



合生創展集團有限公司\*  
**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

Website: <http://www.irasia.com/listco/hk/hopson>

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2009**

**FINANCIAL HIGHLIGHTS**

*(for the six months ended 30th June 2009)*

- Turnover was HK\$3,902,317,000
- Profit attributable to shareholders amounted to HK\$906,133,000
- Basic earnings per share were HK61 cents per share
- Interim dividends were HK9.2 cents per share

**BUSINESS REVIEW**

**Industry overview**

In the first half of 2009

- The People's Republic of China (the "PRC") central government announced a 4,000-billion yuan economic stimulus package to boost domestic demand and maintained a moderately loose monetary policy to offset the impact of financial and economic turmoil on the Mainland's economy. As one of the pillar industries, property sector benefited from the improving economy and showed steady growth in terms of sales volume and price.
- A series of preferential policies implemented by government authorities, including reduction on interest rate, tax rebates and tax cut, helped boosting the demand for property as public confidence was restored and cost of property purchase was lowered.

- According to the National Bureau of Statistics of China, in the first five months of 2009, the area of commodity buildings sold recorded a year-on-year growth of 25.5%, of which the area of residential properties sold surged by 26.7% as compared with the same period last year. Sales volume of commodity buildings and residential properties also increased by 45.3% and 49% respectively.

### **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in the first half of 2009 totalling RMB6,651 million (2008: RMB4,164 million) were as follows:

- In Guangzhou, a total GFA of 194,376 square meters (2008: 138,408 square meters), with a carrying value of RMB1,932 million (2008: RMB1,531 million) was sold. The increase in sale was mainly attributable to the commencement of sale of new phases of Huanan New City, Pleasant View Garden and Regal Riviera, which were well received by the market.
- In Shanghai, a total GFA of 193,711 square meters (2008: 110,328 square meters) with a carrying value of RMB2,361 million (2008: RMB1,282 million) was sold. The increase was mainly due to the launch of Hopson Dongjiao Villa, International Garden and Hopson Golf Mansion in the second half of 2008.
- In Beijing, a total GFA of 95,992 square metres (2008: 44,737 square metres) with a carrying value of RMB1,694 million (2008: RMB967 million) was sold. The increase was mainly attributable to the launch of Kylin Zone, Dalian Lushun Hopson Regal Seashore and new phases of Beijing Regal Court in the second half of 2008.
- In Tianjin and Huizhou, a total GFA of 108,332 square meters (2008: 55,257 square meters), of which 105,464 square meters (2008: 49,683 square meters) were attributable to the Group, with a carrying value of RMB664 million (2008: RMB384 million) was sold.

### **Properties sold but yet delivered**

As at 30th June 2009, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 653,085 square meters (31st December 2008: 479,912 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$6,282 million will be recognised as revenue in the Group's accounts in the second half of 2009 and thereafter.

### **Delivery of properties**

A total GFA of 335,738 square meters (2008: 244,574 square meters) was delivered in the first half of 2009.

### **Project development progress**

- A total GFA of approximately 185,852 square meters was completed in the first half of 2009.
- A total GFA of approximately 963,413 square meters is expected to be completed in the second half of 2009.

### **Landbank and land replenishment**

As of 30th June 2009, the Group had a landbank of approximately 29.1 million square meters (31st December 2008: 25.7 million square metres).

During the first half of 2009, the Group entered into a land transfer contract in Beijing with a site area of approximately 57,313 square metres.

### **Prospects**

- In light of the favourable measures introduced in the first half of 2009, the property sector in the second half is expected to face a steady development amid the improving economy and expanding domestic demand.
- Driven by urbanization, increasing income per capita and improving living standards, China will see a continuing demand in housing which will grow enormously in the years ahead.
- As an instrument maintaining the value of assets, real estate remains a favourable investment focus which attracts both domestic and international funds. In the middle to long run, property sector will continue to enjoy strong development and its position as one of the pillar industries in China will remain unchanged.
- In the second half of 2009, we planned to launch 4 new projects located in Beijing, Shanghai and Huizhou. Leveraging on the prime locations and high quality of the properties, together with our well-known brand name and effective sale and marketing strategies, we are confident of achieving satisfactory sales performance from these projects.

The board of directors of Hopson Development Holdings Limited (the “Company”) (the “Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2009 together with the comparative figures for the corresponding previous period.

The 2009 interim financial report of the Company has been reviewed by the Audit Committee and the Board of Directors of the Company.

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>Six months ended 30th June</b>	
		<b>2009</b>	<b>2008</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenues	4	<b>3,902,317</b>	3,539,782
Cost of sales	6	<b><u>(2,293,962)</u></b>	<u>(1,700,651)</u>
Gross profit		<b>1,608,355</b>	1,839,131
Other gains, net	5	<b>534,332</b>	285,339
Selling and marketing costs	6	<b>(130,625)</b>	(150,868)
General and administrative expenses	6	<b><u>(500,355)</u></b>	<u>(249,032)</u>
Operating profit		<b>1,511,707</b>	1,724,570
Finance income	7	<b>4,452</b>	5,611
Finance costs	7	<b>(153,279)</b>	(99,116)
Share of loss of associates		<b>(431)</b>	(678)
Share of loss of a jointly controlled entity		<b><u>(1,539)</u></b>	<u>(668)</u>
Profit before taxation		<b>1,360,910</b>	1,629,719
Taxation	8	<b><u>(457,568)</u></b>	<u>(722,018)</u>
Profit for the period		<b>903,342</b>	907,701
Attributable to:			
Equity holders of the Company		<b>906,133</b>	933,020
Minority interests		<b><u>(2,791)</u></b>	<u>(25,319)</u>
		<b><u>903,342</u></b>	<u>907,701</u>
Earnings per share for profit attributable to the equity holders of the Company during the period (in HK\$ per share)			
— basic and diluted	9	<b><u>0.61</u></b>	<u>0.63</u>
Dividend	10	<b><u>146,498</u></b>	<u>140,022</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30th June</b>	
	<b>2009</b>	<b>2008</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<u>903,342</u>	<u>907,701</u>
<b>Other comprehensive (expense)/income</b>		
Realised upon disposal of properties held for sales	(202,116)	(3,797)
Deferred tax	81,083	2,387
Currency translation differences	<u>64,360</u>	<u>1,478,818</u>
<b>Other comprehensive (expense)/income for the period, net of tax</b>	<u>(56,673)</u>	<u>1,477,408</u>
<b>Total comprehensive income for the period</b>	<u><u>846,669</u></u>	<u><u>2,385,109</u></u>
<b>Total comprehensive income attributed to:</b>		
Equity holders of the Company	848,545	2,248,749
Minority interest	<u>(1,876)</u>	<u>136,360</u>
	<u><u>846,669</u></u>	<u><u>2,385,109</u></u>

## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at	
		30th June 2009 HK\$'000 (Unaudited)	31st December 2008 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land costs		752,691	749,663
Prepayments for acquisition of land		2,609,794	2,436,630
Properties and equipment		2,375,841	2,405,623
Investment properties		2,742,468	2,856,094
Properties under development for long-term investment		156,152	125,856
Intangible assets		120,680	120,455
Investments in associates		41,788	42,201
Investment in a jointly controlled entity		800,028	801,240
Available-for-sale financial asset		476,444	476,250
Deferred tax assets		186,007	173,378
		<u>10,261,893</u>	<u>10,187,390</u>
<b>Current assets</b>			
Land costs		22,055,944	24,163,460
Prepayments for acquisition of land		7,802,969	6,142,999
Properties under development for sale		11,364,464	8,910,522
Completed properties for sale		3,256,868	4,806,954
Financial assets at fair value through profit or loss		11,700	11,655
Accounts receivable	11	56,074	72,577
Other receivables		759,096	758,405
Prepayments, deposits and other current assets		911,371	770,163
Due from an associate		27,683	26,538
Due from related companies		13,581	6,979
Pledged/charged bank deposits		242,440	271,450
Cash and cash equivalents		5,305,365	2,142,696
		<u>51,807,555</u>	<u>48,084,398</u>
<b>Total assets</b>		<u><b>62,069,448</b></u>	<u><b>58,271,788</b></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		159,237	147,237
Reserves	14	22,294,266	20,032,657
		<u>22,453,503</u>	<u>20,179,894</u>
Minority interests		<u>2,134,277</u>	<u>2,384,179</u>
<b>Total equity</b>		<u><b>24,587,780</b></u>	<u><b>22,564,073</b></u>

		As at	
		30th June 2009	31st December 2008
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		202,617	106,173
Borrowings	12	11,334,703	12,330,211
Due to a minority shareholder		50,003	49,983
Deferred tax liabilities		<u>3,758,464</u>	<u>3,890,102</u>
		----- 15,345,787	----- 16,376,469
<b>Current liabilities</b>			
Accounts payable	13	3,626,132	2,933,721
Land cost payable		266,840	323,696
Borrowings	12	4,785,998	4,262,798
Deferred revenue		6,282,352	4,458,379
Accruals and other payables		2,048,514	2,249,864
Due to an associate		6,261	6,258
Due to related companies		148,091	174,920
Due to a jointly controlled entity		932,593	759,380
Current tax liabilities		<u>4,039,100</u>	<u>4,162,230</u>
		----- 22,135,881	----- 19,331,246
<b>Total liabilities</b>		<u><u>37,481,668</u></u>	<u><u>35,707,715</u></u>
<b>Total equity and liabilities</b>		<u><u>62,069,448</u></u>	<u><u>58,271,788</u></u>
<b>Net current assets</b>		<u><u>29,671,674</u></u>	<u><u>28,753,152</u></u>
<b>Total assets less current liabilities</b>		<u><u>39,933,567</u></u>	<u><u>38,940,542</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited six months ended 30th June 2009

	Attributable to equity		Minority interests	Total
	holders of the Company			
	Share capital	Reserves	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st January 2009	147,237	20,032,657	2,384,179	22,564,073
Profit for the period	—	906,133	(2,791)	903,342
Other comprehensive income:				
Realised upon disposal of properties held for sales	—	(202,116)	—	(202,116)
Deferred tax	—	81,083	—	81,083
Currency translation differences	—	63,445	915	64,360
Total comprehensive income for the six months ended 30th June 2009	—	848,545	(1,876)	846,669
Proceeds from issue of shares, net of share issue expenses				
— Placements	12,000	1,567,663	—	1,579,663
Disposal of subsidiaries	—	—	(248,026)	(248,026)
Dividend paid	—	(154,599)	—	(154,599)
	12,000	1,413,064	(248,026)	1,177,038
Balance at 30th June 2009	159,237	22,294,266	2,134,277	24,587,780



Unaudited six months ended 30th June 2008

	Attributable to equity		Minority interests	Total
	holders of the Company			
	Share capital	Reserves	interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2008	147,237	17,717,146	2,213,927	20,078,310
Profit for the period	—	933,020	(25,319)	907,701
Other comprehensive income:				
Realised upon disposal of properties held for sales	—	(3,797)	—	(3,797)
Deferred tax	—	2,387	—	2,387
Currency translation differences	—	1,317,139	161,679	1,478,818
Total comprehensive income for the six months ended 30th June 2008	—	2,248,749	136,360	2,385,109
Share-based payment (Share options granted)	—	1,977	—	1,977
Dividend paid	—	(471,158)	—	(471,158)
	—	(469,181)	—	(469,181)
Balance at 30th June 2008	147,237	19,496,714	2,350,287	21,994,238

Notes:

**(1) General information**

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) is mainly engaged in the development of residential properties in Mainland China. The Group is also involved in some ancillary property related businesses, including property investment, property management and hotel operations. The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

This unaudited interim financial information is presented in Hong Kong dollars, unless otherwise stated and has been approved for issue by the Board of Directors on 31st August 2009.

**(2) Basis of presentation**

This unaudited interim financial information for the six months ended 30th June 2009 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This unaudited interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2008.

**(3) Accounting policies**

Except as described below, the accounting policies and methods of computation used in the preparation of this unaudited interim financial information are consistent with those used in the annual financial statements for the year ended 31st December 2008.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

In 2009, the Group adopted the following new standards, amendments and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”), which are effective for accounting periods beginning on or after 1st January 2009 and relevant to the Group’s operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments

## Annual improvements to HKFRS published in October 2008

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 10 Amendment	Events after the Reporting Period
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 34 Amendment	Interim Financial Reporting
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property
HKFRS 7 Amendment	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except for the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8.

## Standards, interpretations and amendments to existing standards that are not yet effective

		<b>Effective for accounting periods beginning on or after</b>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners	1st July 2009
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010

The Group has not early adopted any of the above standards, amendments or interpretations to standards. Management is in the process of assessing the impact of these standards on the Group's results of operations and financial position.

### (4) Segment information

#### (a) Segment results by business lines

The chief operating decision maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board of Directors considers the business from a business perspective, including property development, property management, property investment and hotel operations.

The Board of Directors assesses the performance of the operating segments based on a measure of adjusted segment result. Corporate expenses, finance income and finance costs are not included in the result for each operating segment that is reviewed by the Board of Directors.

Total assets exclude deferred tax and available-for-sale financial assets, both of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

The segment results by business lines for the six months ended 30th June 2009 are as follows:

	<b>Property development HK\$'000</b>	<b>Property management HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Hotel operations HK\$'000</b>	<b>Group HK\$'000</b>
Six months ended 30th June 2009					
Total revenues	3,660,885	168,501	31,174	54,141	3,914,701
Inter-segment revenues	<u>(10,888)</u>	<u>(1,496)</u>	—	—	<u>(12,384)</u>
Revenues	<u><b>3,649,997</b></u>	<u><b>167,005</b></u>	<u><b>31,174</b></u>	<u><b>54,141</b></u>	<u><b>3,902,317</b></u>
Adjusted segment result	<u><b>1,526,533</b></u>	<u><b>12,929</b></u>	<u><b>28,057</b></u>	<u><b>(64,278)</b></u>	<u><b>1,503,241</b></u>
Depreciation	(6,547)	(1,155)	—	(35,145)	(42,847)
Amortisation (before capitalisation)	(101,229)	—	(512)	(1,589)	(103,330)
Share of loss of associates	(431)	—	—	—	(431)
Share of loss of a jointly controlled entity	<u>(1,539)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,539)</u>

The segment results by business lines for the six months ended 30th June 2008 are as follows:

	<b>Property development HK\$'000</b>	<b>Property management HK\$'000</b>	<b>Property investment HK\$'000</b>	<b>Hotel operations HK\$'000</b>	<b>Group HK\$'000</b>
Six months ended 30th June 2008					
Total revenues	3,459,339	144,160	31,201	69,598	3,704,298
Inter-segment revenues	<u>(163,324)</u>	<u>(1,192)</u>	—	—	<u>(164,516)</u>
Revenues	<u><b>3,296,015</b></u>	<u><b>142,968</b></u>	<u><b>31,201</b></u>	<u><b>69,598</b></u>	<u><b>3,539,782</b></u>
Adjusted segment result	<u><b>1,619,411</b></u>	<u><b>7,498</b></u>	<u><b>28,082</b></u>	<u><b>(96,631)</b></u>	<u><b>1,558,360</b></u>
Depreciation	(11,399)	(961)	—	(32,794)	(45,154)
Amortisation (before capitalisation)	(38,776)	—	(752)	(1,149)	(40,677)
Share of loss of associates	(678)	—	—	—	(678)
Share of loss of a jointly controlled entity	<u>(668)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(668)</u>

The segment assets by business lines at 30th June 2009 and 31st December 2008 are as follows:

	<b>Property development</b> <i>HK\$'000</i>	<b>Property management</b> <i>HK\$'000</i>	<b>Property investment</b> <i>HK\$'000</i>	<b>Hotel operations</b> <i>HK\$'000</i>	<b>Group</b> <i>HK\$'000</i>
As at and for the period ended 30th June 2009					
Segment assets	<u><b>53,161,554</b></u>	<u><b>197,899</b></u>	<u><b>5,968,200</b></u>	<u><b>2,079,344</b></u>	<u><b>61,406,997</b></u>
Segment assets include:					
Investments in associates	<b>41,788</b>	—	—	—	<b>41,788</b>
Investment in a jointly controlled entity	<b>800,028</b>	—	—	—	<b>800,028</b>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u><b>7,477</b></u>	<u><b>3,298</b></u>	<u><b>212,659</b></u>	<u><b>5,336</b></u>	<u><b>228,770</b></u>
As at and for the period ended 31st December 2008					
Segment assets	<u><b>49,574,413</b></u>	<u><b>73,024</b></u>	<u><b>5,874,825</b></u>	<u><b>2,099,898</b></u>	<u><b>57,622,160</b></u>
Segment assets include:					
Investments in associates	42,201	—	—	—	42,201
Investment in a jointly controlled entity	801,240	—	—	—	801,240
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u><b>228,378</b></u>	<u><b>7,178</b></u>	<u><b>125,153</b></u>	<u><b>100,620</b></u>	<u><b>461,329</b></u>

Segment assets consist primarily of properties and equipment, investment properties, land costs, properties under development, completed properties for sale, prepayments, deposits and other current assets, receivable and operating cash. They exclude tax assets.

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	<b>Six months ended 30th June</b>	
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Reportable segment profit from operations	<b>1,503,241</b>	1,558,360
Unallocated corporate income, net	<b>6,496</b>	164,864
Finance income	<b>4,452</b>	5,611
Finance costs	<u><b>(153,279)</b></u>	<u>(99,116)</u>
Profit before taxation	<u><b>1,360,910</b></u>	<u>1,629,719</u>

Reconciliation of reportable segment assets to total assets are as follows:

	As at	
	30th June 2009 <i>HK\$'000</i> <i>(Unaudited)</i>	31st December 2008 <i>HK\$'000</i> <i>(Audited)</i>
Total segment assets	61,406,997	57,622,160
Deferred tax assets	186,007	173,378
Available-for-sale financial assets	<u>476,444</u>	<u>476,250</u>
Total assets	<u><u>62,069,448</u></u>	<u><u>58,271,788</u></u>

The Group is domiciled in Mainland China. All revenues for the six months ended 30 June 2009 are from Mainland China.

As at 30th June 2009, all non-current assets are located in Mainland China.

**(b) Additional information by geographical area**

The Group is organised into four main geographical area, including Guangdong province, Beijing, Shanghai and Tianjin.

The results by geographical area for the six months ended 30th June 2009 are as follows:

	Six months ended 30th June	
	2009 <i>HK\$'000</i> <i>(Unaudited)</i>	2008 <i>HK\$'000</i> <i>(Unaudited)</i>
Revenues		
Guangdong Province	2,449,190	926,833
Beijing	1,086,257	1,945,953
Shanghai	297,146	407,226
Tianjin	<u>69,724</u>	<u>259,770</u>
	<u><u>3,902,317</u></u>	<u><u>3,539,782</u></u>

The assets by geographical area at 30th June 2009 and 31st December 2008 are as follows:

	As at	
	30th June 2009 <i>HK\$'000</i> <i>(Unaudited)</i>	31st December 2008 <i>HK\$'000</i> <i>(Audited)</i>
Total assets		
Guangdong Province	23,745,193	23,157,924
Beijing	19,494,580	18,778,938
Shanghai	10,714,065	11,124,167
Tianjin	5,639,344	4,953,806
Unallocated	<u>2,476,266</u>	<u>256,953</u>
	<u><b>62,069,448</b></u>	<u><b>58,271,788</b></u>
	<b>Six months ended 30th June</b>	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Capital expenditure		
Guangdong Province	43,253	113,936
Beijing	5,380	17,104
Shanghai	175,471	2,815
Tianjin	4,650	92,005
Others	<u>16</u>	<u>1,303</u>
	<u><b>228,770</b></u>	<u><b>227,163</b></u>
<b>(5) Other gains, net</b>		
	<b>Six months ended 30th June</b>	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Dividend income	21,614	—
Excess of acquirer's interest over cost of acquisition	—	154,705
Fair value gains on investment properties	2,141	106,190
Fair value gain/(loss) on financial assets at fair value through profit or loss	235	(4,383)
Gain on disposal of subsidiaries	468,945	—
Government grants	<u>41,397</u>	<u>28,827</u>
	<u><b>534,332</b></u>	<u><b>285,339</b></u>

## (6) Expenses by nature

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Advertising costs	66,943	89,091
Amortisation of land costs	3,404	2,662
Cost of completed properties sold	2,107,619	1,535,552
Depreciation of properties and equipment	42,847	45,154
Direct operating expenses arising from investment properties that		
— generated rental income	532	360
— did not generate rental income	2,430	2,604
Employee's benefits cost (including Directors' emoluments)	208,277	234,409
Loss on sale of properties and equipment	744	4,161
Net exchange gain (included in general and administrative expenses)	(4,259)	(198,425)
Operating lease rental in respect of premises	24,076	20,170

## (7) Finance income and costs

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense:		
— on bank loans wholly repayable within five years	394,099	365,841
— on bank loans not wholly repayable within five years	8,827	7,345
— on senior notes wholly repayable within five years	115,763	117,440
— on convertible bonds wholly repayable within five years	70,711	63,440
Total borrowing costs incurred	589,400	554,066
Less: Amount capitalised as part of the cost of properties under development	(436,121)	(454,950)
	153,279	99,116
Interest income from banks	(4,452)	(5,611)
Net finance costs	148,827	93,505

The average interest rate of borrowing costs capitalised for the six months ended 30th June 2009 was approximately 7.1% (2008: 7.6%) per annum.



## (8) Taxation

Taxation consists of:

	Six months ended 30th June	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax	(2,877)	—
Mainland China corporate income tax	240,533	359,932
Mainland China land appreciation tax	<u>296,964</u>	<u>393,536</u>
	<u>534,620</u>	<u>753,468</u>
Deferred taxation		
Mainland China corporate income tax	(55,532)	(30,829)
Mainland China land appreciation tax	<u>(21,520)</u>	<u>(621)</u>
	<u>(77,052)</u>	<u>(31,450)</u>
	<u>457,568</u>	<u>722,018</u>

Hong Kong profits tax is provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Mainland China corporate income tax is provided at a rate of 25% (2008: 25%). Mainland China land appreciation tax is provided at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

## (9) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, calculation is done to determine the number of shares that could have been acquired at fair value (determined

as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible bonds and share options are anti-dilutive for the six months ended 30th June 2009.

	<b>Six months ended 30th June</b>	
	<b>2009</b>	2008
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to equity holders of the Company (HK\$'000)	<u><b>906,133</b></u>	<u>933,020</u>
Weighted average number of ordinary shares in issue ('000)	<u><b>1,485,628</b></u>	<u>1,472,368</u>
Basic and diluted earnings per share (HK\$ per share)	<u><b>0.61</b></u>	<u>0.63</u>

**(10) Dividend**

	<b>Six months ended 30th June</b>	
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend proposed of HK\$0.092 (2008: HK\$0.0951) per ordinary share	<u><b>146,498</b></u>	<u>140,022</u>

*Notes:*

- (a) At a meeting held on 21st April 2009, the Company's directors proposed a final dividend of HK\$0.105 per ordinary share for the year ended 31st December 2008, which was paid on 30th June 2009 and has been reflected as an appropriation of retained earnings for the six months ended 30th June 2009.
- (b) At a meeting held on 31st August 2009, the Company's directors declared an interim dividend of HK\$0.092 per ordinary share for the year ending 31st December 2009. This proposed dividend, based on the number of shares outstanding at the date of the meeting, is not reflected as a dividend payable in this interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2009.

**(11) Accounts receivable**

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance by the tenants on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	As at	
	30th June 2009 <i>HK\$'000</i> <i>(Unaudited)</i>	31st December 2008 <i>HK\$'000</i> <i>(Audited)</i>
0 to 3 months	27,065	41,031
3 to 6 months	—	2,438
6 to 9 months	—	—
9 to 12 months	—	—
Over 12 months	<u>29,009</u>	<u>29,108</u>
	<u><b>56,074</b></u>	<u><b>72,577</b></u>

Carrying values of accounts receivable denominated in RMB approximate their fair values.

As at 30th June 2009, approximately 42% (2008: 33%) of the accounts receivable was due from one (2008: one) customer. Other than this, there is no concentration of credit risk with respect to accounts receivable as the Group has a large number of customers.

## (12) Borrowings

	As at	
	30th June 2009 <i>HK\$'000</i> <i>(Unaudited)</i>	31st December 2008 <i>HK\$'000</i> <i>(Audited)</i>
Non-current		
Bank borrowings	8,665,827	7,644,772
Senior notes	2,668,876	2,663,312
Convertible bonds	<u>—</u>	<u>2,022,127</u>
	<u><b>11,334,703</b></u>	<u><b>12,330,211</b></u>
Current		
Convertible bonds	2,093,680	—
Bank borrowings	<u>2,692,318</u>	<u>4,262,798</u>
	<u><b>4,785,998</b></u>	<u><b>4,262,798</b></u>
Total borrowings	<u><b>16,120,701</b></u>	<u><b>16,593,009</b></u>

*Notes:*

- (a) In November 2005, the Company issued 8.125% senior notes with an aggregate nominal value of US\$350,000,000 (equivalent to approximately HK\$2,730,000,000), for a total consideration of approximately HK\$2,733,182,000. The senior notes mature in seven years (November 2012) and are repayable at their nominal value of US\$350,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes on or after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interests up to the redemption date.
- (b) On 2nd February 2007, the Company completed the issue of RMB1,830,400,000 aggregate principal amount of USD settled Zero Coupon Convertible Bonds due 2010 with the right to convert into ordinary shares of the Company.

**(13) Accounts payable**

The ageing analysis of accounts payable (including amounts due to related parties of trading in nature) is as follows:

	<b>As at</b>	
	<b>30th June</b>	31st December
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	<b>(Audited)</b>
0 to 3 months	<u><b>3,626,132</b></u>	<u>2,933,721</u>

As at 30th June 2009, approximately HK\$2,189,509,000 (2008: HK\$1,434,475,000) of accounts payable was due to subsidiaries of minority shareholders of certain subsidiaries of the Company in respect of property construction fees.

Carrying values of accounts payable denominated in RMB approximate their fair values.

## (14) Reserves

For the six months ended 30th June 2009

	Share premium HK\$'000	Statutory reserve HK\$'000	Asset revaluation reserve HK\$'000	Consolidated Convertible bonds reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2009	6,664,596	161,117	1,659,834	227,734	2,278,132	9,041,244	20,032,657
Currency translation differences	—	—	—	—	63,445	—	63,445
Profit for the period	—	—	—	—	—	906,133	906,133
Dividend relating to 2008	—	—	—	—	—	(154,599)	(154,599)
Issue of shares — Placements	1,584,000	—	—	—	—	—	1,584,000
Share issue expenses	(16,337)	—	—	—	—	—	(16,337)
Realised upon disposal of properties held for sale	—	—	(202,116)	—	—	—	(202,116)
Deferred tax	—	—	81,083	—	—	—	81,083
Balance at 30th June 2009	<u>8,232,259</u>	<u>161,117</u>	<u>1,538,801</u>	<u>227,734</u>	<u>2,341,577</u>	<u>9,792,778</u>	<u>22,294,266</u>
Representing —							
2009 interim dividend proposed						146,498	
Others						<u>9,646,280</u>	
						<u>9,792,778</u>	
Analysed by —							
Company and subsidiaries						9,715,330	
Jointly controlled entity						80,399	
Associates						<u>(2,951)</u>	
						<u>9,792,778</u>	

For the six months ended 30th June 2008

	Share premium HK\$'000	Statutory reserve HK\$'000	Asset revaluation reserve HK\$'000	Consolidated Convertible bonds reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2008	6,707,997	161,117	2,001,276	227,734	976,727	7,642,295	17,717,146
Currency translation differences	—	—	—	—	1,317,139	—	1,317,139
Profit for the period	—	—	—	—	—	933,020	933,020
Dividend relating to 2007	—	—	—	—	—	(471,158)	(471,158)
Employee share options scheme — value of services	1,977	—	—	—	—	—	1,977
Share options lapsed	(43,000)	—	—	—	—	43,000	—
Realised upon disposal of properties held for sale	—	—	(3,797)	—	—	—	(3,797)
Deferred tax	—	—	2,387	—	—	—	2,387
Balance at 30th June 2008	<u>6,666,974</u>	<u>161,117</u>	<u>1,999,866</u>	<u>227,734</u>	<u>2,293,866</u>	<u>8,147,157</u>	<u>19,496,714</u>
Representing —							
2008 interim dividend						140,022	
Others						<u>8,007,135</u>	
						<u>8,147,157</u>	
Analysed by —							
Company and subsidiaries						8,067,342	
Jointly controlled entity						82,980	
Associates						<u>(3,165)</u>	
						<u>8,147,157</u>	

## **DIVIDEND**

The Board of Directors has declared an interim dividend of HK9.2 cents (2008: HK9.51 cents) per share for the half-year period ended 30th June 2009 payable on Friday, 27th November 2009 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 16th October 2009.

## **FINANCIAL REVIEW**

### **Turnover**

#### *(i) Recognised Sales*

The slowdown of the property market resulted from the global financial and economic turmoil in the second half of 2008 adversely affected the sales volume of property delivered in the first half of 2009. The Group was nonetheless able to maintain a steady growth in turnover. The turnover, comprising mainly property sales, was HK\$3,902 million for the first six months of 2009, up 10% as compared with the same period last year (2008: HK\$3,540 million). GFA delivered by the Group in the first half of 2009 also surged by 37% to 335,738 square metres (2008: 244,574 square metres).

In the first half of 2009, overall average selling price dropped by 22% to approximately RMB9,581 per square metre compared with the same period in 2008. This was because in contrast with the robust property market in 2007 which produced a higher average selling price for the first half of 2008, the resultant lower price in the first half of 2009, was in part caused by the effect of the global financial crisis. In addition, the change in the Group's product mix also contributed to the adjustment.

In Huizhou, the Hushan Guoji Villa project was launched with a relatively competitive price accounting for 77% of the GFA delivered in that region in the first half of 2009, thereby reflecting a lower average selling price when compared with the same period last year. In Beijing, major projects such as Beijing Regal Court and Città Eterna were delivered with a drop in average selling price in the first half of 2009 due mainly to the global financial crisis and the delivery of lower-priced products. For Jingjin New Town in Tianjin, sales of remaining units and lower-priced new products in the first half of 2009 were the contributing factors for the fall of the average selling price.

However, the overall average selling price of the Group's properties in Guangzhou recorded an increase of 19%. The cause responsible for the increase was that the price of units delivered in Gallopade Park – South Court, which accounted for 33% of the total GFA delivered in Guangzhou, was relatively higher compared with the first half of 2008. In Shanghai, the average selling price maintained roughly the same level at RMB9,093 per square metre in the first half of 2009 (2008: RMB8,975) with the delivery of the new project Hopson International City in Ningbo.

## (ii) *Contracted Sales*

Following the impost of a moderately loose monetary policy and a series of favourable policies implemented by the PRC central government on the property sector, the public regained confidence in the real estate market, and as a result property sales witnessed a significant improvement in the first half of 2009. Contracted sales increased by a hefty 60% to secure RMB6.65 billion (2008: RMB4.16 billion). Properties launched by the Group were well-received as a result of the great demand for quality properties in large cities such as Beijing, Shanghai and Guangzhou.

The Group maintained a balanced development in the three major economic areas of China. The contracted sales generated from the Pearl River Delta, the Yangtze River Delta and the Bohai Economic Zone in the first half of 2009 represented some 35%, 35% and 30% of the total contracted sales of the Group respectively.

In Guangdong, contracted sales in the first half of 2009 achieved RMB2.32 billion, up by 30% compared with the corresponding period last year. The key drivers were Regal Riviera, Pleasant View Garden and Hunan New City in Guangzhou, and Hushan Guoji Villa in Huizhou.

In the first half of 2009, the contracted sales of Beijing and Tianjin together recorded a 80% rise to secure RMB1.97 billion (2008: RMB1.1 billion), of which Beijing Regal Court alone contributed RMB1.2 billion amid the revival of the property market. The newly launched project, Kylin Zone, attained contracted sales totalling RMB379 million. In Tianjin, the new phase of a higher-end product in Jingjin New Town, generated sales of RMB277.6 million, up 114% compared with the same period last year.

Property sale in Shanghai showed an outstanding performance and contracted sales were RMB2.36 billion, up 84% in the first half of 2009 (2008: RMB1.28 billion). Seven property projects were for sales, namely Hopson Town, Hopson Lantern Villa, Hopson Golf Mansion, International Garden, Hopson Dongjiao Villa, Sheshan Dongziyuan and Hopson International City, of which Hopson Dongjiao Villa gained an amount of RMB445 million in sales.

## **Gross Profit**

The gross profit was HK\$1,608 million for the first half of 2009 (2008: HK\$1,839 million) and the gross profit ratio was 41% (2008: 52%). The decrease in gross profit ratio was primarily attributable to price adjustment and the delivery of lower-end products with lower average selling prices.

## **Other Gains**

Other gains for the six months ended 30th June 2009 amounted to HK\$534 million (2008: HK\$285 million) comprising (1) a net gain of HK\$469 million from the disposal of subsidiaries; (2) tax grants totalling HK\$41 million from government authorities in the Mainland China; (3) dividend income of HK\$21.6 million from an available-for-sale financial asset, and (4) fair value gains of HK\$2.4 million from listed investments and revaluation of investment properties.

## **Operating Costs**

The net operating costs relating to expenses for selling, marketing, general and administration increased by 58% to HK\$631 million in the first half of 2009 (2008: HK\$400 million). The increase was mainly due to a significant reduction of exchange gain, down 98% to HK\$4.3 million from HK\$198 million in the first half of 2008. The decrease in exchange gain was attributable to the relatively flat exchange rates of Renminbi to United States Dollars/Hong Kong dollars standing in the first half of 2009. In addition, the larger amount of bank loans in the first six months of 2009 led to an increase in finance charges which in turn contributed to a further rise in operating costs.

## **Finance Costs**

Gross interest expenses before capitalisation for the first half of 2009 increased to HK\$589 million (2008: HK\$554 million), up HK\$35 million or 6%. The increase was primarily attributable to the additional bank borrowings raised, and the increased amortisation of the interest expense for the Renminbi denominated United States Dollars settled zero coupon convertible bonds of RMB1,830 million due in 2010. The effective interest rate in respect of the Group's borrowings was approximately 7.1% per annum (2008: 7.6%).

## **Operating Profit**

Operating profit in first half 2009 was HK\$1,512 million (2008: HK\$1,725 million).

## **Share of loss of a jointly controlled entity**

Share of loss of a jointly controlled entity represented the Group's share of loss of HK\$1.5 million from the jointly controlled entity located in Beijing.

## **Taxation**

The effective tax rate was 34 % for the first half of 2009, down 10 % compared with same period last year. Excluding (1) non-taxable items comprising gain on disposal of subsidiaries of HK\$469 million, dividend income from an available-for-sale financial asset of HK\$21.6 million, government grants of HK\$41 million, interest income of HK\$4.5 million and net exchange gain of HK\$4.3 million, and (2) share of loss from a jointly controlled entity and associates of HK\$2.0 million, the effective tax rate for the first half of 2009 would have been 56 % (2008: 58%). The decrease was mainly due to the decrease in the provision for Mainland China land appreciation tax during the period.

## **Profit attributable to equity holders of the Company**

Profit attributable to equity holders was HK\$906 million for the first half of 2009 (2008: HK\$933 million). Basic earnings per share was HK\$0.61. Excluding the effect of the gain from investment property revaluation of HK\$2.1 million, underlying profit for the period under review was HK\$904 million, up HK\$232 million or 35% compared with the corresponding period in the prior year. The



increase was mainly attributable to the absence of negative goodwill arising from acquisition of companies and the recognition of net gain derived from the disposal of subsidiaries amounting to HK\$469 million during the period.

### **Segmental information**

Property development remains the Group's core business activity (94%). The geographical spread of financial performance among different regions this period was slightly different to that of the corresponding period in 2008. Guangzhou took back its leading position as top revenue contributor within the Group (54%), followed by Beijing (28%), Huizhou (9%), Shanghai (7%) and Tianjin (2%).

### **Financial position**

As at 30th June 2009, the Group had total assets of HK\$62,069 million and total liabilities of HK\$37,482 million, representing respectively an increase of 7% and 5% from 31st December 2008. The increase in total assets was mainly attributable to (i) increase in cash and cash equivalents contributed from placing of new Company's shares in June 2009 and the receipt of sale proceeds, and (ii) amounts expended on construction work-in-progress of new development projects. Aligned with this, total liabilities also increased, mainly on account of a rise in deferred revenue.

The Group's current ratio as at 30th June 2009 was 2.34, which was slightly improved compared with that of 2.49 as at 31st December 2008. With the contribution from placing of new Company's shares in June 2009 and current period's profit attributable to equity holders, equity at 30th June 2009 increased 9% to HK\$24.6 billion from 31st December 2008. The net-asset-value ("NAV") per share as at 30th June 2009 was HK\$15.4.

### **Liquidity and financial position**

As at 30th June 2009, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 60% (31st December 2008: 61%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 43% (31st December 2008: 63%).

As at 30th June 2009, the Group had cash and short-term bank deposits amounting to HK\$5,547 million (31st December 2008: HK\$2,414 million) of which approximately HK\$91 million (31st December 2008: HK\$87 million) were charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 59% of the cash and bank deposits were denominated in Renminbi, 28% in Hong Kong dollars and 13% in United States Dollars.

Total borrowings from banks amounted to HK\$11,358 million as at 30th June 2009, slightly decreased by 5% or HK\$550 million as compared to those at 31st December 2008. Gearing, measured by net bank borrowings, Guaranteed Senior Notes and Convertible Bonds (i.e. total bank borrowings, Guaranteed Senior Notes and Convertible Bonds less cash and bank deposits) as a percentage of

shareholders' equity, was 43%, down 20 percentage points from 63% as at 31st December 2008. The decrease was mainly due to repayment of certain bank borrowings and placing of new Company's shares during the period.

All of the bank borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollars denominated Senior Notes due 2012 and the Renminbi denominated United States Dollars settled Convertible Bonds due 2010 were both jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 66%, 16% and 12%, respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 30th June 2009 was as follows:

(HK\$ million)	30th June 2009					31st December 2008					Total	
	Bank Borrowings	Guaranteed Senior notes	Convertible bond	Other borrowings	Total	Bank Borrowings	Guaranteed Senior notes	Convertible bond	Other borrowings	Total		
1 year	2,692	—	2,094	1,087	5,873	(34%)	4,263	—	—	941	5,204	(30%)
1-2 years	4,988	—	—	—	4,988	(29%)	5,017	—	2,022	—	7,039	(40%)
2-5 years	3,358	2,669	—	—	6,027	(35%)	2,299	2,663	—	—	4,962	(28%)
After 5 years	320	—	—	—	320	(2%)	329	—	—	—	329	(2%)
Total	11,358	2,669	2,094	1,087	17,208		11,908	2,663	2,022	941	17,534	
Less: Cash and bank deposits					(5,547)						(2,414)	
Net borrowings					<u>11,661</u>						<u>15,120</u>	

As at 30th June 2009, the Group had banking facilities of approximately HK\$23,417 million (31st December 2008: HK\$27,112 million) for short-term and long-term bank loans, of which HK\$12,059 million (31st December 2008: HK\$15,204 million) were unutilized.

## Financial guarantees

As at 30th June 2009, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$9,814 million (31st December 2008: HK\$8,737 million).

## Pending litigations

Various Group companies are involved in litigations arising in the ordinary course of their businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the interim financial information.

## Treasury policies and capital structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

## **FOREIGN EXCHANGE FLUCTUATIONS**

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange risk arising from the exposure of Renminbi against Hong Kong dollars and US dollars. However, the Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars, US dollars and Renminbi in the foreseeable future.

## **MANAGEMENT CONTRACT**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

## **EMPLOYEES**

As at 30th June 2009, the Group, excluding its associates and jointly controlled entity, employed a total of 7,147 (as at 31st December 2008: 7,743) staff, the great majority of which were deployed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$208 million (2008: HK\$234 million) for the six months ended 30th June 2009. The remuneration policies remained the same as revealed in the Annual Report for the year ended 31st December 2008.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the directors of the Company (the "Directors") during the period under review. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30th June 2009.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules during the six months ended 30th June 2009, except for Code provisions A.4.1 and E.1.2 as described below.

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

All the independent non-executive Directors are not appointed for specific term. This constitutes a deviation from Code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the Code.

Code E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board of Directors did not attend the annual general meeting for the year 2009 due to other business commitment.

## **PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2009.

## **AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Company's audit committee is composed of the three independent non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30th June 2009 with the Directors.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 13th October 2009 to Friday, 16th October 2009, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12th October 2009.

## **INTERIM REPORT**

The 2009 interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson>.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the period under review the amount of public float as required under the Listing Rules.

## **DIRECTORS**

As at the date of this announcement, the Board of Directors of the Company is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Xiang Bin, Mr. Chen Chang Ying, Mr. Au Wai Kin, Mr. Xue Hu and Ms. Zhao Ming Feng; and three independent non-executive Directors namely, Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

By order of the Board  
**Chu Mang Yee**  
*Chairman*

Hong Kong, 31st August 2009

\* *for identification purposes only*