HOPEWELL HOLDINGS LIMITED
合 和 實 業 有 限 公 司

2011/12
Interim Report

Stock Code: 54

CONTENTS

Hopewell Holdings Limited, a Hong Kong-based group, was listed on the Stock Exchange 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 recognized of its vision and pioneering projects, the Group adopts a long-term business strategy which facilitates the timely capture of high-potential business opportunities.

GROUP RESULTS

Overview

The Group's EBIT for the six months ended 31 December 2011 were satisfactorily higher than the figures for the same period of the previous year. There were significant increases in the revenue and EBIT of the Group's prime-earning businesses, namely its toll road investments; property letting, agency and management; and hotel, restaurants and catering operations. Treasury income was another source of EBIT growth. However, these increases in EBIT were partly offset by a decline in recognized sales of residential property projects, i.e. Broadwood Twelve and Hopewell New Town, during the period under review, which was also the reason for a decrease in the Group's total revenue.

The Group's revenue by activities and their respective EBIT for the six months ended 31 December 2011 were as follows:

	Revenue		***EBIT****	
HK$ million	*2010*	***2011***	*2010*	***2011***
Property letting, agency and management	321	**350**	208	**225**
Hotel, restaurants and catering operations	181	**228**	45	**72**
Property development	806	**413**	77	**(8)**
Toll road investments (after interest and tax of JCEs)	1,122	**1,224**	520	**575**
Power plant (after interest and tax of JCE)	696	**807**	55	**34**
Treasury income	40	**124**	40	**124**
Others	55	**–**	(62)	**(51)**
Revenue/EBIT (Note)	3,221	**3,146**	883	**971**

* These figures represent the EBIT of the Company and its subsidiaries, plus their shares of net profits (after interest and tax) of JCEs

Note:

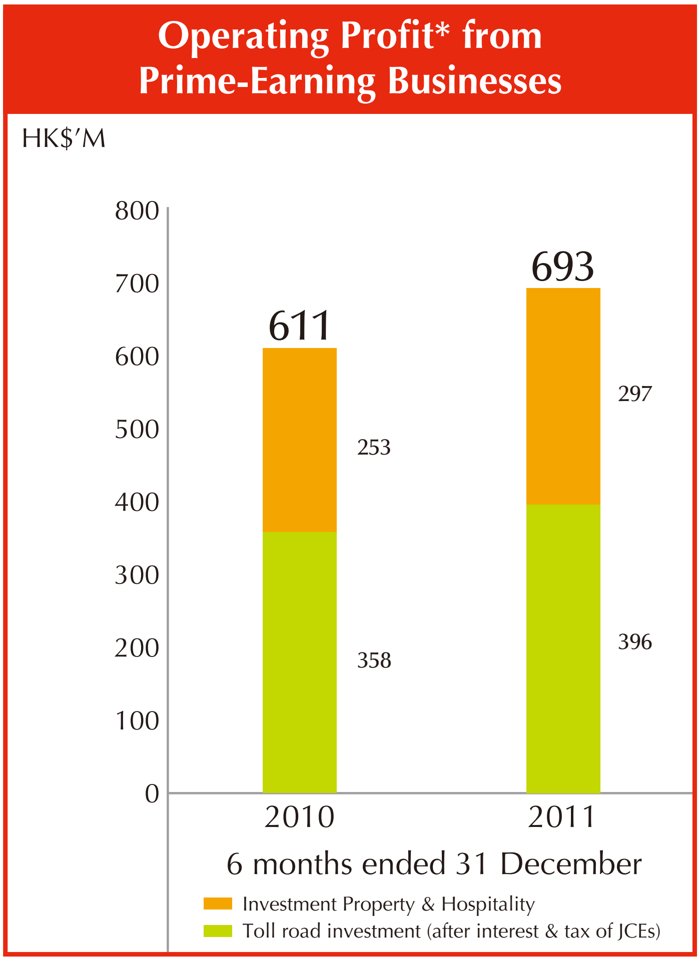
Reconciliation of Revenue/EBIT with Condensed Consolidated Statement of Comprehensive Income

HK$ million	***Results*** 2010 (Restated)	**2011**
Earnings before interest and tax	883	**971**
Finance costs	(37)	**(44)**
Exceptional item	–	**20**
Changes in fair value of completed investment properties	1,298	**1,143**
Profit before taxation	2,144	**2,090**
Taxation	(102)	**(89)**
Deferred taxation in respect of changes in fair value of Broadwood Twelve #	(28)	**–**
Profit for the period	2,014	**2,001**
Attributable to:		
Owners of the Company	1,849	**1,825**
Non-controlling interests	165	**176**
	2,014	**2,001**

\# Represents deferred taxation in respect of changes in fair value of Broadwood Twelve arising after 24 May 2010, when the Group decided to sell the property, instead of holding them for rental as originally planned

GROUP RESULTS (Continued)

HK$ million	*Turnover* 2010	**2011**
Revenue per Group Results	3,221	**3,146**
Less:		
Sales proceeds of Broadwood Twelve units	(640)	**(404)**
Treasury income	(40)	**(124)**
Share of revenues of JCEs engaged in		
– Toll road investments	(1,122)	**(1,224)**
– Power plant	(696)	**(807)**
Turnover per Condensed Consolidated Statement of Comprehensive Income	723	**587**



* Being the EBIT net of the portion of non-controlling interests

Revenue

The Group's revenue for the six months ended 31 December 2011, including sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and the attributable share of revenues of JCEs engaged in toll road and power plant operations, amounted to HK$3,146 million, which was 2% less than the HK$3,221 million reported for the corresponding period of 2010.

The Group's prime-earning businesses continued to perform strongly. The share of revenues of the GS Superhighway and the Western Delta Route attributable to the Group continued to grow. Panda Hotel's revenue improved remarkably during the period under review, which created an upturn in the revenue of the Group's hotel, restaurants and catering divisions. The steady growth of the property letting, agency and management division's revenue further strengthened the Group's overall revenue stream.

The growth in sales of electricity by Heyuan Power Plant and rise in treasury income derived from cash on hand and loans to the Group's JCEs also increased the revenues of the Group's power plant division and treasury income respectively.

The decline in the Group's revenue was mainly because the above positive factors were offset by a slow-down in recognized sales of residential property projects, i.e. Broadwood Twelve and Hopewell New Town, during the period under review. However, the pre-sale of residential units of Hopewell New Town in 1H FY12 received a favourable response in the market.

Earnings before Interest and Tax

The Group's EBIT increased by 10% from HK$883 million in the corresponding period in 2010 to HK$971 million. This was primarily due to the continued growth of the Group's prime-earning toll roads, investment properties and hospitality businesses, and an increase in treasury income derived from cash on hand and loans to the Group's JCEs.

The growth in the Group's EBIT was partly offset by reduced contributions from Broadwood Twelve and Hopewell New Town projects during the period, as a result of the slow-down of recognized property sales and the lower profit of Heyuan Power Plant, due to an increase in the price of the coal.

Exceptional Item

The exceptional item represents a HK$20 million gain on the disposal of a non-core food processing and wholesaling business.

Impact of Adoption of HKAS 12 (Amendments) – Deferred Tax: Recovery of Underlying Assets

During the year ended 30 June 2011, the Group adopted the amendments to HKAS 12 "Income Taxes" in advance of the effective date. As a result of the amendments, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the end of the reporting period.

As previously reported, notional fair value gain of Broadwood Twelve up to 24 May 2010, when the Group decided to sell Broadwood Twelve flats instead of holding them for rental as originally planned, should be capital in nature, and as such should not be subject to Hong Kong Profits Tax. However, the Group had previously provided deferred tax for fair value changes of all investment properties, irrespective of whether tax liability would arise if the properties were disposed of, solely for the compliance of HKAS 12 before the amendments.

As a result of the amendments of HKAS 12, the Directors consider that deferred tax should not be provided for changes in fair value of the Group's investment properties, except for the changes in fair value of Broadwood Twelve arising after 24 May 2010. The comparative figures for the corresponding period in 2010 have been restated accordingly.

Enterprise Income Tax ("EIT") of HHI Joint Ventures

The tax concessions for both the GS Superhighway and Phase I West were adjusted following the PRC's 2008 tax reform, and their EIT rates will increase gradually to 25%. The rate applicable to the GS Superhighway rose from 22% in 2010 to 24% in 2011. The rate applicable to Phase I West increased from 11% in 2010 to 24% in 2011. The rate for the GS Superhighway and Phase I West will remain at 25% from 2012 until the expiry of the contractual operation periods of the GS Superhighway JV and Phase I West of West Route JV. These increases in the EIT liabilities of the JV companies did not significantly affect the Group's results during the period under review. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 will be 12.5%, and it will rise further to 25% from 2016 until the expiry of the contractual operation period of Phase II West of West Route JV.

Profit Attributable to Owners of the Company

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$662 million, an increase of HK$83 million or 14% on the HK$579 million recorded in the corresponding period of 2010.

The profit attributable to owners of the Company decreased slightly by 1% period-on-period, from HK$1,849 million to HK$1,825 million. This was mainly because the increase in core profit was offset by a lower fair value gain from investment properties recorded for the period.

Financial Position of the Group

	As at 31.12.2011		
HK$ million	*Toll road business*	*HHL – Other businesses*	***HHL Group Total***
Investment properties	–	16,217	**16,217**
Property, plant and equipment	2	756	**758**
Properties under development	–	1,085	**1,085**
Interests in JCEs	7,991	970	**8,961**
Amounts due from JCEs (non-current)	–	2,057	**2,057**
Other non-current assets	234	33	**267**
Properties held for sale (Huadu and Broadwood Twelve)	–	2,285	**2,285**
Other current assets	3,872	4,350	**8,222**
Total assets	**12,099**	**27,753**	**39,852**
Non-current liabilities	912	657	**1,569**
Current liabilities	1,788	3,145	**4,933**
Total liabilities	**2,700**	**3,802**	**6,502**
Non-controlling interests	2,789	79	**2,868**
Shareholders' equity	**6,610**	**23,872**	**30,482**

DIVIDEND AND CLOSURE OF REGISTER

Dividend

The Board has declared an interim dividend of HK45 cents per share in respect of the financial year ending 30 June 2012 (30 June 2011: HK45 cents). This represents a payout ratio of 58% of the Company's profit attributable to the owners of the Company, excluding the revaluation gain on completed investment properties. The interim dividend will be paid on 15 March 2012 to shareholders whose name appear on the Company's Register of Members at the close of business on 9 March 2012.

Closure of Register

To ascertain shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed for one day on Friday, 9 March 2012, on which date no transfer of shares will be effected. To qualify for the interim dividend, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 8 March 2012.

BUSINESS REVIEW

1. Properties

A) Rental

The revenue of the Group's property letting, agency and management operations amounted to HK$350 million during the six months ended 31 December 2011. This was 9% higher than the HK$321 million reported for the same period of the previous year. The EBIT of these operations increased by 8% to HK$225 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 FY08 to FY12 were 11% and 20% respectively.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			*Change in Average Rental Rate*
	1H FY11	*1H FY12*	*pop#*	*(pop#)*
Hopewell Centre	90%	94%	+4%	+4%
KITEC Office	81%	93%	+12%	+2%
KITEC E-Max	92%	95%	+3%	+15%
Panda Place	94%	92%	–2%	+7%
QRE Plaza	96%	83%	–13%	+5%
GardenEast (apartments)	96%	93%	–3%	+16%

Period-on-period

Hopewell Centre

Hopewell Centre, the Group's 840,000-square-foot flagship property, had an average occupancy rate of 94% during the period under review. Its aggregate rental income increased by 5% period-on-period; and renewals and new leases for both its office and retail spaces achieved higher rents. The average spot rent for office space from July to December 2011 was 30% higher than in the same period of the previous year. As of 31 December 2011, the occupancy rate was 96%.

The main contributors to the increased rental income were the continuous enhancements that are being made to Hopewell Centre's building specifications and services, as well as its improved tenant mix. Ongoing improvements to facilities such as the car park, elevators and lobbies are being carried out in phases, and these are providing tenants and visitors with first-class office and retail environments.

The two newly refurbished observation lifts with their modern seamless cylindrical glass curtain were reopened in August 2011. These serve passengers to and from the 17/F and 56/F. The management's constant commitment to providing outstanding services is further evidenced by the recent presentation of the Asia Pacific Customer Service Consortium's Customer Relationship Excellence Award to Hopewell Centre.

The Group's unremitting efforts to add value to Hopewell Centre have enabled it to maintain its competitive edge, thus allowing it to retain its existing tenants and attract prestigious new ones, including leading financial and professional firms. During the period under review, lease agreements were signed with Tricor Services Limited, Principal Financial Group and Bayer Group.

"The East" brand concept has made it possible to attract more high-quality retailers and F&B operators to Hopewell Centre's retail section. The space previously occupied by the Group's R66 Revolving Restaurant have now been let to a prominent restaurant operator, whose new establishment will open in the second quarter of 2012. As of 31 December 2011, the retail portion was fully let, and it provides a wide range of dining and shopping experiences.

QRE Plaza

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

Marketing and promotional activities for "The East" have succeeded in attracting greater traffic and renowned retailers. As of 31 December 2011, 92% of its total floor area was let, despite a lower average occupancy rate during the transition to newer quality tenants during the half year under review.

Improvement works to upgrade and enlarge the main entrance lobby were completed in January 2012, prior to the opening of the MINI car showroom on the ground floor.

Wu Chung House

The Group owns several retail outlets with a total gross floor area 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 revenue. The opening of a Rolls-Royce Car Showroom in November 2011 further enhanced the property's image.

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 Wan Chai's commercial district and their outstanding reputation for quality service have enabled GardenEast's serviced apartments to attract residents and repeat guests from around the world, especially banking, finance and investment professionals.

The overall rental income of GardenEast rose by 13% period-on-period. The average occupancy rate of its serviced apartments remained high at 93% for the half year under review, and the average rental rate increased by 16%, compared to the same period of the previous year.

As of 31 December 2011, GardenEast's retail premises were fully let to quality F&B operators.

"The East"

"The East" is the brand name of a dining and entertainment community that occupies a prime location in Wan Chai. 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 272,000 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 23 high-profile F&B outlets, plus 39 lifestyle stores. The Group expects that the synergy created by the retail elements of the buildings concerned and the new developments currently underway in Wan Chai will further enhance its rental performance in the future.

KITEC

In his 2011–12 Policy Address, the Chief Executive of Hong Kong stated that the Hong Kong Government will promote the development of Kowloon East into business hub that will address the increasing demand for office space and help to sustain Hong Kong's economic growth. The future supply of non-domestic space will further strengthen the "clustering effect' in this commercial area. Furthermore, the Government is taking initiatives to improve the area's transport links, including a proposed rail-based Environmentally Friendly Linkage System (EFLS) and improved pedestrian connections. The Group intends to leverage on the regeneration of Kowloon East with new developments and amenities by continuing to implement flexible marketing strategies and carry out improvement works that will offer its KITEC office tenants an enhanced working environment. The spot rent for office space at KITEC for July to December 2011 was 34% higher than it was in the same period of the previous year. Meanwhile, the average office occupancy rate was 93%. As of 31 December 2011, KITEC's offices had an occupancy rate of 95%.

The wide range of tenants at E-Max offer visitors food and beverages, home design and furniture, car shows, bowling and a host of other shopping and entertainment options. A programme to upgrade the drop-off point in the basement has made access to the complex more convenient for visitors. The Group is also continuing to promote E-Max as one of Kowloon Bay's preeminent shopping venues by means of effective non-stop marketing campaigns and joint sales promotion programmes with its tenants. The average occupancy rate of E-Max was 95% during the period under review; and as of 31 December 2011, its occupancy rate stood at 95%.

KITEC also has a comprehensive range of multi-purpose locations for hosting concerts, exhibitions, conferences, banquets, sports and other activities. Its Star Hall continues to present lavish entertainment events to the public; and "Star Hall Select", a premier entertainment brand that aims to deliver top-notch performances, has now been launched to match the venue's glitzy image. More than 100 shows were staged in KITEC between July and December 2011 and its combined convention and exhibition revenue was 28% greater than in the corresponding period of 2010.

Panda Place

Panda Place is a 229,000-square-foot shopping mall located conveniently in Tsuen Wan. It offers a wide selection of F&B, lifestyle and entertainment choices to local families and hotel guests. To enhance the attractiveness of Panda Place and maximize its income, the Group has succeeded in attracting a new anchor tenant, a major Japanese department store, which has committed to leasing approximately 120,000 square feet in basement levels 2 and 3. To give the mall's image a further boost, the Group is also carrying out upgrading works and reconfiguring the spaces on other levels.

Panda Place's average occupancy rate was 92% and its total rental income increased by 5% during the period under review. Due to the abovementioned renovation project, the occupancy rate fell slightly to 91% as at 31 December 2011. This negative effect on the occupancy rate and rental income will continue until the project's completion, which is scheduled for the fourth quarter of 2012.

B) Sale

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. Recognizing 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, the units of Broadwood Twelve are positioned as attractive luxury residences. Broadwood Twelve was originally intended to be held for rental, targeting the premium residential market. However, having considered the property market conditions, particularly the surge in demand for and the selling prices of luxurious residential units as well as the trend of the rental yield, the Group decided to sell Broadwood Twelve on 24 May 2010.

Sales commenced on 10 June 2010; and as of 20 February 2012, 50 or 66% of its 76 units had been sold, generating total sales proceeds of around HK$2,148 million (including proceeds from the sale of car-parking spaces). Nine of these units were booked during the period under review and five units were sold but not yet booked in the same period. Most of the buyers were end-users, and the average price of the units sold was around HK$25,300 per square foot (based on the gross floor area as stated in the marketing brochure). This was broadly in line with the Group's expectations. Despite the uncertain global economic outlook, Hong Kong's luxury residential market is relatively well supported by the limited new supply, especially in prime locations and traditional luxury districts. The Group expects the remaining units to be sold during the second half of FY12.

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, 11 unsold units were being leased at an average monthly rental rate of about HK$53 per square foot as of 20 February 2012. These leased units will still be 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. 0.45 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

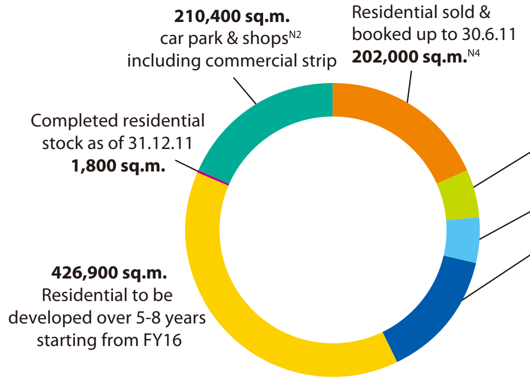
Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. The project is strategically located approximately 3 kilometres from Baiyun International Airport in Guangzhou, and is close to the highway connecting the airport with Guangzhou city centre. Approximately 202,000 square metres of the development (consisting of 104 townhouses and 1,360 apartments) had been sold and booked up to 30 June 2011.

According to the project's current development plan, 268,000 square metres of its residential development will be completed between FY12 and FY15. A total of 58,000 square metres with 80 townhouses and 448 apartments will be completed during FY12 and 54,000 square metres with 336 apartments in FY13. Pre-sales started during the first half of FY12 and the market response has been encouraging. 43,500 square metres or 75% of the units scheduled for completion in FY12, comprising 57 townhouses with a total plot ratio GFA of 16,500 square metres and 345 apartments with a total plot ratio GFA of 27,000 square metres had been presold by 20 February 2012. The average selling price of the townhouses was around RMB20,500 per square metre whilst that of the apartments was around RMB7,700 per square metre.

Development of a commercial strip with a permissible GFA of 150,000 square metres is currently planned to start in around two or three years, depending on market conditions.

Plot ratio GFA breakdown

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



Completion time	Residential plot ratio GFA	Pre-sale
FY12	58,000 sq.m.	1H FY12 (43,500 sq.m. (75%) were pre-sold)[N3]
FY13	54,000 sq.m.	1H FY13
FY14-15	156,000 sq.m.	1H FY14

N1: Excluding 0.45 million sq.m. basement car parks
N2: Including 6,000 sq.m. shops, 8,000 sq.m. car park and approximately 150,000 sq.m. commercial strip planned to be developed
N3: As of 20 February 2012
N4: An additional 900 sq.m. of residential units were sold and booked in first half of FY12

Breakdown of Plot Ratio GFA by Type of Unit

	Development Plan				
			Plot Ratio GFA (sq.m.)		
Sales Booking	*Apartments*	*Townhouses*	*Residential sub-total*	*Commercial & Others*[N2]	*Total*
Sold & booked up to 30.6.11	173,000	29,000	202,000	–	202,000
Sold & booked in 1H FY12	900	–	900	6,400	7,300
Planned Completion[N3]					
FY12 (Sold but not booked in 1H FY12[N1])	27,000	16,500	43,500	–	58,000
FY12 (Unsold[N1])	8,000	6,500	14,500	–	
FY13	54,000	–	54,000	6,000	60,000
FY14-15	140,000	16,000	156,000	5,000	161,000
FY16 & Beyond	384,000	42,900	426,900	185,000	611,900
Remaining stock completed as of 31.12.11	1,500	300	1,800	8,000	9,800
Total	**788,400**	**111,200**	**899,600**	**210,400**	**1,110,000**

N1: As of 20 February 2012
N2: Including 6,000 sq.m. shops, 8,000 sq.m. car park (of which 64,000 sq.m. were sold and booked in 1H FY12) and approximately 150,000 sq.m. commercial strip planned to be developed
N3: Present planning, subject to change

C) Hospitality

Panda Hotel

Business and leisure travel continued to boom in the Greater China region during the period under review. As a result, Panda Hotel's occupancy and average room rates both increased significantly. Its turnover amounted to HK$172 million, a period-on-period increase of 35% on the previous figure of HK$127 million. Mainland China remained the hotel's largest market, while business from the emerging markets of Southeast Asia also grew steadily.

The hotel's average room occupancy rose from 90% to 94%, whereas the average room rate was up by 31% period-on-period. Meanwhile, room revenue amounted to HK$122 million, an increase of 37%.

The hotel's restaurant and banquet businesses saw a healthy period-on-period growth of 30%. Their combined revenue rose to HK$48 million as the result of increased utilization of the renovated banqueting venue.

While the hotel's revenue grew significantly during the period under review, inflationary pressures constantly affected its operating and other expenses, especially labour and food costs. In view of this trend, the hotel's emphasis for 2012 will be on maintaining tight control over its expenses and costs, while simultaneously retaining and nurturing the development of its workforce.

This will be a challenging year for Panda Hotel, due to an increase in the supply of hotel room in Hong Kong. To maintain its competitiveness, the hotel will explore potential new leisure markets and MICE business by conducting marketing campaigns and upholding its high service quality. Guestroom renovation and facility upgrading programmes are also currently being implemented.

Restaurant and Catering Services

The revenue of KITEC F&B, which operates several restaurants and catering services at KITEC, amounted to HK$47 million for the half-year under review, a period-on-period increase of 41%. This was mainly the result of continuous growth in its banqueting business, which has been primarily driven by a rise in the number of functions and wedding banquets held there. The business will continue to focus on efficient cost-control measures and competitive pricing strategies in all its food and beverage outlets, while building its revenue by improving the quality of its food and service standards.

The revenue of Queen's Palace Restaurant amounted to HK$4 million during the six months ended 31 December 2011, 5% less than in the same period of the previous year. In line with the tenant mix strategy for QRE Plaza, the restaurant will be closed in March 2012.

Restaurant and catering services form an integral part of the Group's property business. Their operations in Panda Hotel and KITEC enrich the experience of their clientele. The Company will continue to explore further opportunities in this sector that have the potential to support the branding and tenant mix strategies of its property portfolio.

D) Development

Lee Tung Street Project

Project Description

Location	Wan Chai, Hong Kong
Project Nature	URA Project
JV partner	Sino Land Company Limited
Nature of Development	Residential, Commercial and Government, Institution or Community
Planned investment	Around HK$9 billion (HHL's share: HK$4.5 billion)
Total site area	Around 88,500 square feet
Total GFA	Around 835,000 square feet
Residential GFA	Around 731,000 square feet (approximately 1,300 residential units)
Retail GFA	Around 86,000 square feet
Area to be handed over to the URA after restoration of historical buildings	Around 18,000 square feet
Revenue sharing with the URA	• Residential sales proceeds in excess of HK$6.2 billion will be shared equally between the URA and joint venture • Net rental income and sales proceeds from commercial portion will be shared 40:60 by the URA and joint venture

The Lee Tung Street Project is a URA redevelopment project with residential, commercial and government, institution or community elements. The Group and Sino Land Company Limited (Sino) formed a 50:50 JV and won the tender in June 2009. The JV creates synergy for the project by combining the Group's long-term presence and experience in Wan Chai with Sino's strong track record in residential development and its experience of URA projects.

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

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

Under the present plan, the JV planned to invest around HK$9 billion to provide the project with premium-quality and environmental friendly features. In July 2011, the JV signed bank loan facilities for an aggregate principal amount of up to HK$5 billion, which should be more than adequate to fund the project. As of 31 December 2011, the Group had also injected approximately HK$2.1 billion of its own funds into it.

Superstructure work on the Lee Tung Street project is currently underway. Pre-sale of the residential portion is currently planned to start in 2013. The commercial portion, which will be developed into a themed shopping mall, is planned for completion in 2015. It will further enlarge the Group's rental property portfolio and it is expected to create synergy among the Group's existing properties in Wan Chai, which include Hopewell Centre, QRE Plaza and GardenEast, as well as the future Hopewell Centre II.

Hopewell Centre II, Wan Chai

Project Description	
Location	Wan Chai, Hong Kong
Total GFA	Around 101,600 square metres
Nature of Development	Primarily a conference hotel with approximately 1,024 guest rooms
No. of Storeys	55
Planned investment	Around HK$5 billion, including HK$400 million for a road improvement scheme and parks
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. The negotiations on the land premium payable in respect of this project are ongoing.

Preparations were in progress to ensure compliance with the approved conditions, and the establishment of two preparatory committees for Hopewell Centre II Green Park and for Conservation and Revitalization of Nam Koo Terrace were in progress at the end of the period. Under the current plan, Hopewell Centre II is targeted to start construction in 2012 and to be completed in 2017.

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 Wan Chai Pedestrian Walkway proposed by the Group, the project will provide a convenient pedestrian connection between the Mid-Levels Kennedy Road residential area and Wan Chai MTR, via Hopewell Centre and the Lee Tung Street Project. This will help to integrate the Wan Chai District and increase the proximity of "The East" premises. Together with the completion of Hopewell Centre II, it will create synergy to the Group's property portfolio and enhance the recurrent income base of the Group.

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	An operating lease for the buildings from the landlord
Status	Construction - site formation stage

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

Construction of the project began in the second half of 2011, and it is currently planned for completion in 2015.

2. Infrastructure

A) Toll Roads – HHI

Business Performance

Despite the market's ongoing concerns about the European sovereign debt crisis and a slowdown in the global economy, which in turn restrained the growth of China's exports, Guangdong Province's GDP still increased by 10% in 2011, and the total value of its trade grew by 16.4%. Both its import and export trades reached historically high levels. This stable economic environment formed the backdrop for the steady growth in the operating performance of the HHI Group's toll roads.

The volume of car sales remained high throughout China during 2011, with more than 18.5 million vehicles sold. For the third consecutive years, the country maintained its position as the world's largest market in terms of domestic vehicle sales. Guangdong's four wealthiest municipalities – Guangzhou, Shenzhen, Foshan and Dongguan – topped the province's league in terms of car ownership. According to the media reports, Shenzhen currently has more than two million registered vehicles, placing it in No. 1 position. Guangzhou has close to two million vehicles, while Dongguan and Foshan each has more than one million. The number of Class 1 small cars using the HHI Group's toll roads in the PRD and the toll revenue derived from them continued to increase in line with the growth in car ownership; and this trend has laid strong foundations for their prosperous future.

During the period under review, aggregate average daily traffic volume on the GS Superhighway, Phase I West and Phase II West increased by 8% to 500,000 vehicles. Meanwhile, their aggregate average daily toll revenue increased by 3% to RMB11.64 million. A total of RMB2,141 million in toll revenue was collected at the three expressways during the period under review.

Financial Year	*1H FY11*	***1H FY12***	*% Change*
GS Superhighway (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	389	**405**	4%
Average Daily Toll Revenue (RMB '000)	10,105	**10,219**	1%
Phase I West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	37	**36**	–1%
Average Daily Toll Revenue (RMB '000)	473	**421**	–11%
Phase II West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	39	**59**	51%
Average Daily Toll Revenue (RMB '000)	686	**995**	45%

Class 1 small car traffic on the GS Superhighway continued to grow strongly. Both the traffic volume and toll revenue of Class 1 small cars increased to historically high levels during the period under review. On the other hand, overall traffic on certain sections of it, especially Class 4 and Class 5 commercial trucks was affected when National Highway 107 became toll free in April 2011. During the period under review, Class 1 small cars have accounted for 75.8% of its total volume of traffic.

The traffic volume and toll revenue of Phase II West have both risen continuously since it opened in June 2010. During the six months ended 31 December 2011, its traffic and toll revenue increased 51% and 45% respectively. The portion of the HHI Group's proportionately shared total toll revenue derived from Phase I West and Phase II West has risen to 13%, compared to 11% during the same period in FY11.

Expansion and Improvement Works

To develop efficient and safe expressways that deliver high-quality services, the HHI Group has been proactively monitoring the traffic flow on its expressways; and it has expanded busier sections and toll stations.

The widening of the busier 3.5-kilometre road section between the Wudianmei and Taiping interchanges from 6 to 10 lanes in dual directions was completed in June 2011. The flow of traffic along this section during peak hours has since become smoother and there has been a significant decline in the number of traffic accidents. The travelling speed of vehicles passing through the section has increased, and the number of vehicles passing through the widened section and between the nearby interchanges has risen.

In September 2011, the GS Superhighway JV also started widening another busier section near Shenzhen Baoan International Airport and the connection to Jihe Expressway. This involves expanding the approximately two-kilometre section between the Hezhou and Fuyong interchanges from 8 to 10 lanes in dual directions. The project will help to relieve the traffic pressure of this section and maintain a smoother flow of traffic to cater for the continuous increase in freight and passenger traffic to and fro Shenzhen Baoan International Airport. The widening works on the northbound section were completed in January 2012 and the southbound section is planned to be completed in the second quarter of 2012.

Enhancing Operational Efficiency and Controlling Operating Expenses

The JV companies have installed automated equipment to help cope with the increasing volume of traffic, control operating costs, and raise operational efficiency. More automatic card-issuing lanes and electronic toll collection (ETC) lanes were opened during the period under review. At present, automatic card-issuing machines are in operation at around one-third of the total entry lanes on the GS Superhighway. This has helped to keep the required number of toll collection staff at a reasonable level. Furthermore, 31 extra ETC lanes were installed at expressway entrances and exits during the period under review, in order to reduce the average length of time vehicles spend there. As of 20 February 2012, there are 68 ETC lanes on the GS Superhighway. That gives the GS Superhighway the highest number of ETC lanes on any expressway in Guangdong. The usage number of ETC lanes also grew significantly during the period under review, in line with a continuous increase in the number of Guangdong Unitoll Card users, which now stands at around 1.5 million, according to media reports.

Project Development

The opening of Phase III West will complete the Western Delta Route, which will become the most direct expressway link between the downtown areas of Guangzhou and Zhuhai. It will also halve the travelling time between Guangzhou and Zhuhai from two hours at present to around one hour. Furthermore, it will considerably expand the HHI Group's revenue base.

Construction of Phase III West has been progressing smoothly. All the land needed for it had been acquired and over 60% of the construction works have been completed. Funding for the project has been adequately prepared for. The HHI Group will endeavour to speed up the remaining construction work to ensure that Phase III West is completed in the first quarter of 2013, earlier than scheduled.

Operating Environment

In June 2011, the Ministry of Transport, National Development and Reform Commission, Ministry of Finance, Ministry of Supervision and State Council Office for Correcting Malpractice decided to launch a joint one-year national campaign to promote the healthy development of the toll road industry. Guangdong's infrastructure, which plays a fundamental and significant role in its economic development, will thus be upgraded. The HHI Group received in February 2012 from Guangdong Provincial Highway Construction Company Limited, HHI's JV partner, a notice concerning the promulgation of the Guangdong Province Toll Roads Special Clean-up Implementation Proposal ("the Tariff Proposal").

As of 23 February 2012, there have been no changes to the toll rates of the HHI Group's expressways and it remains uncertain if the Tariff Proposal will be implemented. The HHI Group will closely monitor the matters and actively negotiate with the relevant PRC authorities. Further details will be announced when progress is made.

41 kilometres of the 59-kilometre Guangzhou-Dongguan section of the Coastal Expressway were opened in mid January 2012. According to the latest media reports, the remaining part of this section will be opened by the end of year 2012, and the 30-kilometre Shenzhen section is rescheduled for completion by mid 2013. As the second half of January 2012 is the Lunar New Year holidays, the impact to the traffic of the GS Superhighway due to the opening of this 41-kilometre section of the Coastal Expressway is immaterial. The HHI Group will keep on monitoring the situation closely. When one takes into account the travelling distance of and toll paid for the expressways connecting to the Coastal Expressway, the GS Superhighway is competitive. The GS Superhighway links populous downtown areas on both sides of its route, whereas the Coastal Expressway mainly connects the ports along one sector of the eastern shore of the PRD, and most of its traffic may consist of trucks destined for those ports. The HHI Group believes Guangdong Province's robust economic development and the continuous growth in its car ownership figures will continue to boost the demand for passenger and freight transportation. Therefore, the GS Superhighway will retain its leading status as Guangdong's key traffic artery.

There is a common misconception that the travelling distance between Hong Kong and Guangzhou is shorter via the Coastal Expressway than the GS Superhighway. In fact, the Coastal Expressway's length of 89 kilometres refers only to the middle part of the route between Hong Kong and Guangzhou. If one includes the connecting roads at both ends, i.e. the Hong Kong-Shenzhen Western Corridor and the connecting roads to Hong Kong's highway networks and to the Guangzhou Ring Road, the total travelling distances from Hong Kong to Guangzhou via the Coastal Expressway and the GS Superhighway are very similar.

The Transport Department of Hong Kong announced on 13 February 2012 the launch of first phase of Ad-hoc Quotas Trial Scheme for cross-border private cars. Application will start on 30 March 2012 and the first batch of Hong Kong private cars with five seats or less can be driven into Guangdong via Shenzhen Bay Port around the end of April 2012, with a maximum stay of 7 days. The HHI Group expects that this policy will increase cross-border traffic and might benefit the GS Superhighway.

Toll-by-weight is currently under study to be implemented on the expressways located in the Pearl River Delta region. The expressways invested by the HHI Group may be positively affected as the number of overloaded trucks will be reduced.

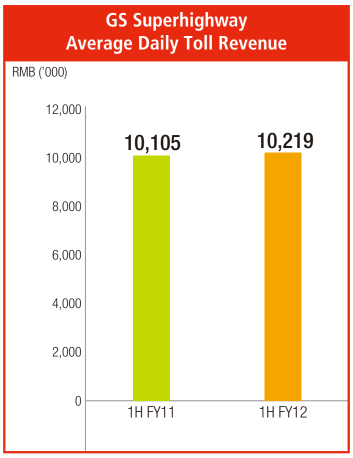
Strengthened Monitoring of Toll Integration

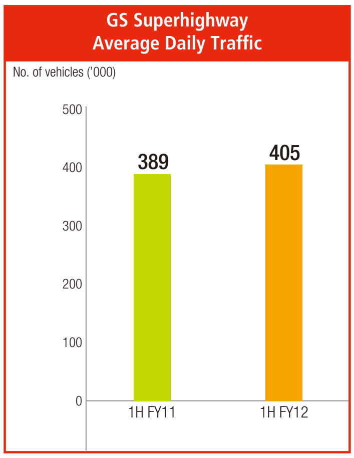
The GS Superhighway, Phase I West and Phase II West have formed parts of Guangdong's toll integration network since 2004 and 2010 respectively. The HHI Group recently entered into a conditional agreement to acquire a 2.4% shareholding in Guangdong Unitoll Collection Incorporated, which operates the clearing house that centralizes and manages data on the daily toll revenues collected by all of the expressways in Guangdong for settlement via its toll integration network. This will enable the HHI Group to communicate better and more closely with Guangdong Unitoll Collection Incorporated for better monitoring of its operations and development plan.

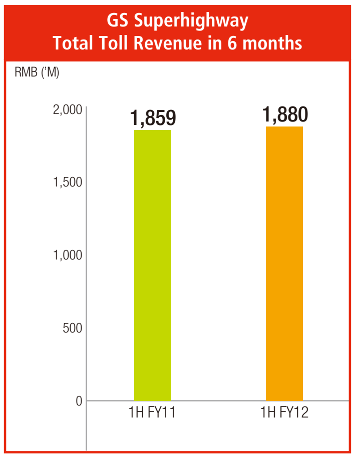
Guangzhou-Shenzhen Superhighway

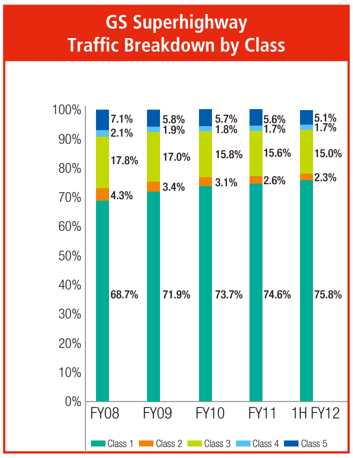
The GS Superhighway is the main expressway connecting the three major cities – Guangzhou, Dongguan and Shenzhen in the PRD region and Hong Kong. Its average daily toll revenue rose by 1% to RMB10.22 million, and its total toll revenue amounted to RMB1,880 million. Meanwhile, its average daily traffic volume increased by 4% to 405,000 vehicles.

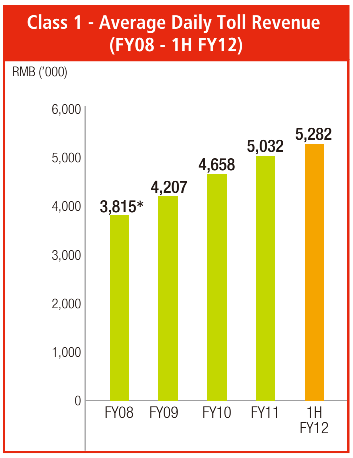
The traffic volume of Class 1 small cars using the GS Superhighway has continued to grow steadily. Both the traffic volume and toll revenue derived from them increased to historically high levels during the period under review, as a result of the growth in car ownership in the PRC.

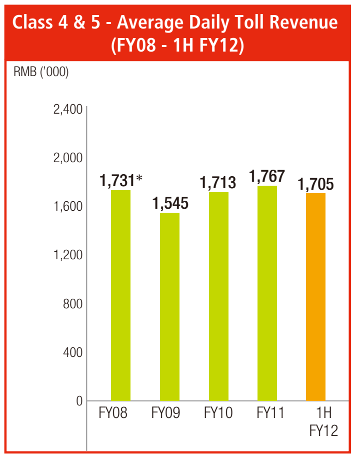












* A section of GS Superhighway was closed for maintenance in phases between October 2007 and July 2008

In April 2011, Shenzhen and Dongguan cities closed all the toll stations on National Highway 107 and made it toll free. As a result, some vehicles (mainly Class 4 and Class 5 commercial trucks) that previously used the GS Superhighway have reverted to using National Highway 107. Thus the toll revenue from Class 4 and Class 5 vehicles dropped slightly. Consequently, Class 1 small cars accounted for 75.8% of the GS Superhighway's total traffic volume during the period under review, and the average toll revenue per vehicle per kilometre declined by 4%, from RMB0.93 to RMB0.89 due to the higher proportion of Class 1 small cars in total traffic.

The GS Superhighway JV has been proactively monitoring the traffic flow along the GS Superhighway and widening the busier sections once obtaining approval from the relevant authorities. The widening of the busier 3.5-kilometre section between the Wudianmei and Taiping interchanges from 6 lanes to 10 lanes in dual directions was completed in June 2011. This has considerably eased traffic pressure on the section during peak hours. In addition, the number of traffic accidents has declined significantly, and the number of vehicles and vehicle speed along that section have increased.

In September 2011, the GS Superhighway JV began widening the busier section near Shenzhen Baoan International Airport and the connection to Jihe Expressway. It involves expanding the approximately two-kilometre section between the Hezhou and Fuyong interchanges from 8 to 10 lanes in dual directions. That will help to ease the traffic pressure on the section and maintain a smoother flow of traffic, thereby catering for the continuously increasing flow of freight and passenger traffic to and fro Shenzhen Baoan International Airport. Widening works on the northbound section were completed in January 2012 and the southbound section is planned to be completed in the second quarter of 2012.

Meanwhile, a study about the feasibility of widening the entire GS Superhighway to a total of 10 lanes in dual directions is still being fine-tuned.

More automatic carding-issuing lanes and ETC lanes have been installed and put into operation on the GS Superhighway in order to cope with the increasing volume of traffic, control operating costs and raise operational efficiency. Around one-third of the total entry lanes have currently been installed with automatic card-issuing machines. In addition, 31 more ETC lanes, with a total of 68 ETC lanes, were opened during the period under review, and the usage rate of such lanes has grown significantly.

Moreover, the GS Superhighway JV has installed weighing equipment at 30 toll lanes to efficiently and effectively identify overloaded green lane trucks that are not entitled to toll exemption. On the other hand, the GS Superhighway JV is actively studying toll-by-weight.

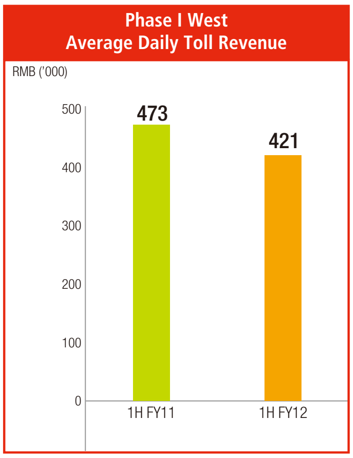
Ensuring the safety of road users has always been the HHI Group's top priority. In January 2012, the GS Superhighway was recommended by the Guangdong Provincial Communications and the Transportation Bureau and Traffic Management Department of Guangdong Provincial Public Security Bureau as a model expressway for a joint public campaign to enhance traffic management and safety. Launched on 1 January 2012, the campaign focuses on enhancing the traffic safety, traffic management and service standard of the GS Superhighway, and to present it as a model for all the expressways in Guangdong. The GS Superhighway JV will collaborate with the Traffic Management Department of Guangdong Provincial Public Security Bureau in enhancing various preventive measures aimed at effectively reducing the number of traffic accidents. They will also cooperate more closely to ensure that accidents are handled more speedily and to maintain the smooth flow of traffic on the expressway.

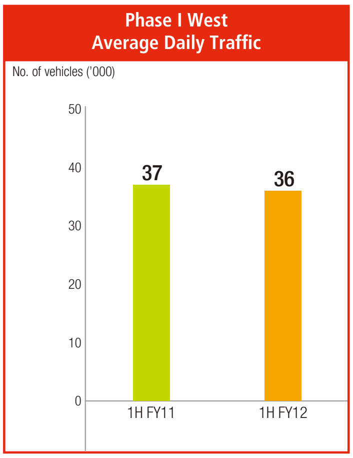
A 41-kilometre section of the 59-kilometre Guangzhou-Dongguan section of the Coastal Expressway was opened in mid January 2012. According to the latest media reports, the rest of the Guangzhou-Dongguan section will be opened by the end of 2012, and the 30-kilometre Shenzhen section is rescheduled for completion by mid 2013. As the second half of January 2012 was the Lunar New Year holidays, the impact to the traffic of the GS Superhighway due to the opening of this 41-kilometre section of the Coastal Expressway was immaterial. The HHI Group will continue to monitor its progress closely.

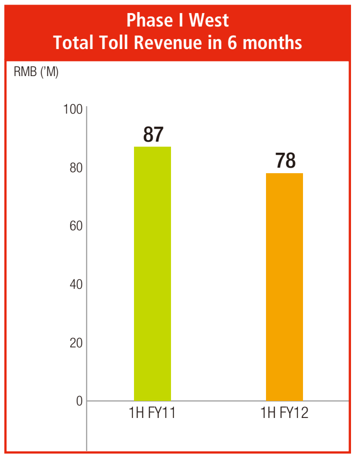
The Guangzhou-Shenzhen section of the Guangzhou-Shenzhen-Hong Kong High Speed Railway commenced operation in December 2011. Even though it provides an alternative route for passengers travelling between Guangzhou and Shenzhen, its operational mode is different to that of the GS Superhighway. Unlike the GS Superhighway, which facilitates all-weather, 24-hour point-to-point freight and passenger transportation, the Guangzhou-Shenzhen-Hong Kong High Speed Railway has fixed timetables to specific destinations. Each of the two modes of transport attracts a different category of travellers, and the HHI Group believes that the inauguration of the High Speed Railway will have a minimal effect on the GS Superhighway.

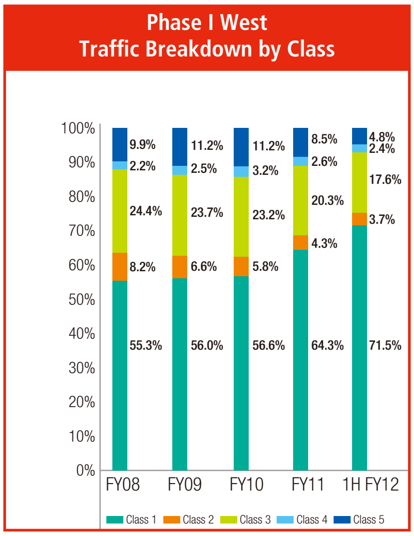
Phase I of the Western Delta Route

Phase I West is 14.7 kilometres long with a total of 6 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. Phase I West and Phase II West have formed the main expressway between Guangzhou and downtown Zhongshan since the latter opened in June 2010. They have reduced the travelling time between the two cities from one hour via local roads to approximately 30 minutes. In addition, Foshan's GDP grew strongly, by 12.1%, during 2011. The area's ongoing economic development will boost the volume of freight and passenger transportation in the area, thus attracting more traffic to Phase I West.







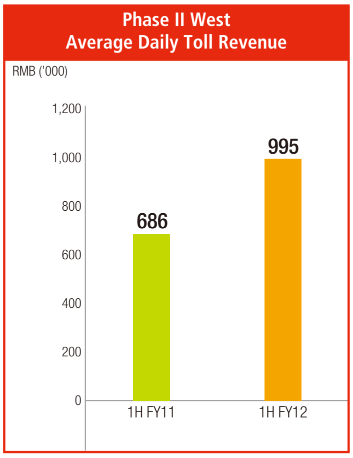


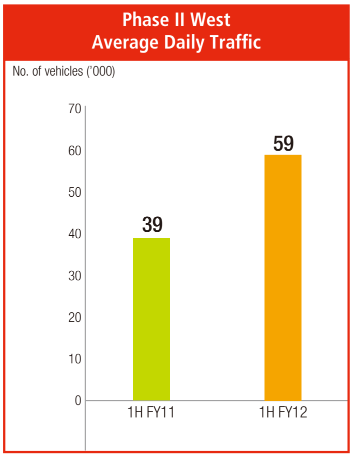
The average daily traffic volume of Phase I West decreased by 1% to 36,000 vehicles during the six months under review, while its average daily toll revenue declined by 11% to RMB421,000. Its total toll revenue for the entire period under review amounted to RMB78 million. The negative figures were due to intensified traffic restriction measures in force to prevent trucks weighing over 15 tons from using Yajisha Bridge on the Guangzhou East-South-West Ring Road since July 2011. The restriction measures have affected the traffic volume and toll revenue of Phase I West. The repair works were completed on 26 December 2011, and the restriction measures were subsequently lifted. The HHI Group believes that Phase I West will regain its growth momentum. In fact, average daily toll revenue and average daily traffic returned to RMB448,000 and 39,000 vehicles during 7 – 20 February 2012 respectively. Potential traffic restriction measures for trucks weighing over 15 tons on the Guangzhou Ring Road is now under study by the Government of Guangzhou Municipality. The date and details of implementation are to be announced. The HHI Group will monitor the situation and their impact on Phase I West.

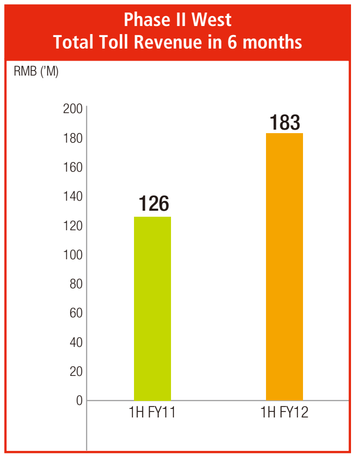
Phase II of the Western Delta Route

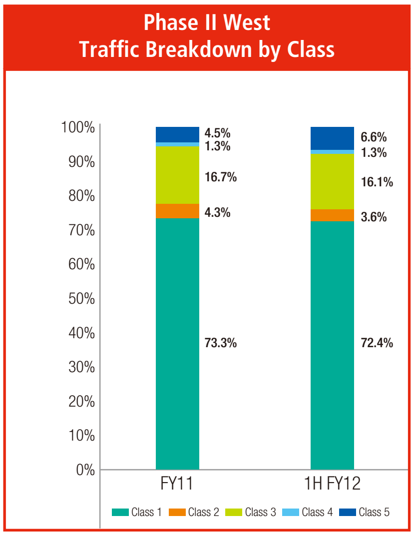
A 45.5-kilometre closed expressway with a total of 6 lanes in dual directions, Phase II West is connected to Phase I West in Shunde to the north and Shaxi in Zhongshan to the south. It is also linked with National Highway 105, Guangzhou Southern Second Ring Road, Jiangmen-Zhongshan Expressway and Xiaolan Highway (currently under construction).

The traffic volume and toll revenue of Phase II West surged continuously since it opened in June 2010. During the period under review, its average daily traffic volume rose by 51% to 59,000 vehicles, while average daily toll revenue grew by 45% to RMB995,000. Its total toll revenue amounted to RMB183 million during the period under review.









Guangzhou Southern Second Ring Road was opened in December 2010. It provides a direct highway connection to Phase II West for vehicles travelling between the Gaoming, Shunde and Nanhai Districts of Foshan, as well as the Panyu District of Guangzhou. The road's opening had a positive effect on the increase of traffic using Phase II West. A connection to Xiaolan Highway, which will be opened in April 2012, will provide a faster link to downtown Zhongshan via the southern end of Phase II West. This will further boost Phase II West's connectivity, and thus enhance its competitive advantages.

The toll revenue of Phase II West during the second half of FY11 achieved the HHI Group's target of operating cash flow breakeven (after taking into account interest expense payment) in its first year of operation, i.e. average daily toll revenue of RMB800,000. Phase II West's toll revenue during that period was therefore sufficient to cover the project's expenses, including its finance costs, and a net cash inflow (after taking into account interest expense payment) was recorded. Phase II West continued to show strong growth in terms of traffic volume and toll revenue during the period under review. This was in line with the economic growth of the surrounding region and the development of a more comprehensive peripheral road network. Although PRC interest rates had risen five times since its opening in June 2010, Phase II West still recorded a net cash inflow (after taking into account interest expense payment) during the period under review. Based on the current strong growth momentum of its business, and even without taking the synergy that will be created by the opening of Phase III West into account, the HHI Group expects Phase II West to achieve a net profit during 2014, with an average daily toll revenue exceeding RMB1.3 million (equal to annual toll revenue of RMB10.5 million per kilometre). The average daily toll revenue of Phase II West during the period under review amounted to RMB995,000, which is equivalent to an annualized toll revenue of RMB8 million per kilometre, as compared to Phase I West's annualized toll revenue of RMB10.5 million per kilometre in the same period. The synergy between Phase II West and Phase III West (which is planned to open earlier in the first quarter of 2013) makes the HHI Group optimistic that the former will achieve profit earlier than previously forecasted.

Phase III of the Western Delta Route

Phase III West will be an approximately 38-kilometre closed expressway with a total of 6 lanes in dual directions. It will connect to Phase II West in Zhongshan to the north, and extend southwards to link with the Zhuhai highway network, thus offering direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau, and expressways connecting to the Hong Kong-Zhuhai-Macau Bridge.

Construction work on Phase III West commenced in December 2009, and it has been advancing smoothly. All of the land required for its construction had been acquired, and more than 60% of the construction works have been completed. The HHI Group will endeavour to speed up its construction to ensure that it is completed ahead of schedule in the first quarter of 2013. The opening of Phase III West will complete the Western Delta Route, the expressway link between the downtown areas of Guangzhou and Zhuhai, and it will halve the journey time between them from approximately two hours at present to around one hour.

The planned total investment for Phase III West is currently RMB5,600 million. The project is adequately funded by shareholder's loans, registered capital and available banking facilities. As of 31 December 2011, RMB696 million of the RMB980 million of registered capital required for the project had been injected into the West Route JV. The balance of RMB284 million will be injected by the end of FY12. The HHI Group also intends to provide shareholder's loans with a total amount of RMB1,100 million to the West Route JV in order to keep the progress of Phase III West's construction. As of 31 December 2011, shareholder's loans of RMB530 million had already been provided. Given the project is well-funded, the HHI Group is confident that it can be completed in the first quarter of 2013.

Upon completion of Phase III West, the Western Delta Route will become the main artery of a regional expressway network spanning the PRD's western coast. This will link Guangzhou, Foshan, Zhongshan, Zhuhai, Hengqin and Macau. It will also be directly connected with various major expressways along its route, including the Guangzhou Ring Road, Guangzhou – Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan – Jiangmen Expressway and Western Coastal Expressway, as well as an expressway that will link Hengqin (which is currently being developed in Zhuhai) with the Hong Kong-Zhuhai-Macau Bridge. Hengqin will be China's third State-level Strategic New Zone (the others are Shanghai's Pudong District and Tianjin's Binhai area). The state will focus on planning and developing business services, tourism, scientific and advanced technology research and development and other sectors there, which will make it a new growing hub in the regional economy, that will contribute to the flourishing development of the western coast of the PRD and Macau. As a strategic expressway that comprehensively covering the most affluent cities on the PRD's western coast and offering convenient access to Macau and Hong Kong, the Western Delta Route will undoubtedly benefit from the region's prosperity and its huge development potential.

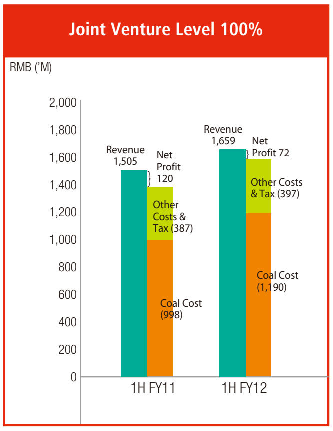
B) Power

Heyuan Power Plant

Project Description

Location	Heyuan City, Guangdong Province, PRC
Installed Capacity	2 x 600MW
HHL's stake	35%
JV partner	Shenzhen Energy Group
Total Investment	RMB4.7 billion (As per final account)
Status	Both units are operational

Key operating data	*1H FY11*	***1H FY12***
Gross Generation	3,800GWh	**4,100GWh**
Utilization rate[N1]	71%	**77%**
Availability factor[N2]	85%	**89%**
No. of days in which Daily Utilization rate[N3]>80%	97 days	**113 days**
Average on-grid tariff rate (excluding VAT) (RMB/MWh)	424.1	**429.7**
Approximate cost of coal (including transportation cost and excluding VAT) (RMB/ton)	694	**750**



	1H FY11 RMB'M	***1H FY12 RMB'M***
Revenue	1,505	**1,659**
Coal cost	(998)	**(1,190)**
Other costs & Tax	(387)	**(397)**
Net profit	120	**72**
HHL's share*		
– Revenue	602	**664**
– Net profit	48	**29**

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

$$\text{N1: Utilization rate} = \frac{\text{Gross generation during the period under review}}{\text{Total number of hours during the period under review X Installed capacity}}$$

$$\text{N2: Availability factor} = \frac{\text{The number of available hours for electricity generation during the period under review}}{\text{Total number of hours during the period under review}}$$

$$\text{N3: Daily Utilization rate} = \frac{\text{Daily electricity generation during the period under review}}{\text{24 hours X Installed capacity}}$$

Heyuan Power Plant is a coal-fired power plant with two 600 MW generating units. It is 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 flue gas desulphurization wastewater treatment system.

The plant's increased utilization rate for the first half of FY12 resulted in a 10% period-on-period rise in the Heyuan JV's electricity sales revenue, which totalled RMB1,659 million. Even so, its net profit for the same period declined by RMB48 million to RMB72 million, mainly due to an increase in the price of coal which suppressed the profit of the Heyuan JV. The Heyuan JV will continue to endeavour to formulate and implement cost-control strategies and measures.

In April and October 2011, the Group provided shareholder's loans in the total amount of RMB500 million to the Heyuan JV in order to increase its financial resources and reduce its finance costs. As of 31 December 2011, the Heyuan JV has repaid RMB540 million or 21% of the project debt of RMB2.55 billion.

The plant's financial performance is sensitive to fluctuations in the price of coal and the on-grid electricity tariff. To reduce the financial pressure on power producers, the National Development and Reform Commission ("NDRC") raised the on-grid electricity tariff of Guangdong's coal fired power plants twice, in June and November 2011, a total increase of 5% from RMB496.2/MWh to RMB521/MWh (including VAT). The NDRC also announced that annual contract thermal coal prices will increase by a maximum of 5% in 2012, and it capped the price of thermal coal at RMB800/ton for 5,500 kcal at major ports including Qinghuangdao from 1 January 2012.

The continued economic growth of Guangdong Province means that demand for electricity will remain strong. The plant is on track to maintain a utilization rate of 80% or above during the available hours for electricity generation. The Group expects Heyuan Power Plant will continue to provide it 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 original experimental turbine has been converted into a second generation experimental turbine. Continuing refinement, data collection and experiments are being carried out on the new experimental turbine.

Prospects

The European sovereign debt crisis will continue to create challenges for the global economy during the coming year. Uncertain economic prospects in the US and European countries and fears of recession are increasing volatility in the financial markets. However, the low interest rate environment in the US and most developed countries should help to support the global economic recovery.

As for the PRC, the main theme of the economic and social development in 2012 will be "making progress while maintaining stability". It is widely believed that the PRC's Central Government will maintain a prudent monetary policy and a proactive fiscal policy in the year ahead. Ensuring price stability will be the top priority of its macroeconomic policy, especially in the property sector where measures to constrict the market may continue.

In Hong Kong, the retail market continues to prosper, underpinned by the spending of Mainland visitors. Leasing demand for retail properties remains strong. In the office leasing market, the rental outlook for decentralized districts remains steady, given the buoyant trend of relocation from central business district. Due to limited supply, prices of luxury properties will continue to outperform the residential property market as a whole, despite the possibility of consolidation or corrections. On the other hand, Hong Kong's status as an international financial centre will benefit further from its role as an offshore RMB centre of the PRC's Central Government.

As an RMB-based company, HHI will continue to explore new ways to match its RMB receipts and payments. Given the tighter credit market in the PRC, it may also consider raising borrowings in RMB to further broaden the financing sources and to strengthen its financial position. The traffic volume and toll revenue of the Western Delta Route are both expected to grow even more rapidly after the completion of Phase III West, which is scheduled in the first quarter of 2013. Although the GS Superhighway now faces new competition from the Coastal Expressway, which partially opened in January 2012, the introduction of cross-border vehicle quotas for Hong Kong private cars is likely to facilitate cross-border traffic and benefit the GS Superhighway. As regards the Tariff Proposal, HHI will actively negotiate with the relevant PRC authorities.

The continuing upgrade of facilities and services at Hopewell Centre, QRE Plaza, KITEC and Panda Place is making those properties increasingly attractive to tenants. The enhanced tenant mix of "The East" – which now includes the car showrooms of prestigious brands such as Rolls-Royce, McLaren and Mini Coopers has boosted its image and this will in turn help to attract a greater number of affluent patrons. In addition, the higher spot rent of the Group's investment properties will gradually raise their overall average rental rates. The completion of the Lee Tung Street Project, Hopewell Centre II and Wan Chai Pedestrian Walkway will create greater synergy within the Group's completely integrated Wan Chai property portfolio and the Group believes its asset-management strategy will be capable of creating sustainable returns for its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As of 31 December 2011, the net cash position and available committed banking facilities of HHL and its subsidiaries (excluding the HHI Group*) were as follows:

HK$ million	*30.06.2011*	***31.12.2011***
Net cash	1,843	**1,345**
Available Committed Banking Facilities	6,920	**5,620**
Net Cash and Available Committed Banking Facilities	8,763	**6,965**

As of 31 December 2011, the cash balance of HHL and its subsidiaries (excluding the HHI Group*) amounted to HK$3,595 million, which included RMB1,736 million (equal to HK$2,140 million) and HK$1,455 million.

The net cash position of HHL and its subsidiaries, which represents the cash balance after deducting bank loans of HK$2,250 million, was HK$1,345 million.

* As at 31 December 2011, the HHI Group (consisting of HHI and its subsidiaries but excluding its JCEs) had a cash balance of RMB2,608 million, equal to HK$3,216 million (30 June 2011: RMB2,856 million, equal to HK$3,439 million). Taking into account the RMB1.38 billion and RMB600 million raised by HHI's RMB corporate bond issues in July 2010 and May 2011 respectively, and corporate loans of HK$46 million, the HHI Group had net cash in hand of RMB590 million (equal to HK$728 million) at corporate level.

The Group expects its strong financial resources will be sufficient to meet the funding requirements of the projects it has under development. It currently plans to spend a total of approximately HK$5.34 billion on these between FY12 and FY14. Cash on hand, available committed banking facilities, a healthy cash inflow from its prime-earning businesses, and the proceeds from sales or pre-sales of Broadwood Twelve, Lee Tung Street and Hopewell New Town projects, should provide sufficient funding for the Group's projects under development.

Major Projects Plan

Projects	Target Completion	Total Investment[N1] HK$'M	Interest %	HHL's Portion of Total Investment[N1] HK$'M	HHL's Injection FY12 to FY14[N1] HK$'M
Hong Kong					
Lee Tung Street Project	2015	9,000	50%	4,500	0[N2]
Hopewell Centre II	2017	5,000	100%	5,000	3,000
PRC					
Hopewell New Town					
• 58,000m²	FY12	330	95%	310	1,600
• 60,000m²	FY13	320		300	
• 161,000m²	FY14-15	1,040		990	
Liede Project	2015	1,230	Operating Lease	1,230	740
Total				12,330	5,340

N1: Present planning, subject to change
N2: The investment is financed by the project's bank loan
Based on exchange rate RMB1=HK$1.233(Exchange rate at month end Dec-11)

Maturity Profile of Major Committed Banking Facilities

	Maturity Date
HK$7,000 million syndicated loan	September 2014

As at 31 December 2011, HK$5,620 million of this syndicated loan remained undrawn.

Apart from the above facility, as at 31 December 2011 the Group had other available undrawn and uncommitted banking facilities amounting to HK$450 million (30 June 2011: HK$500 million).

In 2011, Grand Site Development Limited, a joint venture company with Sino Land Company Limited, successfully arranged a secured loan facility for up to an aggregate principal amount of HK$5,000 million for the payment of the land premium and construction costs of the Lee Tung Street Project. It is currently expected that the loan facilities should be more than adequate to fund the Lee Tung Street Project. Their maturity date will be the earlier of (a) 42 months from 8 July 2011 or (b) six months after the issuance of a certificate of compliance by the Director of Lands in respect of the Lee Tung Street Project.

The Group's financial position remains strong. Its net cash balance on hand and available undrawn banking facilities will provide it with 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 minimize finance costs and optimize the return on financial assets.

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

In general, all the Group's cash is placed as deposits denominated mainly in HK Dollars and Renminbi. The Group did not invest in any accumulator, equity-linked note or other financial derivative instruments during the period under review.

Charges on Assets

The Group's equity interest in Lee Tung Street Project has been pledged to banks concerned to secure the banking facilities that have been granted to the jointly controlled entity for the Lee Tung Street Project. The carrying amount of the pledged equity interest as at the end of the reporting period was insignificant to the Group.

Project Commitments

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

Contingent Liabilities

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

Material Acquisition or Disposal

There was no material acquisition or disposal during the period under review.

SUSTAINABILITY REPORT

The Group's endeavours to promote sustainability have been well recognized. Both HHL and HHI were selected as constituents of the Hang Seng Corporate Sustainability Benchmark Index with effect from 5 September 2011. The Hang Seng Corporate Sustainability Benchmark Index is one of two new benchmark indexes in the Hang Seng Corporate Sustainability Index Series. It consists of Hong Kong-listed companies that perform well in terms of their corporate sustainability.

Corporate Governance

The Company is strongly committed to the principles and practices of good corporate governance and capable management, which it regards as vital elements for ensuring its continued success. The Group has endeavoured to review the effectiveness of its corporate governance structure for the ensuing year.

On 23 February 2012, the Board appointed Ms. Linda Lai Chuen LOKE, an Independent Non-executive Director, as Chairman of the Company's Remuneration Committee. She replaces Mr. Carmelo Ka Sze LEE who will continue to serve as a member of the committee.

In November 2011, Sir Gordon Ying Sheung WU was awarded the Most Influential Leader Award of the China Securities Golden Bauhinia Awards, which were jointly organized by Ta Kung Pao and authoritative organizations in the securities industry in Hong Kong and Mainland China, as a recognition for his contributions by the PRC government.

Under its renowned and capable leadership, the Board will undoubtedly maintain a high degree of transparency and corporate governance practices, and the Company will surely retain its competitive edge in the market.

During the period under review, the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules.

In 2011, the Company made significant progress in developing a range of sustainability initiatives involving various stakeholders, and its efforts in this respect have been widely recognized.

Awards and Recognition

- HHL and HHI were selected as constituents of the Hang Seng Corporate Sustainability Benchmark Index

- The Lee Tung Street project has achieved a Provisional BEAM 4/04 Certificate – "Platinum Standard" by the HK-BEAM Society

- HHL was awarded the Gold standard of Improved Fuel Efficiency and Silver Standard of Fuel Use Reduction in the Take a "Brake" Scheme co-organized by Friends of the Earth (HK), Green Power and WWF Hong Kong

- HHL was named as the Outstanding Sustainable Enterprise in Asia in the Green China 2011 Environmental Achievement Award

- HHL received a Family-Friendly Employers Award from the Family Council

Environmental

Green Building

As a responsible corporate citizen, the Group is committed to sustainable development. It therefore remains mindful of the impact its projects and developments have on the environment. The on-going Lee Tung Street project, a URA redevelopment project with residential, commercial and government, institution or community elements that is jointly being carried out by the Company and Sino Land Company Limited has achieved a Provisional BEAM 4/04 Certificate – "Platinum Standard" by the HK-BEAM Society. It was assessed on the basis of its present design and specification provisions, and in terms of its site aspect, material aspect, energy use, water use, indoor environmental quality and innovations.

Electric Vehicles

A pioneer in the use and promotion of electric vehicles ("EV"), HHL has installed more than 40 EV chargers in the properties it owns and manages properties. It also added both hybrid and electric vehicles to its car fleet between 2006 and 2011. This practice has now been extended to its subsidiary, HHI, which added the first hybrid electric vehicle to its car fleet in China during the period. HHI is also actively exploring the possibility of installing electric vehicle charging facilities along its expressways.

Carbon Footprint

Carbon footprint management remains one of the Group's top priorities. In late 2008, it joined the "Green Hong Kong • Carbon Audit" campaign and began conducting carbon audits on its major buildings. It has now set itself the goal of compiling a complete carbon footprint audit by extending the carbon audit exercise to include its other properties.

Responsible Power Generation

Heyuan Power Plant is one of the most efficient and environmentally responsible coal-fired power plants in Guangdong Province. During the period under review, it used an electrostatic precipitator to reduce its flue ash emissions by 172 thousand tonnes and a flue gas desulphurization system to reduce its SO^2 emissions by 15 thousand tonnes. All the flue ash and gypsum (by-product collected by the SO^2 removal process) were reused as construction materials. The plant continuously seeks opportunities to generate energy in a greener way. Its flue gas desulphurization system was retrofitted to minimize the production of pollutants by increasing the SO^2 removal efficiency.

Our People

Care for Our People

As a responsible and caring employer, the Group launched an Employee Assistance Programme (EAP) in 2011, providing hotline and face-to-face professional counseling to its staff. Hopewell Hospitality Management Limited, one of its subsidiaries, has further expanded this programme by providing seminars and a 24-hour counseling hotline for its 500-plus employees. The Group believes that work-life balance helps it to maintain a productive and cohesive workforce. It began to implement a five-day working week policy in 2010, in order to help its employees maintain a healthy and sustainable work-life balance. The policy's implementation has since been extended to include office staff in its hospitality division.

Staff Development

The human resources (HR) function plays an essential role in aligning HR objectives with business strategies, so as to bring them into line with the Group's long-term development. The HR function will be further strengthened by the implementation of a new team structure that will reinforce staff training and development in the Group's core business units.

Staff Engagement

A new volunteering platform on intranet was recently launched to engage staff members in various corporate social responsibility, voluntary, sports and recreational activities and to improve the effectiveness of internal communications by disseminating information and offering employees a platform for their feedback and comments. To raise employee awareness about various sustainability topics, the Group invited speakers to give presentations on low-carbon offices, clean air, volunteer services, the organic lifestyle, and data privacy.

Customer and Communities

Long-Term Partnership

Over the past few years, HHL has increased its community involvement and investment activities. To ensure these activities are effective in making changes and that they yield maximum social value, the Group continually reviews its community strategies and develops a long-term partnership plans with selected NGOs that share its values and interests, which climate change, youth development & education and support for disadvantaged groups are its core focus.

Sponsorship and Donations

The Group believes it is essential to maintain close relationships with the community and its NGO partners. It supports charity activities and social projects initiated by NGOs while simultaneously conducting its own community investment programmes.

The Group continued to donate to various organizations and provide them with sponsorships during the period under review. It also offered the use of venues in its properties free of charge for community and charitable events. The major beneficiary organizations included:

- Playright Children's Play Association
- Po Leung Kuk
- St. James' Settlement
- The Community Chest of Hong Kong
- The Hong Kong Federation of Youth Groups
- The Hong Kong Outstanding Students' Association
- The Hong Kong Red Cross
- The Hong Kong Student Army Camp
- WWF Hong Kong
- Yan Oi Tong

Youth Development

Youth development is another focus areas of the Group's corporate sustainability programme. During the period under review, it kicked off the "Strike" Bowling Program in partnership with St. James' Settlement in order to provide bowling lessons to intellectually disabled youths. HHL is sponsoring the Playright Children's Play Association's Hospital Play Development Project for two years from 2011. The programme aims to empower Youth Ambassadors with chronic illnesses to provide care and support to other child patients through hospital play services. The Group and Newsweek magazine co-sponsored an educational programme to enable local university students to enhance their analytical and English skills and facilitate self-learning. It was the first of its kind in Hong Kong.

Supporting Communities

The Group encourages its employees to contribute to society by actively participating in community programmes and supporting the Group's sustainability initiatives. It mobilizes members of the HH Social Club, an organization consisting of staff from all the Group's functions and subsidiaries, to help underprivileged members of the society. The club's members engaged in a broad range of charitable and voluntary programmes during the period under review, including the Community Chest's Walk for Millions, Corporate Challenge and Dress Special Day, St. James' Settlement's "Strike" Bowling Program and the Moon Cake Transfer Program. In addition, it organized a Christmas Party for children with chronic illnesses, visits to the elderly and other services.

Stakeholder Engagement

The Group has been a pioneer in promoting sustainable development and it is committed to maintaining open and timely communication with its stakeholders, in order to maintain a good understanding of their needs and expectations. HHL revamped its corporate website which further strengthens the communications with stakeholders.

OTHER INFORMATION

Review of Interim Results

The unaudited interim results of the Group for the six months ended 31 December 2011 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 2011, 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	25,420,000[(v)]	111,650,000[(vi)]	30,680,000[(iii)]	—	242,433,240[(ix)]	27.80
Eddie Ping Chang HO	27,008,000	1,366,000	70,000	—	—	28,444,000	3.26
Thomas Jefferson WU	27,600,000	—	—	—	—	27,600,000	3.16
Josiah Chin Lai KWOK	1,275,000	—	—	—	—	1,275,000	0.15
Henry Hin Moh LEE (resigned on 1 January 2012)	5,104,322	—	—	—	—	5,104,322	0.59
Guy Man Guy WU	2,645,650	—	—	—	—	2,645,650	0.30
Lady WU	25,420,000	125,143,240[(vii)]	61,190,000[(viii)]	30,680,000[(iii)]	—	242,433,240[(ix)]	27.80
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
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 Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(iii) The other interests in 30,680,000 shares represented the interests held by Sir Gordon 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 25,420,000 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 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 under 18)	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	16,000,000	—	—	—	16,000,000	0.54
Josiah Chin Lai KWOK	127,500	—	—	—	127,500	0.00
Henry Hin Moh LEE (resigned on 1 January 2012)	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
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 Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(ii) The interests in 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 2011, 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 six months ended 31 December 2011 were as follows:

			Number of share options						
	Date of grant	*Exercise price per share HK$*	*Outstanding at 01/07/2011*	*Granted during the period*	*Exercised during the period*	*Lapsed during the period*	*Outstanding at 31/12/2011*	*Exercise period*	*Closing price before date of grant falling within the period HK$*
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	4,960,400	—	—	(153,600)	4,806,800	01/11/2007–31/10/2013	N/A
Employees	15/11/2007	36.10	4,016,000	—	—	(128,000)	3,888,000	01/12/2008–30/11/2014	N/A
Employees	24/07/2008	26.35	1,068,000	—	—	—	1,068,000	01/08/2009–31/07/2015	N/A
Employees	11/03/2009	21.45	1,029,200	—	(74,000)	(147,200)	808,000	18/03/2010–17/03/2016	N/A
Total			**11,361,600**	**—**	**(74,000)**	**(428,800)**	**10,858,800**		

No options were cancelled during the six months ended 31 December 2011.

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$23.89.

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 2011 were as follows:

			Number of HHI share options						
	Date of grant	Exercise price per share HK$	Outstanding at 01/07/2011	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31/12/2011	Exercise period	Closing price before date of grant falling within the period HK$
Employees of HHI	17/10/2006	5.858	4,368,000	—	—	(288,000)	4,080,000	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			**5,128,000**	**—**	**—**	**(288,000)**	**4,840,000**		

No options were cancelled during the six months ended 31 December 2011.

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$75,456 (2010: HK$39,960) 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 was no awarded shares granted or outstanding during the six months ended 31 December 2011.

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 was no awarded shares granted or outstanding during the six months ended 31 December 2011 and accordingly no dividend income was received (2010: Nil) in respect of shares held upon the trust for the HHI Award Scheme during such period.

Substantial Shareholder

As at 31 December 2011, 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	86,614,000	9.93%

The above interests in the shares of the Company held by the 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 2011.

Purchase, Sale or Redemption of Securities

During the six months ended 31 December 2011, the Company repurchased a total of 4,854,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of HK$95,715,180. All the repurchased shares were subsequently cancelled. Details of the repurchases are as follows:

Month of the repurchases	*Total number of shares repurchased*	*Highest price paid per share HK$*	*Lowest price paid per share HK$*	*Aggregate consideration paid (excluding expenses) HK$*
November 2011	1,624,500	19.70	18.60	31,296,500
December 2011	3,229,500	20.00	19.88	64,418,680
Total	**4,854,000**			**95,715,180**

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2011.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognize their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2011, the Group had 1,241 employees.

In compliance with the Minimum Wage Ordinance, which took effect on 1 May 2011, the Group conducted a full-scale review of the salary packages of its employees and organized briefing sessions for its managers, department heads and other members of staff. These introduced the ordinance and explained its impact on human resources-related policies and practices. As well as offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. Besides implementing a five-day working week since March 2010, the Group has arranged stress management workshops and seminars for employees. They were delivered by professionals who shared their experiences and methods handling stress. The Group also invests in human capital development by providing relevant training programmes to enhance employee productivity. In 2011, it hired three graduates with potential under a 24-month Management Trainee Programme. The graduates will learn essential business knowledge and management skills through carefully planned job rotations within the Group's core business units and corporate offices.

The Group's training programmes are designed and tailor-made to increase the knowledge of its employees and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their individual interests in order to prepare them future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programmes, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training and educational sponsorships. During the period, the Group organized a number of seminars on subjects like counseling and crisis management, MPF investment management, cross-border insurance arrangement, by external consultants or service providers to enhance employees' general knowledge in the topics concerned.

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the 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. Having made specific enquiry with the Directors, all the Directors have confirmed that they have complied fully with the required standard.

Disclosures 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.

Continuing disclosure pursuant to Rule 13.20 of the Listing Rules

As disclosed in the announcement made by the Company on 8 July 2011, Grand Site Development Limited ("Grand Site"), an affiliated company of the Company, executed a facility agreement and security documents in relation to loan facilities of up to an aggregate principal amount of HK$5,000 million and in connection therewith and on the same date, the Company (on a several basis and pro rata to its 50% attributable equity interest in Grand Site) entered into a corporate guarantee and a funding agreement for project cost overrun (with completion guarantee) and Linford Investments Limited (being the indirect wholly-owned subsidiary of the Company holding 50% shareholding in Grand Site) entered into a subordination agreement and a share charge in favour of the lenders. The aforesaid loan facilities have been and shall be ultilized by Grand Site for the payment of the land premium and construction costs of the Lee Tung Street Project.

The Group also made advances to Grand Site (on several basis and pro rata to the Company's attributable equity interest in Grand Site). Such advances are funded from the internal resources of the Group by way of shareholder's advances, unsecured, interest-free and have no fixed and determined method of repayment.

As at 31 December 2011, the aggregate amount of advances and guarantee given for loan facilities granted to Grand Site amounted to HK$4,569 million, representing approximately 12.72% under the assets ratio ("Assets Ratio") as defined under Rule 14.07(1) of the Listing Rules.

Continuing disclosure pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2011, the aggregate amount of financial assistance to, and guarantee given for the loan facilities granted to, affiliated companies of the Company, exceeds 8% under the Assets Ratio. In compliance with the requirement of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies (with attributable interest of the Group in the affiliated companies) as at the latest practicable date (i.e. 31 December 2011) is set out below:

	Combined balance sheet HK$ million	***The Group's attributable interest HK$ million***
Non-current assets	4,753	1,951
Current assets	7,899	3,815
Current liabilities	(796)	(320)
	11,856	**5,446**
Share capital	1,625	655
Reserves	757	302
Amounts due to shareholders	5,104	2,453
Non-current liabilities	4,370	2,036
	11,856	**5,446**

Change in Information of Directors

As disclosed in the announcement made by the Company on 12 October 2011, Mr. Henry Hin Moh LEE ("Mr. LEE") had tendered his resignation as a Non-executive Director of the Company with effect from 1 January 2012 due to his desire to persue other personal commitments. However, Mr. LEE remains as a consultant to the Company thereafter.

Melco Crown Entertainment Limited ("Melco Crown"), of which Mr. Thomas Jefferson WU ("Mr. WU") is an independent non-executive director, began its dual-listing on the Stock Exchange in December 2011. Melco Crown was listed on NASDAQ of USA in 2006. In addition, Mr. WU was appointed as an Honorary President of Hong Kong Ice Hockey Association Limited in November 2011, a director of Asian Youth Orchestra Limited in December 2011 and a member of the Election Committee under Hotel Subsector in February 2012.

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, 23 February 2012

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 55 to 72, 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 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months 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 inquiries, 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
23 February 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 31 December 2011

	Notes	Six months ended 31.12.2010 HK$'000 (unaudited) (restated)	**31.12.2011 HK$'000 (unaudited)**
Turnover	3	723,416	**587,124**
Cost of sales and services		(345,213)	**(239,030)**
		378,203	**348,094**
Other income	4	52,829	**164,119**
Selling and distribution costs		(71,697)	**(37,858)**
Administrative expenses		(151,190)	**(163,326)**
Other expenses		(2,549)	**(54)**
Gain on disposal of investment properties		60,970	**14,867**
Gain on disposal of a subsidiary	20	—	**20,408**
Gain arising from changes in fair value of completed investment properties		1,298,180	**1,142,909**
Finance costs	5	(37,441)	**(43,836)**
Share of profits of			
Jointly controlled entities	6	614,685	**633,348**
Associates		1,659	**11,752**
Profit before taxation		2,143,649	**2,090,423**
Income tax expense	7	(129,538)	**(89,163)**
Profit for the period		2,014,111	**2,001,260**
Other comprehensive income:			
Exchange differences arising on translation of financial statements of subsidiaries and jointly controlled entities		281,585	**273,110**
Revaluation gain arising from other properties, plant and equipment		—	**102,230**
Loss arising from changes in fair value of available-for-sale investments		(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		273,421	**375,340**
Total comprehensive income for the period		2,287,532	**2,376,600**
Profit for the period attributable to:			
Owners of the Company		1,849,475	**1,824,963**
Non-controlling interests		164,636	**176,297**
		2,014,111	**2,001,260**
Total comprehensive income attributable to:			
Owners of the Company		2,049,082	**2,133,353**
Non-controlling interests		238,450	**243,247**
		2,287,532	**2,376,600**
		HK$	***HK$***
Earnings per share	8		
Basic		2.11	**2.08**
Diluted		2.11	**2.08**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	30.6.2011 HK$'000 (audited)	**31.12.2011** **HK$'000** **(unaudited)**
ASSETS			
Non-current Assets			
Investment properties	10	14,944,615	**16,216,945**
Property, plant and equipment	10	788,210	**758,183**
Properties under development		978,433	**1,085,245**
Interests in jointly controlled entities	11	8,282,037	**8,960,587**
Interests in associates		27,397	**28,149**
Loan receivable		1,303	**882**
Available-for-sale investments		3,197	**3,000**
Amounts due from jointly controlled entities	12	1,753,225	**2,057,443**
Bank deposits held by HHI Group		589,960	**234,270**
		27,368,377	**29,344,704**
Current Assets			
Inventories		22,800	**9,045**
Stock of properties			
Under development		526,809	**787,088**
Completed		45,054	**41,672**
Trade and other receivables	13	366,157	**271,393**
Deposits and prepayments		62,715	**92,879**
Amounts due from jointly controlled entities	12	970,432	**1,272,404**
Bank deposits held by HHI Group		280,918	**456,210**
Cash and cash equivalents held by:	14		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,784,222	**3,594,817**
Hopewell Highway Infrastructure Limited and its subsidiaries ("HHI Group")		2,568,007	**2,525,269**
		7,627,114	**9,050,777**
Assets classified as held for sale (Broadwood Twelve)	10	1,835,000	**1,456,300**
		9,462,114	**10,507,077**
Total Assets		36,830,491	**39,851,781**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 December 2011

	Notes	30.6.2011 HK$'000 (audited)	**31.12.2011** **HK$'000** **(unaudited)**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	15	2,191,608	**2,180,158**
Share premium and reserves		27,155,678	**28,301,581**
Equity attributable to owners of the Company		29,347,286	**30,481,739**
Non-controlling interests		2,800,360	**2,868,315**
Total Equity		32,147,646	**33,350,054**
Non-current Liabilities			
Warranty provision	22(a)	53,966	**53,966**
Deferred tax liabilities		321,624	**346,145**
Amount due to a minority shareholder of a subsidiary		66,021	**59,180**
Corporate bonds	16	2,383,920	**739,800**
Bank borrowings	17	361,200	**369,900**
		3,186,731	**1,568,991**
Current Liabilities			
Trade and other payables	18	507,638	**546,642**
Rental and other deposits		220,054	**600,168**
Amounts due to associates		14,460	**7,568**
Amount due to a jointly controlled entity		6,848	**7,836**
Tax liabilities		114,169	**113,120**
Corporate bonds	16	—	**1,701,540**
Bank borrowings	17	604,700	**1,926,300**
		1,467,869	**4,903,174**
Liabilities associated with assets classified as held for sale		28,245	**29,562**
		1,496,114	**4,932,736**
Total Liabilities		4,682,845	**6,501,727**
Total Equity and Liabilities		36,830,491	**39,851,781**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2011

	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 2010 (originally stated)	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
Effect of changes in accounting policies	—	—	—	—	—	—	2,149	—	—	—	1,515,245	1,517,394	—	—	—	1,517,394
At 1 July 2010 (audited) (restated)	2,190,673	8,768,037	72,110	10,010	388,955	97,439	13,024	8,164	68,659	(2,178)	12,595,475	24,210,368	3,018	2,607,465	2,610,483	26,820,851
Profit for the period (restated)	—	—	—	—	—	—	—	—	—	—	1,849,475	1,849,475	—	164,636	164,636	2,014,111
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)	—	—	1,849,475	2,049,082	—	238,450	238,450	2,287,532
Shares issued	785	7,954	—	—	—	—	—	—	(1,766)	—	—	6,973	—	—	—	6,973
Transaction costs attributable to issue of shares	—	(6)	—	—	—	—	—	—	—	—	—	(6)	—	—	—	(6)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	1,459	—	—	1,459	106	45	151	1,610
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(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) (restated)	2,191,458	8,775,985	72,110	10,010	596,726	97,439	13,024	—	68,352	(2,178)	13,971,731	25,794,657	3,124	2,707,422	2,710,546	28,505,203
At 1 July 2011 (audited)	2,191,608	8,777,440	72,110	10,010	770,216	105,808	58,073	—	68,282	(2,178)	17,295,917	29,347,286	3,132	2,797,228	2,800,360	32,147,646
Profit for the period	—	—	—	—	—	—	—	—	—	—	1,824,963	1,824,963	—	176,297	176,297	2,001,260
Other comprehensive income for the period	—	—	—	—	206,160	—	102,230	—	—	—	—	308,390	—	66,950	66,950	375,340
Total comprehensive income for the period	—	—	—	—	206,160	—	102,230	—	—	—	1,824,963	2,133,353	—	243,247	243,247	2,376,600
Shares issued	185	1,916	—	—	—	—	—	—	(514)	—	—	1,587	—	—	—	1,587
Transaction costs attributable to issue of shares	—	(1)	—	—	—	—	—	—	—	—	—	(1)	—	—	—	(1)
Shares repurchased	(11,635)	—	11,635	—	—	—	—	—	—	—	(95,978)	(95,978)	—	—	—	(95,978)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	—	—	1,246	—	—	1,246	39	17	56	1,302
Forfeiture of vested share options	—	—	—	—	—	—	—	—	—	—	191	191	(191)	—	(191)	—
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(3,000)	(3,000)	—	(6,550)	(6,550)	(9,550)
Disposal of a subsidiary *(note 20)*	—	—	—	—	—	—	—	—	—	—	—	—	—	(4,699)	(4,699)	(4,699)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(163,908)	(163,908)	(163,908)
Dividends recognised as distribution during the period *(note 9)*	—	—	—	—	—	—	—	—	—	—	(902,945)	(902,945)	—	—	—	(902,945)
At 31 December 2011 (unaudited)	**2,180,158**	**8,779,355**	**83,745**	**10,010**	**976,376**	**105,808**	**160,303**	**—**	**69,014**	**(2,178)**	**18,119,148**	**30,481,739**	**2,980**	**2,865,335**	**2,868,315**	**33,350,054**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2011

	Notes	*Six months ended* 31.12.2010 (unaudited) HK$'000	***Six months ended* 31.12.2011 (unaudited) HK$'000**
OPERATING ACTIVITIES			
Cash generated from operations		78,647	**320,190**
Tax paid		(60,935)	**(68,552)**
NET CASH FROM OPERATING ACTIVITIES		17,712	**251,638**
INVESTING ACTIVITIES			
Dividends received		128,140	**508,719**
Net proceeds from disposal of investment properties		622,600	**394,884**
Advances to jointly controlled entities:			
Lee Tung Street project		(27,100)	**(304,218)**
Heyuan JV		—	**(244,200)**
West Route JV		—	**(36,990)**
Investment in a jointly controlled entity		(116,000)	**(243,170)**
Placement of bank deposits with original maturity over three months		(349,500)	**(85,540)**
Withdrawal of bank deposits with original maturity over three months		—	**281,797**
Net proceeds from disposal of a subsidiary	20	—	**56,342**
Other investing cashflows		(141,934)	**(34,906)**
NET CASH FROM INVESTING ACTIVITIES		116,206	**292,718**
FINANCING ACTIVITIES			
Proceeds from issuance of corporate bonds		1,582,860	**—**
New bank borrowings raised		—	**1,321,600**
Dividends and distributions paid to			
Owners of the Company		(473,219)	**(902,945)**
Non-controlling interests		(138,538)	**(163,908)**
Repurchase of shares		—	**(95,978)**
Net proceeds from issue of shares by the Company		6,967	**1,586**
Other financing cashflows		(15,317)	**(48,740)**
NET CASH FROM FINANCING ACTIVITIES		962,753	**111,615**
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,096,671	**655,971**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		3,468,919	**5,352,229**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		125,866	**111,886**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		4,691,456	**6,120,086**

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 revalued amounts or fair values, as appropriate.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 31 December 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2011.

Early adoption of the amendments to HKAS 12 Income Taxes

During the year ended 30 June 2011, the Group early adopted the amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* in advance of the effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result of the amendments, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the end of the reporting period. Previously, deferred tax was provided for in respect of fair value changes of all investment properties on the basis that the carrying amounts of the properties are recovered through use. The amendments have been applied retrospectively and the comparative figures were restated. As a result, the Group's property revaluation reserve and retained profits as at 1 July 2010 were increased by approximately HK$2 million and HK$1,515 million respectively, and income tax expense and profit for the six months ended 31 December 2010 were decreased by and increased by approximately HK$116 million respectively, whereas the Group's basic and diluted earnings per share for the six months ended 31 December 2010 were both increased by HK$0.13.

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

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
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The application of the new and revised HKFRSs in the current interim period has had no material impact on the Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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

HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensives Income[3]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

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.

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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2015 might affect the classification and measurement of the Group's available-for-sale investments.

HKFRS 10 *Consolidated Financial Statements* replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including cases where an investor may control an investee with less than majority of voting rights. Overall, the application of HKFRS 10 requires extensive use of judgement.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

HKFRS 11 *Joint Arrangements* replaced HKAS 31 *Interest in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly control operations.

The directors of the Company anticipate that the application of HKFRS 10, HKFRS 11 and other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover comprises mainly income from property letting, agency and management, property development and service income from hotel ownership and management, restaurant operations and food catering.

The Group is organised into certain business units according to the nature of goods sold or services provided. The Group determines its operating segments based on these units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker.

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 and sale of stock of properties and investment properties held for sale
Toll road investment	—	investments in expressway projects
Power plant	—	power plant operation
Treasury income	—	interest income from bank deposits and amounts due from jointly controlled entities

Information regarding the above segments is reported below.

Segment revenue

	Six months ended 31.12.2010			**Six months ended 31.12.2011**		
	External HK$'000	*Inter-segment HK$'000*	*Combined HK$'000*	***External HK$'000***	***Inter-segment HK$'000***	***Combined HK$'000***
Property investment	321,603	28,535	350,138	**350,394**	**27,993**	**378,387**
Hotel operations, restaurants and catering	181,137	107	181,244	**227,518**	**158**	**227,676**
Property development	805,865	—	805,865	**412,812**	**353**	**413,165**
Toll road investment	1,122,463	—	1,122,463	**1,224,420**	**—**	**1,224,420**
Power plant	695,318	—	695,318	**807,333**	**—**	**807,333**
Treasury income	39,487	—	39,487	**123,582**	**—**	**123,582**
Other operations	54,731	4,712	59,443	**—**	**—**	**—**
Total segment revenue	3,220,604	33,354	3,253,958	**3,146,059**	**28,504**	**3,174,563**

3. TURNOVER AND SEGMENT INFORMATION (continued)

Segment revenue (continued)

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 the 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	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Total segment revenue from external customers	3,220,604	**3,146,059**
Less:		
Sale of investment properties held for sale	(639,920)	**(403,600)**
Treasury income	(39,487)	**(123,582)**
Share of revenue of jointly controlled entities engaged in:		
Toll road investment	(1,122,463)	**(1,224,420)**
Power plant	(695,318)	**(807,333)**
Turnover as presented in condensed consolidated statement of comprehensive income	723,416	**587,124**

Segment results

	Six months ended 31.12.2010				**Six months ended 31.12.2011**			
	The Company and subsidiaries	*Jointly controlled entities*	*Associates*	*Total*	***The Company and subsidiaries***	***Jointly controlled entities***	***Associates***	***Total***
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Property investment	205,873	638	1,659	208,170	**217,934**	**1,152**	**6,418**	**225,504**
Hotel operations, restaurants and catering	45,161	—	—	45,161	**71,998**	**—**	**—**	**71,998**
Property development	77,456	—	—	77,456	**(12,791)**	**(36)**	**5,334**	**(7,493)**
Toll road investment	(39,962)	559,663	—	519,701	**(23,817)**	**598,352**	**—**	**574,535**
Power plant	(626)	55,305	—	54,679	**(1,734)**	**35,229**	**—**	**33,495**
Treasury income	39,487	—	—	39,487	**123,582**	**—**	**—**	**123,582**
Other operations	1,347	(921)	—	426	**(5,998)**	**(1,349)**	**—**	**(7,347)**
Total segment results	328,736	614,685	1,659	945,080	**369,174**	**633,348**	**11,752**	**1,014,274**

Segment results represent the profit earned by each segment without allocation of exchange differences, corporate general and administrative expenses, gain arising from changes in fair value of completed investment properties, gain on disposal of a subsidiary, 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.

3. TURNOVER AND SEGMENT INFORMATION (continued)

Segment results (continued)

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$211,377,000 (six months ended 31.12.2010: HK$183,615,000) and HK$996,000 (six months ended 31.12.2010: HK$328,000) respectively.

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Segment results	945,080	**1,014,274**
Unallocated other income	6,953	**23,170**
Unallocated corporate expenses	(69,123)	**(66,502)**
	882,910	**970,942**
Gain arising from changes in fair value of completed investment properties	1,298,180	**1,142,909**
Gain on disposal of a subsidiary	—	**20,408**
Finance costs	(37,441)	**(43,836)**
Profit before taxation	2,143,649	**2,090,423**

4. OTHER INCOME

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Included in other income are:		
Interest income from bank deposits	39,487	**92,896**
Interest income from amounts due from jointly controlled entities	—	**30,686**
Gain on disposal of available-for-sale investments	6,953	**—**
Exchange gain, net	—	**24,738**

5. FINANCE COSTS

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Interests on:		
Corporate bonds	22,373	**30,932**
Bank borrowings wholly repayable within 5 years	—	**6,581**
Loan arrangement fees and others	15,068	**6,323**
	37,441	**43,836**

6. SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Share of profits of jointly controlled entities before amortisation of additional cost of investments in jointly controlled entities	659,089	**683,776**
Amortisation of additional cost of investments in jointly controlled entities	(44,404)	**(50,428)**
	614,685	**633,348**

7. INCOME TAX EXPENSE

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
	(restated)	
Hong Kong Profits Tax		
Current period	27,060	**39,836**
Underprovision in respect of prior periods	20	**40**
	27,080	**39,876**
Taxation elsewhere – current period		
PRC Enterprise Income Tax	32,012	**27,562**
PRC Land Appreciation Tax ("LAT")	14,813	**833**
	46,825	**28,395**
Deferred tax	55,633	**20,892**
	129,538	**89,163**

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

Taxes on profits assessable elsewhere are calculated at tax rates prevailing in the countries in which the Group operates.

PRC Enterprise Income Tax for the period includes PRC withholding tax on dividends declared during the period by the Group's jointly controlled entities amounting to approximately HK$19,951,000 (six months ended 31.12.2010: HK$18,872,000).

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 withholding tax on undistributed earnings of certain jointly controlled entities established in the PRC.

8. EARNINGS PER SHARE

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
	(restated)	
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	1,849,475	**1,824,963**

	Number of shares	***Number of shares***
Weighted average number of ordinary shares for the purpose of basic earnings per share	876,378,801	**876,136,457**
Effect of dilutive potential ordinary shares in respect of share options	477,519	**44,967**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	876,856,320	**876,181,424**

9. DIVIDENDS

	Six months ended	
	31.12.2010	***31.12.2011***
	HK$'000	***HK$'000***
Dividends recognised as distribution during the period:		
Final dividend for the year ended 30 June 2011 of HK58 cents per share (six months ended 31.12.2010: for the year ended 30 June 2010 of HK54 cents per share)	473,258	**508,496**
Special final dividend for the year ended 30 June 2011 of HK45 cents per share (six months ended 31.12.2010: Nil)	—	**394,523**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(39)	**(74)**
	473,219	**902,945**
Dividends declared:		
Interim dividend for the year ending 30 June 2012 of HK45 cents per share (six months ended 31.12.2010: for the year ended 30 June 2011 of HK45 cents per share)	394,462	**392,338**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(32)	**(32)**
	394,430	**392,306**

Subsequent to 31 December 2011, the directors declared that an interim dividend in respect of the financial year ending 30 June 2012 of HK45 cents per share shall be paid to the shareholders of the Company whose names appear on the Register of Members on 9 March 2012.

The amount of interim dividend declared for the year ending 30 June 2012 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 condensed consolidated interim financial statements.

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.

During the six months ended 31 December 2011, certain properties with an aggregate fair value of HK$108 million were reclassified from property, plant and equipment to investment properties. The difference between the fair value of these properties and their carrying value at the date of transfer amounting to HK$102 million has been dealt with in property revaluation reserve.

Depreciation of property, plant and equipment charged to profit or loss for the period is approximately HK$36,466,000 (six months ended 31.12.2010: HK$30,377,000).

Sales of certain units at Broadwood Twelve have not been completed at the end of the reporting period. The Group remains committed to its plan to sell those units within the next financial year but it depends on market situation.

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2011 *HK$'000*	***31.12.2011*** ***HK$'000***
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,781,065	**2,024,235**
Additional cost of investments	2,754,162	**2,756,712**
	4,535,227	**4,780,947**
Share of post-acquisition comprehensive income, net of dividends received	3,795,990	**4,222,132**
Less: Accumulated amortisation	(961,978)	**(1,012,406)**
	7,369,239	**7,990,673**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	**631,867**
Share of post-acquisition comprehensive income, net of dividends received	247,533	**304,374**
	879,400	**936,241**
Other unlisted investments	33,398	**33,673**
	8,282,037	**8,960,587**

12. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly controlled entities classified as non-current assets at the end of the reporting period represent advances to Grand Site Development Limited ("Grand Site"), a joint venture company holding the Lee Tung Street Project. The balances are unsecured, interest-free and have no fixed repayment terms.

The amounts due from jointly controlled entities classified as current assets at the end of the reporting period represent shareholders' loans to West Route JV in respect of Phase III West and Heyuan JV amounting to RMB530 million (30.6.2011: RMB500 million) and RMB500 million (30.6.2011: RMB300 million) respectively. The balances are unsecured, carry fixed interest rate ranged from 5.3% to 6.0% (30.6.2011: 5.3% to 5.8%) per annum, and repayable within one year after the end of the reporting period.

13. TRADE AND OTHER RECEIVABLES

Other than rentals receivable, which are payable upon presentation of invoices, the Group allows a 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:

	30.6.2011 *HK$'000*	***31.12.2011*** ***HK$'000***
Receivables aged		
0 – 30 days	24,082	**23,464**
31 – 60 days	6,786	**3,185**
Over 60 days	7,350	**9,920**
	38,218	**36,569**
Less: Allowance for doubtful debts	(1,430)	**(542)**
	36,788	**36,027**
Interest receivable on bank deposits	26,515	**29,381**
Dividend receivable from a jointly controlled entity	302,854	**205,985**
	366,157	**271,393**

14. CASH AND CASH EQUIVALENTS

Included in the cash and cash equivalents are restricted bank deposits of HK$739 million (30.6.2011: HK$304 million) which can be applied in the construction and tax payments of designated property development projects in the ordinary course of business.

15. SHARE CAPITAL

	Number of shares		Nominal value	
	30.6.2011	***31.12.2011***	*30.6.2011*	***31.12.2011***
	'000	***'000***	*HK$'000*	***HK$'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	876,643	**872,063**	2,191,608	**2,180,158**

During the period, the Company repurchased 4,854,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited for a total consideration (including transaction costs) of HK$96 million. Out of the 4,854,000 repurchased ordinary shares, 4,654,000 repurchased ordinary shares were cancelled during the period and the remaining 200,000 repurchased ordinary shares were cancelled subsequent to the end of the reporting period. The issued share capital of the Company has been reduced by the par value of the ordinary shares repurchased and cancelled.

Share option schemes

(a) The Company

No share option of the Company was granted during the six months ended 31 December 2011.

During the period, the Company issued 74,000 ordinary shares at the subscription price of HK$21.45 each for a total cash consideration of approximately HK$1,587,000 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 2011.

Share award scheme

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

16. CORPORATE BONDS

The corporate bonds with principal amounts of RMB1,380,000,000 (approximately HK$1,701,540,000) are due on 13 July 2012 and carry interest at fixed rate of 2.98% per annum. The other corporate bonds with principal amounts of RMB600,000,000 (approximately HK$739,800,000) are due on 18 May 2014 and carry interest at fixed rate of 1.55% per annum. Both corporate bonds are unsecured.

17. BANK BORROWINGS

	30.6.2011 HK$'000	**31.12.2011** **HK$'000**
Bank borrowings, unsecured	965,900	**2,296,200**
Carrying amount repayable:		
Within one year	604,700	**1,926,300**
In the second to fifth years inclusive	361,200	**369,900**
	965,900	**2,296,200**
Less: Amounts due for settlement within one year under current liabilities	(604,700)	**(1,926,300)**
Amounts due for settlement after one year	361,200	**369,900**

Included in bank borrowings are approximately HK$370 million (30.6.2011: HK$361 million) which carry interest at fixed rates at 1.73% (30.6.2011: 1.73%) per annum, where the remaining HK$1,926 million (30.6.2011: HK$605 million) carry interest at floating rates ranged from 0.52% to 0.79% (30.6.2011: 0.52% to 0.67%) per annum.

Included in bank borrowings are approximately RMB300 million (30.6.2011: RMB300 million) and HK$46 million (30.6.2011: HK$25 million) held by subsidiaries which are denominated in currencies other than the functional currencies of the respective subsidiaries.

18. TRADE AND OTHER PAYABLES

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

	30.6.2011 HK$'000	**31.12.2011** **HK$'000**
Payables aged		
0 – 30 days	161,395	**143,162**
31 – 60 days	17,823	**21,445**
Over 60 days	82,229	**105,697**
	261,447	**270,304**
Retentions payable	33,525	**40,699**
Accrued construction costs	155,418	**154,635**
Accrued staff costs	32,961	**54,253**
Accrued interest on corporate bonds and bank borrowings	24,287	**26,751**
	507,638	**546,642**

19. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2011 amounted to approximately HK$34,919 million (30.6.2011: HK$35,334 million).

The net current assets of the Group at 31 December 2011 amounted to approximately HK$5,574 million (30.6.2011: HK$7,966 million).

20. DISPOSAL OF A SUBSIDIARY

During the period, the Group completed the disposal of its entire interest in a subsidiary, namely Bayern Gourmet Food Company Limited ("BGF"), to an independent third party for a net cash consideration of HK$62 million. BGF is principally engaged in manufacture and sales of food.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	**2,052**
Inventories	**15,950**
Trade and other receivables	**28,805**
Deposits and prepayments	**3,097**
Bank balances and cash	**5,658**
Trade and other payables	**(7,363)**
Tax liabilities	**(1,908)**
	46,291
Net assets attributable to non-controlling interests	**(4,699)**
Gain on disposal of a subsidiary	**20,408**
Net consideration received	**62,000**
Sale consideration received, satisfied in cash	**64,590**
Expenses paid on disposal	**(2,590)**
	62,000
Net cash inflow on disposal of a subsidiary	
Net consideration received in cash	**62,000**
Less: bank balances and cash disposed of	**(5,658)**
	56,342

BGF did not contribute significantly to the Group's cash flows, revenue, expenses, income tax expense or profit attributable to owners of the Company for the period.

21. PROJECT COMMITMENTS

(a) Expressway projects

As at 31 December 2011, the Group had agreed, subject to the approval of relevant authorities, to make additional capital contributions totalling approximately RMB403 million (30.6.2011: RMB403 million) to a jointly controlled entity, West Route JV, for the development of Phase II West.

As at 31 December 2011, the Group had an outstanding commitment to make capital contributions totalling approximately RMB284 million (30.6.2011: RMB484 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 the construction of Phase III West, which had been contracted for but not provided, totalled approximately HK$1,006 million at 31 December 2011 (30.6.2011: HK$1,099 million).

(b) Residential and commercial property project

The Group and a joint venture partner jointly hold and are developing the Lee Tung Street Project in Wan Chai through their shareholdings of 50% each in a joint venture company. The Group's total commitment to the project was approximately HK$4.5 billion at the end of the reporting period. This represented 50% of its total budgeted development and related costs. Up to the end of the reporting period, a total of approximately HK$2.1 billion (30.6.2011: HK$1.8 billion) had been contributed by the Group to the joint venture company to finance project development costs. The remaining development costs will be funded by the project loan.

(c) Power plant project

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

	30.6.2011 *HK$'000*	***31.12.2011*** ***HK$'000***
Contracted for but not provided	38,449	**39,375**

(d) Commercial and hotel property project

Under a cooperation agreement entered into by 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 fitting-out the property and purchasing the machinery and equipment required for its operation at a total cost of not less than RMB1,000 million. When its development has been completed, the Group will be entitled to operate the property for a specified period by paying fixed amounts of monthly rental. These will increase progressively to a maximum annual rental of RMB148 million. The total rental payable during the operating period will be approximately RMB3.0 billion. Up to the end of the reporting period, the Group had not incurred any material cost concerning this property project.

(e) Property development

	30.6.2011 *HK$'000*	***31.12.2011*** ***HK$'000***
Authorised but not yet contracted for	479,275	**138,393**
Contracted for but not provided	678,524	**788,390**
	1,157,799	**926,783**

(f) Property renovation

	30.6.2011 *HK$'000*	***31.12.2011*** ***HK$'000***
Contracted for but not provided	4,591	**8,094**

22. 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 previous years, the Group has entered into an agreement with the purchaser under which the purchaser and its affiliates have agreed to release and discharge the Group from all claims whatsoever that 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 that 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$54 million was made in the consolidated financial statements for previous years. This provision represents management's best estimate of the costs and expenses that would be required to discharge the Group's obligations and liabilities under the 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 it is therefore classified as non-current.

(b) Guarantees

A subsidiary of the Company has acted as the guarantor for the repayment of mortgage bank loans amounting to HK$262 million as of 31 December 2011 (30.6.2011: HK$384 million) granted to purchasers of its properties.

The Company acted as the guarantor of bank loan facilities of Grand Site to the extent of HK$2,500 million (30.6.2011: Nil), of which HK$1,441 million (30.6.2011: Nil) had been utilised as at 31 December 2011. The Group's equity interest in Grand Site has been pledged to banks concerned to secure the banking facilities that have been granted to Grand Site. The carrying amount of the pledged equity interest as at the end of the reporting period was insignificant to the Group.

In the opinion of the Directors, 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.

23. RELATED PARTIES TRANSACTIONS

In addition to the balances and transactions with related parties disclosed elsewhere in the condensed consolidated financial statements, 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. 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. 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. Sunny TAN
Chairman
Ms. Linda Lai Chuen LOKE
Mr. Guy Man Guy WU

Remuneration Committee

Ms. Linda Lai Chuen LOKE
Chairman
Mr. Guy Man Guy WU
Mr. Carmelo Ka Sze LEE

Company Secretary

Mr. Richard Cho Wa LAW

Registered Office

64th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, 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
Bangkok Bank Public Co., 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
China Construction Bank Corporation
China Development Bank
China Merchants Bank Co., Limited
Chong Hing Bank Limited
Citibank, N.A.
Credit Agricole Corporate and Investment Bank
DBS Bank Limited
Fubon Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Mizuho Corporate Bank, Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Tai Fung Bank Limited
Wing Lung Bank 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, Wan Chai, 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	23 February 2012
Closure of Register	9 March 2012
Interim cash dividend payable (HK45 cents per share)	15 March 2012

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 FY11"	the first half of FY11
"1H FY12"	the first half of FY12
"1H FY13"	the first half of FY13
"1H FY14"	the first half of FY14
"Average Occupancy Rate"	the average of the Occupancy Rate as at the end of each month in the relevant period
"Board"	the Board of Directors of the Company
"CBD"	Central business district
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL"	Hopewell Holdings Limited
"Director(s)"	director(s) of the Company
"DPS"	dividend per share
"EBIT"	earnings before interest and tax
"EPS"	earnings per share
"F&B"	food and beverage
"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 ended 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
"FY15"	the financial year ending 30 June 2015
"FY16"	the financial year ending 30 June 2016
"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
"GWh"	Gigawatt hour
"Heyuan Power Plant"	the ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
"Heyuan JV"	SEC & Hopewell Power (Heyuan) Co., Ltd., the joint venture company holding Heyuan Power Plant
"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 HK$0.10 each in the capital of HHI
"HHL Award Scheme"	the share award scheme adopted by the Company on 25 January 2007
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of PRC
"Hong Kong Government"	the Government of Hong Kong
"JCE/JCEs"	jointly controlled entity/entities
"KITEC F&B"	IT Catering & Services Limited, the food and beverage operations of the KITEC
"KITEC"	Kowloonbay International Trade and Exhibition Centre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Liede Project"	Liede Integrated Commercial (Operating Lease) Project
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of PRC
"MICE"	meeting, incentives, convention and exhibition
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MWh"	Megawatt hour
"MPF Schemes"	the mandatory provident fund schemes set up by the Group
"NGO"	Non-Government (Voluntary) Organizations

"Occupancy rate"	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those where in respect of which leases have been committed but not yet commenced over total lettable floor area
"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
"RMB"	Renminbi, the lawful currency of PRC
"SFO"	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
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"URA"	Urban Renewal Authority
"US" or "USA"	the United States of America
"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

HOPEWELL HOLDINGS LIMITED
合和實業有限公司

64th Floor, Hopewell Centre, 183 Queen's Road East
Wan Chai, Hong Kong

Tel: (852) 2528 4975

Fax: (852) 2861 2068

Website: www.hopewellholdings.com

MIX
Paper from responsible sources
FSC™ C022951
FSC
www.fsc.org