

HK$ million	30.06.2010	31.12.2010
Cash	994	**1,337**
Available Committed Banking Facilities	12,850	**12,850**
Cash and Available Committed Banking Facilities	13,844	**14,187**

The Group expects its strong financial resources will be sufficient to meet the funding requirements of its current projects under development. It is presently planned that a total amount, but not including land premium payment, of approximately HK$4 billion will be spent in FY11 to FY13.

* As at 31 December 2010, the HHI Group (consisting of HHI and its subsidiaries but not including its JVs) had a cash balance of RMB3,145 million, equivalent to HK$3,708 million (30 June 2010: RMB2,158 million, equivalent to HK$2,475 million). Taking into account the RMB corporate bonds valued at RMB1.38 billion raised by HHI in July 2010, HHI Group had net cash of RMB1,765 million, equivalent to HK$2,081 million, at corporate level.

Maturity Profile of Major Available Undrawn Committed Banking Facilities

	Maturity Date
HK$5,350 million syndicated loan	June 2011
HK$7,000 million syndicated loan	September 2014

The above facilities were undrawn throughout the period under review. The Group also had available undrawn uncommitted banking facilities amounting to HK$502 million, as at 31 December 2010 (30 June 2010: HK$502 million).

HHI successfully issued two-year RMB corporate bonds with a total value of RMB1.38 billion to institutional investors on 13 July 2010, thereby becoming the first non-financial institution to issue RMB bonds in Hong Kong. The interest costs of RMB bonds issued in Hong Kong are lower than the interest costs of PRC bank loans of the same maturity. The bond issue also opened up new financing channels for the HHI Group. Under the current plan, RMB shareholder loans are being arranged by the HHI Group for Phase III West in order to maximize the utilization of HHI's financial resources and save the finance costs of Phase III West. The first tranche of RMB100 million was provided to the West Route JV in February 2011.

The People's Bank of China raised interest rates twice during the period under review. This has resulted in an increase in the finance costs of both existing and future RMB loans to JV companies that are proportionately shared by the HHI Group (which account for around 41% of the HHI Group's total loans as at 31 December 2010).

The Group's financial position remains strong. With its net cash balance on hand and available undrawn banking facilities, the Group has sufficient financial resources for its recurring operating activities, and its present and potential future investment activities.

Treasury Policies

The Group maintains prudent and conservative treasury policies. Their objectives are to minimise finance costs and optimise the return on financial assets.

The HHI Group's treasury yield improved significantly during the period under review. Since most of its cash balances are denominated in RMB, they earned higher bank deposit interest yield than HKD. In fact, the yield substantially increased to 1.7%, compared to 0.2% for the same period in 2009. The HHI Group will continue to reinforce its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

The Group did not have any hedging arrangements to hedge its exposure to interest or exchange rates during the period under review. However, the Group will continue to monitor these forms of risk exposure closely from time to time.

The Group generally places all its cash in short-term deposits that are denominated mainly in HKD and RMB. The Group did not invest in any accumulator, equity-linked note or other financial derivative instruments during the period under review.

Project Commitments

Details of the project commitments are set out in note 20 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities are set out in note 21 to the condensed consolidated financial statements.

Charges on Assets

As at 31 December 2010, none of the Group's assets was pledged to secure any loans or banking facilities.

Material Acquisition or Disposal

There was no material acquisition or disposal during the period.

The Group's endeavours to promote sustainability have been well recognised during the past six months. Hopewell Holdings Limited was selected as a constituent stock of the newly launched Hang Seng Corporate Sustainability Index in July 2010, which made an encouraging start to this year's sustainability programme. HHL, among the top 150 Hong Kong listed companies by market value, is one of the 30 highest-rated companies in a sustainability assessment that encompassed environmental, social and corporate governance performance.

At subsidiary level, the Group's wholly owned Panda Hotel became the first hotel in Hong Kong to receive a Hong Kong Character Company Award 2010, in recognition of its tireless efforts to safeguard consumer benefits, industry ethics, trustworthiness, staff benefits, social responsibility and environmental protection. The awards were jointly organised by Hong Kong Character City, Shue Yan University and *HappyMen Lifestyle Magazine*.

A formal Sustainability Steering Committee with clear terms of reference and consisting of directors and senior managers has been jointly established by the Company and HHI. The committee, comprising a minimum of five members of the senior management of the Company and HHI, will set future directions and formulate initiatives related to sustainability issues across the Group. It will serve as an important driver of the Group's corporate governance initiatives, as well as corporate social responsibility (CSR) programmes in the three core areas of community, environment and employees.

Corporate Governance

The Company is strongly committed to the principles and practices of good corporate governance, which it regards as a vital element in ensuring its continued success. This commitment is best illustrated by the appointment of Mr. Sunny TAN as an additional independent non-executive director ("INED") on its Board during the period under review. Mr. TAN's appointment raises the number of INEDs serving on the Board to four and their percentage of the Board's membership to almost 30%. INEDs not only bring affirmative and objective views to the Board, they also further enhance the Company's corporate governance standards.

In November 2010, Sir Gordon WU, the Board's Chairman, was awarded the Lifetime Achievement Award in the 9th CNBC Asia Business Leaders Awards presented by CNBC, the world-renowned leader in business news to honour his vision and management abilities, which have helped to steer the Company successfully, both regionally and in the global marketplace.

In November 2010, Mr. Thomas WU, the Company's Managing Director, received the Director of the Year Award 2010. These annual awards are organised by the Hong Kong Institute of Directors to recognise outstanding boards and directors who possess good leadership skills and qualities, and who demonstrate efforts to uphold corporate governance principles and business ethics.

Led by its renowned and capable leaders, the Company's Board will certainly maintain a high degree of transparency and a high level of corporate governance practices, and the Company will doubtless maintain its competitive edge in the market.

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 Listing Rules.

Corporate Social Responsibility

When planning its CSR programmes, the Company takes into consideration the interactions between its business operations, business partners, stakeholders and the community. It endeavours to capitalise on its business strengths and integrate its CSR efforts with its business operations. This approach allows it to amplify the benefits its programmes create for the community, and helps to ensure that the resources it allocates for this purpose produce the most effective results.

Caring for the Community

During the past six months, the Group showed its concern for the community by supporting activities initiated by NGOs, as well as by developing its own community programmes.

Recognising its deep roots in Wan Chai, the Group inaugurated the QRE Festival in November 2010. This ran for seven consecutive weeks and included a variety of events, such as an electric vehicle exhibition and wedding carnival. Apart from promoting the Queen's Road East area, the festival aimed to showcase the theme of the 2010 Wan Chai Festival, "Love and Harmony – the Power of Family" and foster goodwill within the community. The brand-new event also helped to keep local residents and visitors abreast of the changes taking place along Queen's Road East, which is fast becoming a big melting pot with a mixture of races and cultures, as well as traditional and modern elements. To share its fun with a broader audience, people with mental disabilities and children and parents who are served by NGOs were invited to join in the festival's events.

As an integral part of its ongoing support for local community activities, the Group offered venues free of charge for nearly 90 community and charitable events held at its properties during the period under review.

In addition, the Group continued to make donations and provide sponsorships to various organisations, including the Community Chest, St. James' Settlement, Heung Yee Kuk New Territories, and the Hong Kong Juvenile Diabetes Association.

The Group's employees played an increasingly active role in its CSR efforts. With the management's strong support, they participated in a variety of community initiatives, such as the Community Chest Dress Special Day and Love Teeth Day, and the Fun Fun Red Décor Day of Hong Kong Red Cross. Employees were also encouraged to engage in voluntary work, including participating in charity flag days and charity raffle ticket sales, organising a children's Christmas party and visiting the elderly.

Caring for the Environment

The Group upheld its progressive approach to promoting environmental initiatives, and it leveraged on opportunities provided by its businesses to build a greener community.

As a pioneer in using and promoting electric vehicles (EVs), the Group had installed more than 40 EV chargers in properties it owns or manages by the end of 2010. To help popularise EVs further, it offers free parking and charging services to EV users in the public car parks at Hopewell Centre, HITEC and Panda Place. The Group will continue to identify appropriate sites for installing more EV chargers, in order to give motorists easier access to such facilities.

Since November 2010, the Group's hospitality outlets in HITEC and Panda Hotel as well as outlets at BP International, a hotel managed by the Group, have adopted a new food waste collection and recycling scheme. The food waste collected at these three sites is recycled into feed for dogs, fish and other livestock, thereby reducing its impact on the environment.

Rigorous efforts have been spent on reviewing the Group's existing facilities and monitor their energy consumption, with a view to identifying further energy saving opportunities. Various green initiatives were implemented to reduce energy consumption, such as replacing spotlights in common areas with LED lamps, upgrading passenger lifts, and adjusting the operating hours and modes of lighting in common areas and offices. Other workplace energy saving measures, including collecting and recycling paper, were also carried out in the Group's offices.

In the pursuit of cleaner energy, the Group continued to develop its own large-scale vertical-axis wind-turbine technology to meet the world's continuous and consistently strong demand for clean, renewable electricity. The design of a small experimental turbine it has already built in Yangjiang, Guangdong Province, is now being refined and its technology is being further developed in order to pave the way for the construction of a new version and a larger prototype in the future.

Caring for Employees

During the past six months, the Group has made every effort to support the development of its employees' talents, enhance communication with them, reinforce occupational health and safety awareness, and promote work-life balance.

To these ends, the HH Social Club has been established as an informal organisation that engages the Group's staff members in a variety of CSR, voluntary, sports and recreational activities. The Club's vision is to nurture a cohesive and sustainable workforce that will grow with the Group.

Renovation of the Group's offices on various floors at Hopewell Centre has been completed, offering those who work in them an enhanced and spacious working environment.

To nurture a new generation of management talents, the Group has launched a 24-month Management Trainee Programme. A variety of training workshops have also been conducted for employees with identified development needs. They cover topics like business Mandarin, performance-indicator setting and computer skills. Tuition allowances and on-the-job training are also made available.

The property management team has launched programmes such as mentoring scheme, best staff award programme, and "Happy Friday Casual Talk" to facilitate cross-team communication and strengthen employee relations at every level.

Another integral part of the Group's employee care programme is the organisation of various company-sponsored activities, including bowling competitions, outings, dinner gatherings, staff birthday parties, and Christmas parties. All these serve to encourage work-life balance and interaction between employees outside working hours.

Review of Interim Results

The unaudited interim results of the Group for the six months ended 31 December 2010 have been reviewed by the Audit Committee and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2010, 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 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 pursuant to the Model Code were as follows:

(A) the Company(i)

	Shares						
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests(ii) (interests of controlled corporation)	Other interests	Underlying shares of equity derivatives(iv)	Total Interests	% of issued share capital
Sir Gordon WU	74,683,240	24,920,000(v)	111,650,000(vi)	30,680,000(iii)	—	241,933,240(ix)	27.60
Eddie Ping Chang HO	27,008,000	1,366,000	70,000	—	—	28,444,000	3.24
Thomas Jefferson WU	26,900,000	—	—	—	—	26,900,000	3.07
Josiah Chin Lai KWOK	1,275,000	—	—	—	—	1,275,000	0.15
Henry Hin Moh LEE	5,104,322	—	—	—	—	5,104,322	0.58
Guy Man Guy WU	2,645,650	—	—	—	—	2,645,650	0.30
Lady WU	24,920,000	125,143,240(vii)	61,190,000(viii)	30,680,000(iii)	—	241,933,240(ix)	27.60
Linda Lai Chuen LOKE	—	1,308,981	—	—	—	1,308,981	0.15
Albert Kam Yin YEUNG	250,000	—	—	—	—	250,000	0.03
Eddie Wing Chuen HO Junior	608,000	—	—	—	—	608,000	0.07
Lee Yick NAM	90,000	—	—	—	—	90,000	0.01
William Wing Lam WONG	150,000	—	—	—	288,000	438,000	0.05

Notes:

(i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.

(ii) The corporate interests were beneficially owned by companies 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 their general meetings.

(iii) The other interests in 30,680,000 shares represented the interests held by Sir Gordon WU jointly with his wife Lady 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 24,920,000 shares represented the interests of Lady WU.

(vi) The corporate interests in 111,650,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (viii) and 400,000 shares held through a corporation controlled by a trust set up by Sir Gordon WU.

(vii) The family interests in 125,143,240 shares represented the interests of Sir Gordon WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations and 400,000 shares held through a corporation controlled by a trust set up by Sir Gordon WU.

(viii) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.

(ix) Sir Gordon WU and Lady WU were deemed under the SFO to have same interests with each other.

(B) Associated Corporation

HHI

Directors	HHI Shares Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under18)	Corporate interests[i] (interests of controlled corporation)	Other Interests	Total Interests	% of issued share capital
Sir Gordon WU	13,717,724	5,244,000[ii]	21,249,999[iii]	6,136,000[iv]	46,347,723[viii]	1.56
Eddie Ping Chang HO	4,751,000	275,000	14,000	–	5,040,000	0.17
Thomas Jefferson WU	14,000,000	–	–	–	14,000,000	0.47
Josiah Chin Lai KWOK	127,500	–	–	–	127,500	0.00
Henry Hin Moh LEE	789,960	–	–	–	789,960	0.03
Guy Man Guy WU	264,565	–	–	–	264,565	0.01
Lady WU	5,244,000[v]	22,729,725[vi]	12,237,998[vii]	6,136,000[iv]	46,347,723[viii]	1.56
Linda Lai Chuen LOKE	–	130,898	–	–	130,898	0.00
Albert Kam Yin YEUNG	29,000	–	–	–	29,000	0.00
Eddie Wing Chuen HO Junior	60,800	–	–	–	60,800	0.00
Lee Yick NAM	9,000	–	–	–	9,000	0.00
William Wing Lam WONG	15,000	–	–	–	15,000	0.00
Leo Kwok Kee LEUNG	200,000	–	–	–	200,000	0.01

Notes:

(i) These HHI Shares were beneficially owned by companies 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 their general meetings.

(ii) The interests in 5,244,000 HHI Shares were interests held by Lady WU.

(iii) The corporate interests in 21,249,999 HHI Shares held by Sir Gordon WU included the corporate interests in 12,237,998 HHI Shares referred to in Note (vii).

(iv) The other interests in 6,136,000 HHI Shares represented the interests held jointly by Sir Gordon WU and Lady WU.

(v) The interests in 5,244,000 HHI Shares were personal interests beneficially owned by Lady WU and represented the same block of shares in Note (ii).

(vi) The family interests in 22,729,725 HHI Shares represented the interests of Sir Gordon WU. This figure included 9,012,001 HHI Shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 12,237,998 HHI Shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.

(viii) Sir Gordon WU and Lady WU were deemed under the SFO to have same interests with each other.

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

Save as aforesaid, as at 31 December 2010, 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 1 November 2003. The 2003 Share Option Scheme will expire on 31 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 31 December 2010 were as follows:

			Number of share options						
	Date of grant	Exercise price per share (HK$)	Outstanding at 01/07/2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31/12/2010	Exercise period	Closing price before date of grant falling within the period (HK$)
Director									
William Wing Lam WONG	10/10/2006	22.44	288,000	—	—	—	288,000	01/11/2007 –31/10/2013	N/A
Employees	10/10/2006	22.44	5,272,800	—	238,500	35,200	4,999,100	01/11/2007 –31/10/2013	N/A
Employees	15/11/2007	36.10	4,572,800	—	—	268,800	4,304,000	01/12/2008 –30/11/2014	N/A
Employees	24/07/2008	26.35	1,388,000	—	—	320,000	1,068,000	01/08/2009 –31/07/2015	N/A
Employees	11/03/2009	21.45	1,344,000	—	75,600	102,400	1,166,000	18/03/2010 –17/03/2016	N/A
Total			**12,865,600**	**—**	**314,100**	**726,400**	**11,825,100**		

No options were cancelled during the period ended 31 December 2010.

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by the employees during the period was HK$24.87.

The options granted on 10 October 2006, 15 November 2007, 24 July 2008 and 11 March 2009 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 10 October 2006	
20% of options granted	01/11/2007–31/10/2008
40%* of options granted	01/11/2008–31/10/2009
60%* of options granted	01/11/2009–31/10/2010
80%* of options granted	01/11/2010–31/10/2011
100%* of options granted	01/11/2011–31/10/2013
Granted on 15 November 2007	
20% of options granted	01/12/2008–30/11/2009
40%* of options granted	01/12/2009–30/11/2010
60%* of options granted	01/12/2010–30/11/2011
80%* of options granted	01/12/2011–30/11/2012
100%* of options granted	01/12/2012–30/11/2014
Granted on 24 July 2008	
20% of options granted	01/08/2009–31/07/2010
40%* of options granted	01/08/2010–31/07/2011
60%* of options granted	01/08/2011–31/07/2012
80%* of options granted	01/08/2012–31/07/2013
100%* of options granted	01/08/2013–31/07/2015
Granted on 11 March 2009	
20% of options granted	18/03/2010–17/03/2011
40%* of options granted	18/03/2011–17/03/2012
60%* of options granted	18/03/2012–17/03/2013
80%* of options granted	18/03/2013–17/03/2014
100%* of options granted	18/03/2014–17/03/2016

* Including those not previously exercised

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 16 July 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16 July 2003 (the ″HHI Option Scheme″). The HHI Option Scheme will expire on 15 July 2013.

(b) Details of the movement of share options under the HHI Option Scheme during the period ended 31 December 2010 were as follows:

			Number of HHI share options						
	Date of grant	Exercise price per share (HK$)	Outstanding at 01/07/2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31/12/2010	Exercise period	Closing price before date of grant falling within the period (HK$)
Employees of HHI	17/10/2006	5.858	4,440,000	—	—	—	4,440,000	01/12/2007 –30/11/2013	N/A
Employees of HHI	19/11/2007	6.746	360,000	—	—	—	360,000	01/12/2008 –30/11/2014	N/A
Employees of HHI	24/07/2008	5.800	400,000	—	—	—	400,000	01/08/2009 –31/07/2015	N/A
Total			**5,200,000**	**—**	**—**	**—**	**5,200,000**		

No options were cancelled during the period ended 31 December 2010.

The options granted on 17 October 2006, 19 November 2007 and 24 July 2008 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 17 October 2006	
20% of options granted	01/12/2007–30/11/2008
40%* of options granted	01/12/2008–30/11/2009
60%* of options granted	01/12/2009–30/11/2010
80%* of options granted	01/12/2010–30/11/2011
100%* of options granted	01/12/2011–30/11/2013
Granted on 19 November 2007	
20% of options granted	01/12/2008–30/11/2009
40%* of options granted	01/12/2009–30/11/2010
60%* of options granted	01/12/2010–30/11/2011
80%* of options granted	01/12/2011–30/11/2012
100%* of options granted	01/12/2012–30/11/2014
Granted on 24 July 2008	
20% of options granted	01/08/2009–31/07/2010
40%* of options granted	01/08/2010–31/07/2011
60%* of options granted	01/08/2011–31/07/2012
80%* of options granted	01/08/2012–31/07/2013
100%* of options granted	01/08/2013–31/07/2015

* Including those not previously exercised

Share Awards of the Company

(A) The HHL Award Scheme was adopted by the Board on 25 January 2007 (''HHL Adoption Date''). Unless terminated earlier by the Board, the HHL Award Scheme shall be valid and effective for a term of 15 years commencing on the HHL Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHL Adoption Date. A summary of some of the principal terms of the HHL Award Scheme is set out in (B) below.

(B) The purpose of the HHL Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

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

(C) During the period under review, cash dividend income amounting to HK$39,960 (2009: HK$43,056) had been received in respect of the shares held upon the trust for the HHL Award Scheme and shall form part of the trust fund of such trust. The trustee may apply such cash for the purchase of share which shall become returned shares for the purpose of the HHL Award Scheme, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash to the Company, as the trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the Remuneration Committee of the Board.

(D) There were no awarded shares granted or outstanding during the six months ended 31 December 2010.

Share Awards of HHI

(A) The HHI Award Scheme was adopted by the HHI Board on 25 January 2007 (''HHI Adoption Date''). Unless terminated earlier by HHI Board, the HHI Award Scheme shall be valid and effective for a term of 15 years commencing on the HHI Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHI Adoption Date. A summary of some of the principal terms of the HHI Award Scheme is set out in (B) below.

(B) The purpose of the HHI Award Scheme is to recognize the contributions by certain employees (including without limitation employees who are also directors) of HHI Group and to give incentive in order to retain them for the continual operation and development of HHI Group and to attract suitable personnel for further development of HHI Group.

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

(C) There were no awarded shares granted or outstanding during the six months ended 31 December 2010 and accordingly no dividend income was received in respect of shares held upon the trust for the HHI Award Scheme (2009: Nil) during such period.

Substantial Shareholder

As at 31 December 2010, to the best knowledge of the Directors, the interests of persons (other than Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of shares (corporate interests)	% of issued share capital
Commonwealth Bank of Australia	Interests of controlled corporations	87,638,000	10.00%

The above interests in the shares of the Company held by substantial shareholder were long positions.

Save as disclosed above and under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", the Company has not been notified of any other interests 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 as at 31 December 2010.

Purchase, Sale or Redemption of Securities

There were no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company during the six months ended 31 December 2010.

Employees and Remuneration Policies

As at 31 December 2010, the Group had approximately 1,295 employees. It offered competitive remuneration packages which were fixed and determined with reference to the prevailing salary levels in the market and individual performance. The Group operated share option and share award schemes for eligible employees to provide incentive to the participants for recognizing their contribution and continuing efforts. Discretionary bonuses would be granted to employees subject to individual performance as well as the business performance of the Group. The Group provided medical insurance coverage to all staff members and offered personal accident insurance to senior staff.

On top of offering competitive remuneration packages, 5-day work arrangement was initiated since March 2010, to release employees' work pressure, provide them more time to enjoy family life and increase their flexibility for self development. The Group also invested in human capital development by providing relevant training programs to enhance employee productivity. In 2010, the Group hired 4 potential graduates under a 24-month Management Trainee Program. They will be equipped with the essential business knowledge and management skills through the thoughtfully planned job rotations within our core-business units and corporate offices.

The Group's training programs are designed and tailored after taking into account employees' knowledge and skill gaps identified during performance appraisals. The overall training objectives are to enhance employees' personal productivity and to identify their individual interest for preparing their future roles and thereby contribute to the business success. In addition to formal training programs, the Group also provides a comprehensive training and self-learning opportunities such as on-the-job training, seminars and educational sponsorship to relevant employees.

Model Code for Securities Transactions

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

Disclosure under Chapter 13 of the Listing Rules

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

Change in Information of Directors

As disclosed in the Annual Report for the year ended 30 June 2010, Mr. Guy Man Guy WU and Mr. Lee Yick NAM, Independent Non-executive Directors of the Company, and Mr. Carmelo Ka Sze LEE, Non-executive Director of the Company, being members of a special task force formed to review and opine on the findings of a consultancy firm engaged jointly by the Company and HHI to conduct a review of the management model of the corporate functions of the Group and HHI Group, are entitled to an extra emolument of HK$10,000 for each special task force meeting attended. A total of three special task force meetings were held during the six months ended 31 December 2010 and each of the aforementioned Directors attended to meetings is entitled to an extra emolument of HK$30,000.

Mr. Thomas Jefferson WU, Managing Director of the Company, was appointed as a member of the Heilongjiang Provincial Committee of the 10th Chinese People's Political Consultative Conference with effect from January 2011.

Save as disclosed above and upon specific enquiry by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

On behalf of the Board
Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 24 February 2011

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF HOPEWELL HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 47 to 65, which comprises the condensed consolidated statement of financial position of Hopewell Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 December 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 February 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	Notes	Six months ended 31.12.2009 HK$'000 (unaudited)	31.12.2010 HK$'000 (unaudited)
Turnover	3	538,477	**723,416**
Cost of sales and services		(259,373)	**(345,213)**
		279,104	**378,203**
Other income	4	11,464	**52,829**
Selling and distribution costs		(27,111)	**(71,697)**
Administrative expenses		(134,855)	**(151,190)**
Other expenses		(1,067)	**(2,549)**
Gain on disposal of investment properties		—	**60,970**
Gain arising from changes in fair value of investment properties under construction up to completion of development		1,696,300	**—**
Gain arising from changes in fair value of completed investment properties		665,335	**1,298,180**
Write back of warranty provision	21(a)	30,093	**—**
Finance costs	5	(18,000)	**(37,441)**
Share of profits of			
Jointly controlled entities	6	647,224	**614,685**
Associates		763	**1,659**
Profit before taxation		3,149,250	**2,143,649**
Income tax expense	7	(454,045)	**(245,660)**
Profit for the period		2,695,205	**1,897,989**
Other comprehensive income:			
Exchange differences arising on translation of financial statements of subsidiaries and jointly controlled entities		11,599	**281,585**
Gain (loss) arising from changes in fair value of available-for-sale investments		4,829	**(1,211)**
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments		—	**(6,953)**
Other comprehensive income for the period		16,428	**273,421**
Total comprehensive income for the period		2,711,633	**2,171,410**
Profit for the period attributable to:			
Owners of the Company		2,524,689	**1,733,353**
Non-controlling interests		170,516	**164,636**
		2,695,205	**1,897,989**
Total comprehensive income attributable to:			
Owners of the Company		2,537,769	**1,932,960**
Non-controlling interests		173,864	**238,450**
		2,711,633	**2,171,410**
		HK$	HK$
Earnings per share	8		
Basic		2.87	**1.98**
Diluted		2.87	**1.98**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	30.6.2010 HK$'000 (audited) (restated)	31.12.2010 HK$'000 (unaudited)
ASSETS			
Non-current Assets			
Investment properties	10	10,582,471	**11,747,028**
Property, plant and equipment	10	796,997	**827,792**
Properties under development		863,836	**926,783**
Interests in jointly controlled entities	11	7,038,032	**7,572,569**
Interests in associates		26,616	**28,075**
Loan receivable		2,327	**1,905**
Available-for-sale investments		26,847	**3,196**
Amounts due from jointly controlled entities	12	1,600,126	**1,627,098**
Bank deposit	13	—	**353,700**
		20,937,252	**23,088,146**
Current Assets			
Inventories		17,189	**18,048**
Stock of properties			
Under development		446,720	**494,649**
Completed		44,210	**42,218**
Trade and other receivables	14	174,217	**412,661**
Deposits and prepayments		39,901	**69,730**
Bank balances and cash held by:	15		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		994,060	**1,336,873**
Hopewell Highway Infrastructure Limited and its subsidiaries ("HHI Group")		2,474,859	**3,354,583**
		4,191,156	**5,728,762**
Assets classified as held for sale (Broadwood Twelve)		3,050,000	**2,640,500**
		7,241,156	**8,369,262**
Total Assets		28,178,408	**31,457,408**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2010

	Notes	30.6.2010 HK$'000 (audited) (restated)	31.12.2010 HK$'000 (unaudited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	16	2,190,673	**2,191,458**
Share premium and reserves		20,502,301	**21,969,683**
Equity attributable to owners of the Company		22,692,974	**24,161,141**
Non-controlling interests		2,610,483	**2,710,546**
Total Equity		25,303,457	**26,871,687**
Non-current Liabilities			
Warranty provision	21(a)	53,966	**53,966**
Deferred tax liabilities		1,739,223	**1,910,978**
Amount due to a minority shareholder of a subsidiary		63,942	**64,981**
Corporate bonds	17	—	**1,627,020**
		1,857,131	**3,656,945**
Current Liabilities			
Trade and other payables	18	439,038	**461,185**
Rental and other deposits		478,453	**389,513**
Amounts due to associates		9,533	**10,265**
Amount due to a jointly controlled entity		4,700	**5,900**
Tax liabilities		62,495	**55,632**
		994,219	**922,495**
Liabilities associated with assets classified as held for sale		23,601	**6,281**
		1,017,820	**928,776**
Total Liabilities		2,874,951	**4,585,721**
Total Equity and Liabilities		28,178,408	**31,457,408**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Attributable to owners of the Company												Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Shares held for share award scheme HK$'000	Retained profits HK$'000	Sub-total HK$'000	Share option reserve of HHI HK$'000	Share of net assets of subsidiaries HK$'000	Sub-total HK$'000	Total HK$'000
At 1 July 2009 (audited)	2,197,373	8,764,198	65,021	10,010	342,780	82,375	10,875	14,635	56,467	(2,178)	7,841,388	19,382,944	2,974	2,601,477	2,604,451	21,987,395
Profit for the period	—	—	—	—	—	—	—	—	—	—	2,524,689	2,524,689	—	170,516	170,516	2,695,205
Other comprehensive income for the period	—	—	—	—	8,251	—	—	4,829	—	—	—	13,080	—	3,348	3,348	16,428
Total comprehensive income for the period	—	—	—	—	8,251	—	—	4,829	—	—	2,524,689	2,537,769	—	173,864	173,864	2,711,633
Issues of shares	297	3,105	—	—	—	—	—	—	(741)	—	—	2,661	—	—	—	2,661
Shares issue expenses	—	(1)	—	—	—	—	—	—	—	—	—	(1)	—	—	—	(1)
Repurchase of own shares	(1,660)	—	1,660	—	—	—	—	—	—	—	(16,123)	(16,123)	—	—	—	(16,123)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	8,757	—	—	8,757	(16)	(8)	(24)	8,733
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(160,623)	(160,623)	(160,623)
Transfers between reserves	—	—	—	—	—	253	—	—	—	—	(253)	—	—	—	—	—
Dividends recognised as distribution during the period *(note 9)*	—	—	—	—	—	—	—	—	—	—	(509,766)	(509,766)	—	—	—	(509,766)
At 31 December 2009 (unaudited)	2,196,010	8,767,302	66,681	10,010	351,031	82,628	10,875	19,464	64,483	(2,178)	9,839,935	21,406,241	2,958	2,614,710	2,617,668	24,023,909
At 1 July 2010 (audited)	2,190,673	8,768,037	72,110	10,010	388,955	97,439	10,875	8,164	68,659	(2,178)	11,080,230	22,692,974	3,018	2,607,465	2,610,483	25,303,457
Profit for the period	—	—	—	—	—	—	—	—	—	—	1,733,353	1,733,353	—	164,636	164,636	1,897,989
Other comprehensive income (expense) for the period	—	—	—	—	207,771	—	—	(8,164)	—	—	—	199,607	—	73,814	73,814	273,421
Total comprehensive income (expense) for the period	—	—	—	—	207,771	—	—	(8,164)	—	—	1,733,353	1,932,960	—	238,450	238,450	2,171,410
Issues of shares	785	7,954	—	—	—	—	—	—	(1,766)	—	—	6,973	—	—	—	6,973
Share issue expenses	—	(6)	—	—	—	—	—	—	—	—	—	(6)	—	—	—	(6)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	1,459	—	—	1,459	106	45	151	1,610
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(138,538)	(138,538)	(138,538)
Dividends recognised as distribution during the period *(note 9)*	—	—	—	—	—	—	—	—	—	—	(473,219)	(473,219)	—	—	—	(473,219)
At 31 December 2010 (unaudited)	**2,191,458**	**8,775,985**	**72,110**	**10,010**	**596,726**	**97,439**	**10,875**	**—**	**68,352**	**(2,178)**	**12,340,364**	**24,161,141**	**3,124**	**2,707,422**	**2,710,546**	**26,871,687**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010

	Six months ended 31.12.2009 (unaudited) HK$'000	Six months ended 31.12.2010 (unaudited) HK$'000
OPERATING ACTIVITIES		
Cash generated from operations	65,559	**78,647**
Tax paid	(27,239)	**(60,935)**
NET CASH FROM OPERATING ACTIVITIES	38,320	**17,712**
INVESTING ACTIVITIES		
Placement of bank deposit	—	**(349,500)**
Dividend received	475,421	**128,140**
Advances to jointly controlled entities	(1,643,746)	**(27,100)**
Acquisition of available-for-sale investments	(7,331)	**—**
Investment in a jointly controlled entity	—	**(116,000)**
Net proceeds on disposal of investment properties	—	**622,600**
Other investing cashflows	(172,205)	**(141,934)**
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,347,861)	**116,206**
FINANCING ACTIVITIES		
Proceeds from issuance of corporate bonds	—	**1,582,860**
Dividends and distributions paid to		
Owners of the Company	(509,766)	**(473,219)**
Minority shareholders	(160,623)	**(138,538)**
Net proceed from issue of shares by the Company	2,660	**6,967**
Repurchase of shares	(16,123)	**—**
Other financing cashflows	(12,991)	**(15,317)**
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(696,843)	**962,753**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,006,384)	**1,096,671**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,277,907	**3,468,919**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,825	**125,866**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, Representing Bank Balances and Cash	3,274,348	**4,691,456**

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 "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting*.

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 Group's annual financial statements for the year ended 30 June 2010 except as described below.

In the current interim period, the Group has applied for the first time, the following new and revised Standards and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKAS 27 and HKFRS 3 as part of Improvements to HKFRSs issued in 2010
HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Amendments to HKAS 17 Leases

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid land lease payments in the condensed consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 July 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid land lease payments to property, plant and equipment and properties under development retrospectively. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior periods.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Summary of the effect of the changes in accounting polices

The effects of changes in accounting policies described above on the condensed consolidated statement of financial position of the Group as at 1 July 2009 and 30 June 2010 are as follows:

	As at 1.7.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1.7.2009 (restated) HK$'000	**As at 30.6.2010 (originally stated) HK$'000**	**Adjustments HK$'000**	**As at 30.6.2010 (restated) HK$'000**
Property, plant and equipment	570,037	106,405	676,442	**693,438**	**103,559**	**796,997**
Properties under development	381,783	813,652	1,195,435	**202,664**	**661,172**	**863,836**
Prepaid land lease payments – non-current	909,485	(909,485)	—	**758,358**	**(758,358)**	**—**
Prepaid land lease payments – current	10,572	(10,572)	—	**6,373**	**(6,373)**	**—**
	1,871,877	—	1,871,877	**1,660,833**	**—**	**1,660,833**

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Asset[1]
HKAS 24 (revised in 2009)	Related Party Disclosures[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC) – Int 13 as part of Improvements to HKFRSs issued in 2010[2]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[2]

1 Effective for annual periods beginning on or after 1 January 2012
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012, with earlier application permitted. The Group is in the process of assessing the potential impact.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Summary of the effect of the changes in accounting polices (continued)

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2013 will affect the classification and measurement of the Group's available-for-sale investments.

The directors of the Company anticipate that the application of other new and revised Standards and Interpretations will have no material impact on the condensed consolidated financial statements.

3. TURNOVER AND SEGMENTS

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

Property investment	—	development of investment properties, property letting, agency and management
Hotel operations, restaurants and catering	—	hotel ownership and management, restaurant operations and food catering
Property development	—	development of stock of properties
Toll road investment	—	investments in expressway projects
Power plant	—	power plant operation
Treasury income	—	investment in bank deposits
Other operations	—	manufacture and sales of food, project management and consultancy service

Information regarding the above segments is reported below.

3. TURNOVER AND SEGMENTS (continued)

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

Segment revenue

	Six months ended 31.12.2009			***Six months ended 31.12.2010***		
	External HK$'000	*Inter-segment HK$'000*	*Combined HK$'000*	***External HK$'000***	***Inter-segment HK$'000***	***Combined HK$'000***
Property investment	292,890	21,214	314,104	**321,603**	**28,535**	**350,138**
Hotel operations, restaurants and catering	146,952	86	147,038	**181,137**	**107**	**181,244**
Property development	50,838	—	50,838	**805,865**	**—**	**805,865**
Toll road investment	955,098	—	955,098	**1,122,463**	**—**	**1,122,463**
Power plant	569,912	—	569,912	**695,318**	**—**	**695,318**
Treasury income	5,251	—	5,251	**39,487**	**—**	**39,487**
Other operations	47,797	7,596	55,393	**54,731**	**4,712**	**59,443**
Total segment revenue	2,068,738	28,896	2,097,634	**3,220,604**	**33,354**	**3,253,958**

Segment revenue includes the turnover, sale of investment properties held for sale and treasury income of the Group, and the Group's attributable share of revenue of jointly controlled entities engaged in toll road investment and power plant.

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

The total segment revenue can be reconciled to the turnover as presented in condensed consolidated statement of comprehensive income as follows:

	Six months ended 31.12.2009 HK$'000	***Six months ended 31.12.2010 HK$'000***
Total segment revenue from external customers	2,068,738	**3,220,604**
Less:		
Sale of investment properties held for sale	—	**(639,920)**
Treasury income	(5,251)	**(39,487)**
Share of revenue of jointly controlled entities engaged in:		
Toll road investment	(955,098)	**(1,122,463)**
Power plant	(569,912)	**(695,318)**
Turnover as presented in condensed consolidated statement of comprehensive income	538,477	**723,416**

3. TURNOVER AND SEGMENTS (continued)

Segment results

	Six months ended 31.12.2009				Six months ended 31.12.2010			
	Company and subsidiaries HK$'000	Jointly controlled entities HK$'000	Associates HK$'000	Total HK$'000	Company and subsidiaries HK$'000	Jointly controlled entities HK$'000	Associates HK$'000	Total HK$'000
Property investment	188,811	139	855	189,805	**205,873**	**638**	**1,659**	**208,170**
Hotel operations, restaurants and catering	20,320	—	—	20,320	**45,161**	**—**	**—**	**45,161**
Property development	6,161	—	—	6,161	**77,456**	**—**	**—**	**77,456**
Toll road investment	(18,613)	560,506	—	541,893	**(39,962)**	**559,663**	**—**	**519,701**
Power plant	(867)	86,579	—	85,712	**(626)**	**55,305**	**—**	**54,679**
Treasury income	5,251	—	—	5,251	**39,487**	**—**	**—**	**39,487**
Other operations	(8,120)	—	(92)	(8,212)	**1,347**	**(921)**	**—**	**426**
	192,943	647,224	763	840,930	**328,736**	**614,685**	**1,659**	**945,080**
Gain arising from changes in fair value of investment properties under construction up to completion of development	1,696,300	—	—	1,696,300	**—**	**—**	**—**	**—**
Total segment results	1,889,243	647,224	763	2,537,230	**328,736**	**614,685**	**1,659**	**945,080**

The gain arising from changes in fair value of investment properties under construction up to completion of development forms part of the segment result of property investment.

Segment results represent the profit earned by each segment without allocation of corporate general and administrative expenses, gain arising from changes in fair value of completed investment properties, write back of warranty provision, gain on disposal of available-for-sale investments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The share of profits of jointly controlled entities and associates shown above includes share of tax of jointly controlled entities and associates of approximately HK$183,615,000 (six months ended 31.12.2009: HK$72,507,000) and HK$328,000 (six months ended 31.12.2009: HK$151,000) respectively.

	Six months ended	
	31.12.2009 HK$'000	31.12.2010 HK$'000
Segment results	2,537,230	**945,080**
Unallocated other income	165	**6,953**
Unallocated corporate expenses	(65,573)	**(69,123)**
	2,471,822	**882,910**
Gain arising from changes in fair value of completed investment properties	665,335	**1,298,180**
Write back of warranty provision	30,093	**—**
Finance costs	(18,000)	**(37,441)**
Profit before taxation	3,149,250	**2,143,649**

4. OTHER INCOME

	Six months ended 31.12.2009 HK$'000	Six months ended 31.12.2010 HK$'000
Included in other income are:		
Interest income	5,251	**39,487**
Gain on disposal of available-for-sale investments	—	**6,953**

5. FINANCE COSTS

	Six months ended 31.12.2009 HK$'000	Six months ended 31.12.2010 HK$'000
Interest on corporate bonds	—	**22,373**
Loan arrangement fees and bank charges	16,994	**14,029**
Imputed interest on amount due to a minority shareholder of a subsidiary	1,006	**1,039**
	18,000	**37,441**

6. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	Six months ended 31.12.2009 HK$'000	Six months ended 31.12.2010 HK$'000
Share of profits of jointly controlled entities before interest income from loan to, and amortisation of additional cost of investments in, jointly controlled entities	687,950	**657,144**
Interest income from loan to, and registered capital contribution made to, a jointly controlled entity	2,007	**1,945**
Amortisation of additional cost of investments in jointly controlled entities	(42,733)	**(44,404)**
	647,224	**614,685**

7. INCOME TAX EXPENSE

	Six months ended	
	31.12.2009	***31.12.2010***
	HK$'000	***HK$'000***
Hong Kong Profits Tax		
Current period	14,898	**27,060**
Underprovision in respect of prior periods	115	**20**
	15,013	**27,080**
Taxation elsewhere	25,129	**46,825**
Deferred tax	413,903	**171,755**
	454,045	**245,660**

Hong Kong Profits Tax is calculated at 16.5% (six months ended 31.12.2009: 16.5%) on the estimated assessable profit for the period.

Taxes on profits assessable elsewhere are calculated at tax rates prevailing in the countries in which the Group operates. These include PRC withholding tax on dividends declared during the period by the Group's jointly controlled entities amounting to approximately HK$18,872,000 (six months ended 31.12.2009: HK$25,051,000), PRC Enterprise Income Tax and PRC Land Appreciation Tax ("LAT").

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Deferred tax is mainly attributable to the gain on changes in fair value of investment properties and withholding tax on undistributed earnings of certain jointly controlled entities established in the PRC.

8. EARNINGS PER SHARE

	Six months ended	
	31.12.2009	***31.12.2010***
	HK$'000	***HK$'000***
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purpose of basic and diluted earnings per share	2,524,689	**1,733,353**

	Number of shares	***Number of shares***
Weighted average number of ordinary shares for the purpose of basic earnings per share	878,769,103	**876,306,801**
Effect of dilutive potential ordinary shares:		
Share options	360,156	**477,519**
Award shares	72,000	**72,000**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	879,201,259	**876,856,320**

The weighted average number of ordinary shares shown above has been arrived at after deducting 72,000 shares (six months ended 31.12.2009: 72,000 shares) held by Hopewell Holdings Limited ("HHL") Employees' Share Award Scheme Trust.

9. DIVIDENDS

	Six months ended	
	31.12.2009	***31.12.2010***
	HK$'000	***HK$'000***
Dividends recognised as distribution during the period:		
Cash dividends:		
Final dividend for the year ended 30 June 2010 of HK54 cents per share (six months ended 31.12.2009: for the year ended 30 June 2009 of HK58 cents per share)	509,808	**473,258**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(42)	**(39)**
	509,766	**473,219**
Dividend declared:		
Interim dividend for the year ending 30 June 2011 of HK45 cents per share (six months ended 31.12.2009: for the year ended 30 June 2010 of HK45 cents per share)	395,288	**394,462**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(32)	**(32)**
	395,256	**394,430**

Subsequent to 31 December 2010, the directors declared that an interim dividend in respect of the financial year ending 30 June 2011 of HK45 cents per share shall be paid to the shareholders of the Company whose names appear on the Register of Members on 11 March 2011.

The amount of interim dividend declared for the year ending 30 June 2011 is calculated based on the number of shares in issue, less the dividend for shares held by HHL Employees' Share Award Scheme Trust, at the date of approval of this interim financial information.

10. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

The fair value of the Group's investment properties at the end of the reporting period has been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional property valuers not connected to the Group. For office premises, serviced apartments, car parks and retail outlets, the valuation is arrived at by using direct comparison method by making reference to comparable sales transactions as available in the relevant market or, where appropriate, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. For convention and exhibition venue, the valuation is arrived at by capitalising the estimated annual net income, and based on valuer's opinion as to the future trading potential and level of turnover likely to be achieved. For investment properties under construction, the valuation is arrived at by using direct comparison method, after taken into account the development cost expended on the properties up to the date of valuation and have allowed for the cost necessary for completion of the development.

Depreciation of property, plant and equipment charged to profit or loss for the period is approximately HK$30,377,000 (six months ended 31.12.2009: HK$26,560,000).

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2010	***31.12.2010***
	HK$'000	***HK$'000***
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,426,065	**1,542,065**
Additional cost of investments	2,749,470	**2,751,415**
	4,175,535	**4,293,480**
Share of post-acquisition comprehensive income, net of dividends received	2,842,723	**3,235,185**
Less: Accumulated amortisation	(869,042)	**(913,446)**
	6,149,216	**6,615,219**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	**631,867**
Share of post-acquisition comprehensive income	152,381	**220,444**
	784,248	**852,311**
Other unlisted investments	104,568	**105,039**
	7,038,032	**7,572,569**

12. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly controlled entities are unsecured, interest-free and have no fixed repayment terms.

The effective interest rates adopted for measurement at fair values at initial recognition of the amounts due from jointly controlled entities range from 1.1% to 1.5% per annum.

13. BANK DEPOSIT

The bank deposit with principal amount of RMB300,000,000 carries variable interest rates. The interest rate of the bank deposit for the six months ended 31 December 2010 was 3.25% per annum and the contractual maturity of the bank deposit is two years from the placement.

14. TRADE AND OTHER RECEIVABLES

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

The following is an analysis of trade and other receivables net of allowance for doubtful debts by age, presented based on the invoice date:

	30.6.2010	***31.12.2010***
	HK$'000	***HK$'000***
Receivables aged		
0 – 30 days	27,104	**28,224**
31 – 60 days	7,960	**7,234**
Over 60 days	10,753	**8,135**
	45,817	**43,593**
Less: Allowance for doubtful debts	(1,310)	**(1,791)**
	44,507	**41,802**
Interest receivable on bank deposits	2,503	**15,294**
Dividend receivable from a jointly controlled entity	127,207	**355,565**
	174,217	**412,661**

15. BANK BALANCES AND CASH

Included in bank balances and cash are restricted bank deposits of HK$432 million (30.6.2010: HK$456 million) which can be applied in the construction and tax payments of designated property development projects in the ordinary course of business.

16. SHARE CAPITAL

	Number of shares		Nominal value	
	30.6.2010 *'000*	***31.12.2010*** ***'000***	*30.6.2010* *HK$'000*	***31.12.2010*** ***HK$'000***
Ordinary shares of HK$2.50 each				
Authorised	1,200,000	**1,200,000**	3,000,000	**3,000,000**
Issued and fully paid	876,269	**876,583**	2,190,673	**2,191,458**

Share option schemes

(a) The Company

No share option of the Company was granted during the six months ended 31 December 2010.

During the period, the Company issued 238,500 and 75,600 ordinary shares at the subscription price of HK$22.44 each and HK$21.45 each, respectively, for a total cash consideration of approximately HK$6,973,000 upon the exercise of the share options previously granted. These shares rank *pari passu* in all respects with the existing ordinary shares.

(b) HHI

No share option of HHI was granted during the six months ended 31 December 2010.

Share award scheme

No shares in the Company and HHI were awarded during both periods presented.

17. CORPORATE BONDS

During the six months ended 31 December 2010, a subsidiary of the Company issued corporate bonds with face value of RMB1,380,000,000, which are due on 13 July 2012. The bonds are unsecured and carry interest at 2.98% per annum.

18. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables outstanding by age, presented based on the invoice date:

	30.6.2010 *HK$'000*	***31.12.2010*** ***HK$'000***
Payables aged		
0 – 30 days	149,957	**135,744**
31 – 60 days	9,604	**16,244**
Over 60 days	90,999	**103,809**
	250,560	**255,797**
Retentions payable	35,926	**28,460**
Accrued construction costs	130,819	**110,590**
Accrued staff costs	21,733	**43,490**
Accrued interest on corporate bonds	—	**22,848**
	439,038	**461,185**

19. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2010 amounted to approximately HK$30,529 million (30.6.2010: HK$27,161 million).

The net current assets of the Group at 31 December 2010 amounted to approximately HK$7,440 million (30.6.2010: HK$6,223 million).

20. PROJECT COMMITMENTS

(a) Expressway projects

As at 31 December 2010, the Group had agreed, subject to approval of relevant authorities, to make additional capital contributions of approximately RMB403 million (30.6.2010: RMB403 million) to a jointly controlled entity, West Route JV, for the development of Phase II West.

As at 31 December 2010, the Group had an outstanding commitment to make capital contributions of approximately RMB684 million (30.6.2010: RMB784 million) to West Route JV for the development of Phase III West.

In addition to the above, the Group's attributable share of the commitments of certain jointly controlled entities of the Group in respect of the acquisition of property and equipment, and construction of Phase III West contracted for but not provided totalling approximately HK$1,666 million at 31 December 2010 (30.6.2010: HK$1,331 million).

(b) Residential and commercial property project

On 23 June 2009, a tender submitted by a joint venture company of the Group was accepted by the Urban Renewal Authority in respect of the development of the Lee Tung Street Project in Wanchai. The Group and the joint venture partner jointly hold and develop the project through their respective shareholding of 50% in the joint venture company. The total commitment of the Group is expected to be approximately HK$4.15 billion, representing 50% of the total budgeted development and related costs of the project.

20. PROJECT COMMITMENTS (continued)

(c) Power plant project

The Group's share of the commitments of the joint venture company in respect of the development of the power station is as follows:

	30.6.2010 *HK$'000*	***31.12.2010*** ***HK$'000***
Contracted for but not provided	36,629	**37,651**

(d) Commercial and hotel property project

Pursuant to a cooperation agreement entered into between the Group and a PRC party to develop and lease a commercial and hotel complex property in Guangzhou, the PRC, the Group is mainly responsible for the fitting-out of the property and the purchase of machinery and equipment required for the operation of the property at the estimated total costs of not less than RMB1,000 million. Upon the completion of the property development, the Group is entitled to operate the property for a specified period by paying fixed amounts of monthly rental, which will be increased progressively with a maximum annual rental of RMB178 million. Total rental payable under the operating period is approximately RMB3.5 billion. Up to the end of the reporting period, the Group has not incurred any material cost for this property project.

(e) Property development

	30.6.2010 *HK$'000*	***31.12.2010*** ***HK$'000***
Authorised but not yet contracted for	384,881	**421,354**
Contracted for but not provided	296,515	**460,273**
	681,396	**881,627**

(f) Property renovation

	30.6.2010 *HK$'000*	***31.12.2010*** ***HK$'000***
Property renovation expenditure contracted for but not provided	518	**8,889**

Save as disclosed herein, there have been no material changes in the Group's project commitments since 30 June 2010.

21. CONTINGENT LIABILITIES

(a) Disposal of CEPA

In connection with the disposal by the Group of its interests in Consolidated Electric Power Asia Limited ("CEPA") in prior years, the Group entered into an agreement with the purchaser under which the purchaser and its affiliates agreed to release and discharge the Group from all claims whatsoever they may have against the Group arising under the sale agreement. The Group has also agreed to release and discharge the purchaser and its affiliates from all claims whatsoever the Group may have against them. In this connection, the Group has given certain performance undertakings and indemnities to the purchaser and its affiliates, for which a provision totalling approximately HK$84 million had been made in the consolidated financial statements in prior years.

During the six months ended 31 December 2009, management conducted a review of the performance undertakings and indemnities given, resulting in a write back of the provision for a warranty against a potential claim not materialised amounting to HK$30 million being recognised in the profit or loss.

The remaining balance of provision amounting to HK$54 million represents management's best estimate of the costs and expenses required to discharge the Group's obligations and liabilities under such agreement. The directors are of the opinion that the provision is not expected to be payable within one year from the end of the reporting period and, accordingly, is classified as non-current.

(b) Guarantees

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$406 million at 31 December 2010 (30.6.2010: HK$370 million).

In the opinion of the directors of the Company, the fair values of such financial guarantee contracts are insignificant at initial recognition. Accordingly, no financial guarantee contract has been recognised in the condensed consolidated statement of financial position.

Save as disclosed herein, there have been no material changes in the Group's contingent liabilities since 30 June 2010.

22. RELATED PARTIES TRANSACTIONS

In addition to the balances with related parties at the end of the reporting period disclosed in the condensed consolidated statement of financial position, the Group has the following transactions with related parties:

The registered capital amounting to HK$702 million previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702 million when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

CORPORATE INFORMATION AND KEY DATES

Board of Directors
Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman
Mr. Eddie Ping Chang HO*
Vice Chairman
Mr. Thomas Jefferson WU
Managing Director
Mr. Josiah Chin Lai KWOK
Deputy Managing Director
Mr. Henry Hin Moh LEE#
Mr. Guy Man Guy WU##
Lady WU Ivy Sau Ping KWOK JP#
Ms. Linda Lai Chuen LOKE##
Mr. Albert Kam Yin YEUNG
Mr. Carmelo Ka Sze LEE#
Mr. Eddie Wing Chuen HO Junior
Mr. Lee Yick NAM##
Mr. William Wing Lam WONG
Ir. Leo Kwok Kee LEUNG
Mr. Sunny TAN##

* *Also as Alternate Director to Sir Gordon Ying Sheung WU and Lady WU Ivy Sau Ping KWOK*
\# *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. Richard Cho Wa LAW

Registered Office
64th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 2068

Solicitors
Woo, Kwan, Lee & Lo

Auditor
Deloitte Touche Tohmatsu

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

Principal Bankers+
Agricultural Bank of China Limited
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Bank of East Asia, Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
BNP Paribas
Credit Agricole Corporate and Investment Bank
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank
China Everbright Bank Corporation Limited
China Merchants Bank Co., Limited
Chong Hing Bank Limited
Citibank, N.A.
DBS Bank Limited
Export Development Canada
Guangdong Development Bank Co., Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Luso International Banking Limited
Malayan Banking Berhad
Mizuho Corporate Bank, Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
Shenzhen Development Bank Co., Limited
Sumitomo Mitsui Banking Corporation
Tai Fung Bank Limited
Wing Lung Bank Limited
Zhanjiang City Commercial Bank Co., Limited

\+ *names are in alphabetical order*

Share 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

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) 2863 4340 Fax : (852) 2861 2068
Email : ir@hopewellholdings.com

Website
www.hopewellholdings.com

Key Dates
Interim results announcement	24 February 2011
Closure of Register	11 March 2011
Interim cash dividend payable (HK45 cents per ordinary share)	17 March 2011

Note: In the case of any inconsistency between the Chinese translation and the English text of this Interim Report, the English text shall prevail.

GLOSSARY

"1H FY10"	the first half of FY10
"1H FY11"	the first half of FY11
"2H FY11"	the second half of FY11
"3Q 2011"	the third quarter of year 2011
"Board"	the Board of Directors of the Company
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL"	Hopewell Holdings Limited
"Director(s)"	director(s) of the Company
"EBIT"	earnings before interest and tax
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ending 30 June 2011
"FY12"	the financial year ending 30 June 2012
"FY13"	the financial year ending 30 June 2013
"FY14"	the financial year ending 30 June 2014
"F&B"	food and beverage
"GDP"	Gross Domestic Product
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"Heyuan Power Plant"	the ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
"HHI"	Hopewell Highway Infrastructure Limited
"HHI Award Scheme"	the share award scheme adopted by HHI on 25 January 2007
"HHI Board"	the board of directors of HHI
"HHI Group"	HHI and its subsidiaries
"HHI Shares"	ordinary shares of HHI
"HHL Award Scheme"	the share award scheme adopted by HHL on 25 January 2007

"HITEC F&B"	IT Catering & Services Limited, the food and beverage operations of the HITEC
"HITEC"	Hongkong International Trade and Exhibition Centre
"HK$" or "HKD"	Hong Kong Dollars
"Hong Kong"	Hong Kong Special Administrative Region of PRC
"Hong Kong Government"	the Government of Hong Kong
"Hopewell Food"	Hopewell Food Industries Limited
"JCE/JCEs"	jointly controlled entity/entities
"KITEC"	Kowloonbay International Trade and Exhibition Centre
"km"	kilometre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of PRC
"MICE"	Meeting, Incentives, Convention and Exhibition
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NGOs"	Non-Government (Voluntary) Organizations
"Phase I West"	Phase I of Western Delta Route
"Phase II West"	Phase II of Western Delta Route
"Phase III West"	Phase III of Western Delta Route
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta Region
"RMB"	Renminbi
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shenzhen Energy Group"	Shenzhen Energy Group Company Limited
"Sir Gordon WU"	Sir Gordon Ying Sheung WU
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"sq. m."	Square metre
"United States"	the United States of America
"URA"	Urban Renewal Authority
"VAT"	value-added tax
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"Western Delta Route"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West

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