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 2010

FINANCIAL HIGHLIGHTS

(for the six months ended 30th June 2010)

— Turnover was HK$4,667,928,000
— Profit attributable to shareholders amounted to HK$1,516,766,000
— Basic earnings per share were HK90.2 cents per share

BUSINESS REVIEW

Industry overview

In the first half of 2010

- Fuelled by the rapidly growing macro-economy in the first quarter, the property sector witnessed an upsurge and housing prices recorded substantial growth. Figures from the National Bureau of Statistics of China showed that in the first quarter, areas of commodity buildings sold nationwide recorded a year-on-year growth of 35.8%, of which areas of commodity residential buildings sold grew by 34.2% year-on-year.

- In April, the central government restrained speculative and investment activities in property market by credit tightening through the introduction of a series of policies, including adjustment in capital adequacy ratio, rise of second home mortgage interest rate and ban on third-home mortgages. The property market swiftly cooled down. The policies are favourable to the healthy development of the sector in the long run but it also led to wait-and-see attitudes of current home buyers.

- The introduction of these austerity measures will lead to a structural change in market demand. The demand will be from end users instead of speculators, investors and home buyers. Meanwhile, policies in boosting supply of residential land plots and economic housings will also cause changes in supply structure and help solving market imbalance.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in the first half of 2010 totalling RMB6,031 million (2009: RMB6,651 million) were as follows:

- In Beijing, a total GFA of 95,187 square metres (2009: 95,163 square metres), of which 88,765 square metres (2009: 95,163 square metres) were attributable to the Group, with a carrying value of RMB3,211 million (2009: RMB1,693 million) was sold. The increase in carrying value was mainly attributable to the sales of No. 8 Royal Park and the newly-launched Dreams World.

- In Shanghai, a total GFA of 70,730 square metres (2009: 193,711 square metres) with a carrying value of RMB1,328 million (2009: RMB2,361 million) was sold.

- In Huizhou, a total GFA of 45,407 square metres (2009: 19,270 square metres), with a carrying value of RMB396 million (2009: RMB126 million) was sold. The increase in sale was mainly attributable to the commencement of sale of new phases of Huizhou Regal Riviera Bay and the newly-launched Huizhou Golf Manor.

- In Tianjin and Guangzhou, a total GFA of 110,215 square metres (2009: 283,438 square metres), of which 108,178 square metres (2009: 280,570 square metres) were attributable to the Group, with a carrying value of RMB1,096 million (2009: RMB2,471 million) was sold.

Properties sold but yet delivered

As at 30th June 2010, the total GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 583,046 square metres (31st December 2009: 615,706 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK$9,590 million will be recognised as revenue in the Group's accounts in the second half of 2010 and thereafter.

Delivery of properties

A total GFA of 354,200 square metres (2009: 335,738 square metres) was delivered in the first half of 2010.

Project development progress

- A total GFA of approximately 566,800 square metres was completed in the first half of 2010.
- A total GFA of approximately 740,190 square metres is expected to be completed in the second half of 2010.

Landbank and land replenishment

As of 30th June 2010, the Group had a landbank of approximately 29.76 million square metres (31st December 2009: 30.2 million square metres).

During the first half of 2010, the Group entered into a land transfer contract in Kunshan with a site area of approximately 292,140.4 square metres.

Prospects

- In the years ahead, urbanization, city renewal and the desire for better living environment will continue to boost the demand in housing in China and the property sector will persist to witness impressive development.
- China is going through industrialization and urbanization with a large supply of work force. Property remains a popular type of investment for Chinese people to maintain asset value. In the long run, property sector will continue to enjoy stable growth and we hold a positive view in the prospects of the real estate market.
- In the second half of 2010, we planned to launch 6 new projects located in Qinhuangdao, Ningbo, Shanghai, Hangzhou, Guangzhou and Huizhou. These projects vary from high-end residential and commercial buildings in city centres and countryside villas with natural landscape, to large-scale residential projects with comprehensive facilities in second-tier cities. These projects are highly receptive by target customers and potential buyers and it is expected they will generate satisfactory sales to the Group.

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 2010 together with the comparative figures for the corresponding previous period.

The 2010 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

		Six months ended 30th June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenues	*4*	**4,667,928**	3,902,317
Cost of sales	*6*	**(2,984,818)**	(2,293,962)
Gross profit		**1,683,110**	1,608,355
Other gains	*5*	**977,463**	534,332
Selling and marketing costs	*6*	**(163,101)**	(130,625)
General and administrative expenses	*6*	**(415,793)**	(500,355)
Operating profit		**2,081,679**	1,511,707
Finance income	*7*	**9,134**	4,452
Finance costs	*7*	**(127,116)**	(153,279)
Share of profit/(loss) of associates		**4,145**	(431)
Share of loss of a jointly controlled entity		**(2,565)**	(1,539)
Profit before taxation		**1,965,277**	1,360,910
Taxation	*8*	**(469,440)**	(457,568)
Profit for the period		**1,495,837**	903,342
Attributable to:			
Equity holders of the Company		**1,516,766**	906,133
Non-controlling interests		**(20,929)**	(2,791)
		1,495,837	903,342
Earnings per share for profit attributable to the equity holders of the Company during the period (in HK$ per share)			
— basic	*9*	**0.902**	0.610
— diluted	*9*	**0.898**	0.610
Dividend	*10*	**—**	146,498

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,495,837**	903,342
Other comprehensive income		
Fair value gain on available-for-sale financial assets	**109,111**	—
Deferred tax for fair value gain on available-for-sale financial assets	**(10,911)**	—
Asset revaluation reserve realised upon disposal of properties held for sale	**(47,086)**	(202,116)
Deferred tax for asset revaluation reserve realised upon disposal of properties held for sale	**58,814**	81,083
Currency translation differences	**298,044**	64,360
Other comprehensive income for the period, net of tax	**407,972**	(56,673)
Total comprehensive income for the period	**1,903,809**	846,669
Total comprehensive income attributable to:		
Equity holders of the Company	**1,904,969**	848,545
Non-controlling interests	**(1,160)**	(1,876)
	1,903,809	846,669

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30th June	31st December
		2010	2009
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Land costs		**348,867**	329,440
Prepayments for acquisition of land		**198,591**	266,962
Properties and equipment		**3,175,785**	3,175,029
Investment properties		**8,540,889**	8,378,105
Intangible assets		**121,700**	120,660
Investments in associates		**45,442**	40,925
Investment in a jointly controlled entity		**1,472,995**	1,188,692
Available-for-sale financial assets		**2,790,433**	2,671,719
Deferred tax assets		**232,197**	191,287
		16,926,899	16,362,819
Current assets			
Prepayments for acquisition of land		**15,211,240**	7,363,482
Properties under development for sale		**32,728,303**	30,556,607
Completed properties for sale		**9,313,294**	7,835,600
Financial assets at fair value through profit or loss		**11,809**	11,083
Accounts receivable	*11*	**166,369**	146,895
Prepayments, deposits and other current assets		**2,255,076**	1,620,126
Due from an associate		**29,619**	29,365
Due from related companies		**14,513**	13,664
Pledged/charged bank deposits		**360,956**	168,479
Cash and cash equivalents		**4,329,270**	6,546,144
		64,420,449	54,291,445
Total assets		**81,347,348**	70,654,264

	Note	As at 30th June 2010 HK$'000 (Unaudited)	31st December 2009 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**175,237**	159,237
Reserves	*14*	**32,330,621**	28,034,506
		32,505,858	28,193,743
Non-controlling interests		**2,297,642**	2,305,733
Total equity		**34,803,500**	30,499,476
LIABILITIES			
Non-current liabilities			
Land cost payable		**80,431**	271,028
Borrowings	*12*	**17,227,878**	10,116,598
Due to minority shareholders		**421,462**	419,411
Deferred tax liabilities		**4,410,969**	4,502,743
		22,140,740	15,309,780
Current liabilities			
Accounts payable	*13*	**5,098,591**	2,941,424
Land cost payable		**252,568**	302,418
Borrowings	*12*	**1,811,345**	6,232,260
Deferred revenue		**9,589,526**	7,260,538
Accruals and other payables		**1,699,283**	1,728,752
Due to an associate		**6,323**	6,269
Due to related companies		**150,514**	173,721
Due to a jointly controlled entity		**1,809,469**	1,842,289
Current tax liabilities		**3,985,489**	4,357,337
		24,403,108	24,845,008
Total liabilities		**46,543,848**	40,154,788
Total equity and liabilities		**81,347,348**	70,654,264
Net current assets		**40,017,341**	29,446,437
Total assets less current liabilities		**56,944,240**	45,809,256

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 30th June 2010			
	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st January 2010	159,237	28,034,506	2,305,733	30,499,476
Profit for the period	—	1,516,766	(20,929)	1,495,837
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	—	109,111	—	109,111
Asset revaluation reserve realised upon disposal of properties held for sale	—	(47,086)	—	(47,086)
Deferred tax	—	47,903	—	47,903
Currency translation differences	—	278,275	19,769	298,044
Total comprehensive income for the period	—	1,904,969	(1,160)	1,903,809
Proceeds from issue of shares				
— Placements	18,546	2,692,900	—	2,711,446
Repurchase of own shares	(2,546)	(267,752)	—	(270,298)
Further acquisition of equity interests of a subsidiary	—	(34,002)	(6,931)	(40,933)
	16,000	2,391,146	(6,931)	2,400,215
Balance at 30th June 2010	175,237	32,330,621	2,297,642	34,803,500

	Unaudited six months ended 30th June 2009			
	Attributable to equity holders of the Company		Non-controlling	
	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:				
Asset revaluation reserve realised upon disposal of properties held for sale	—	(202,116)	—	(202,116)
Deferred tax	—	81,083	—	81,083
Currency translation differences	—	63,445	915	64,360
Total comprehensive income for the period	—	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

Notes:

(1) General information

Hopson Development Holdings Limited ("the Company") and its subsidiaries (together "the Group") are 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, hotel operations and property management.

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 (the "Stock Exchange"). 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 27th August 2010.

(2) Basis of presentation

This unaudited interim financial information for the six months ended 30th June 2010 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 2009.

(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 2009.

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

(a) Change in accounting policy

During the period, the Group changed its accounting policy for land costs which is held for development for sale.

Land costs which is held for development for sale meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases".

Previously, land costs which is held for development for sale were classified as prepaid operating lease and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. During the period of time that is required to develop the properties for its intended use, the land amortisation was capitalised as part of the costs of the properties under development. In all other periods the land amortisation is charged to the income statement.

Subsequent to the change in accounting policy, land costs relating to property held for development for sale are classified as inventories in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

Management believes that the new classification of land costs as inventories results in a more relevant presentation of the financial position of the Group, and of its performance for the period. The revised treatment reflects the management's intention on the use of the land and results in a presentation consistent with the industry practice.

The change in accounting policy has no material impact on the retained earnings as at 1st January 2009 and 31st December 2009, and the profit for the current and prior periods. Land costs relating to properties developed for sale were reclassified to properties under development for sale and completed properties for sale in the consolidated balance sheet of the Group as at 31st December 2009 as follows:

As at 31st December 2009

Current assets	**As previously reported**	**Reclassification**	**Reclassified balance**
	HK$'000	*HK$'000*	*HK$'000*
Land costs	24,580,807	(24,580,807)	—
Properties under development for sale	9,611,470	20,945,137	30,556,607
Completed properties for sale	4,199,930	3,635,670	7,835,600

(b) The adoption of new/revised HKFRS

In 2010, 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 2010 and relevant to the Group's operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations

Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations
HKFRS 8 Amendment	Operating Segments

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 HKAS 27 (Revised) and HKFRS 3 (Revised) as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated profit and loss account.

The adoption of HKAS 27 (Revised) has resulted in a difference between the consideration paid and the relevant share of the carrying net asset value acquired from the non-controlling interest of HK$34,002,000 which is now recorded in equity.

HKFRS 3 (Revised) continued to apply the acquisition method to business combinations, with some significant changes. For example, all acquisition-related costs should be expensed. The cost of acquisition includes the fair value at the acquisition date of any contingent purchase consideration. In a business combination undertaken in phases/stages, the previously held equity interest in the acquiree is remeasured at fair value and the difference between its fair value and carrying amount is recognised in the income statement. There is a choice, on the basis of each acquisition, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The adoption of HKFRS 3 (Revised) does not result in any impact on the Group's result in the current period nor the financial position at the end of the report period.

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

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
HKAS 32 Amendment	Classification of Rights Issues	1st February 2010
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments	1st July 2010
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HK(IFRIC)-Int 14 Amendment	Prepayment of a minimum funding requirement	1st January 2011
HKFRS 9	Financial instruments	1st January 2013

		Effective for accounting periods beginning on or after
Annual improvement to HKFRS published in May 2010		
HKFRS 3 (Revised)	Business combinations	1st July 2010
HKAS 1	Presentation of Financial Statements	1st January 2011
HKAS 27	Consolidated and Separate Financial Statements	1st January 2011
HKAS 34	Interim Financial Reporting	1st January 2011
HKFRS 7	Financial Instruments: Disclosure	1st January 2011

The Group has already commenced an assessment of the impact of these new or revised standards, amendments and interpretation, certain of which are relevant to the Group's operation and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results of operations and financial position.

(4) Segment information

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

The Executive Directors consider the business from both a business and geographic perspective. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the Executive Directors consider that the reportable business segments can be further segregated into four main geographical areas, namely Guangdong province (GZ) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Beijing (BJ) (including Beijing, Dalian, Taiyuan and Qinhuangdao), Shanghai (SH) (including Shanghai, Hangzhou and Ningbo) and Tianjin (TJ).

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

Segment assets consist primarily of properties and equipment, investment properties, investment in a jointly controlled entity, land costs, properties under development, completed properties for sale, prepayments, deposits and other current assets, receivable and operating cash (cash in Hong Kong has been included in the property development segment in GZ). They exclude available-for-sale financial assets, which are managed on a central basis and deferred tax assets. These are part of the reconciliation to total balance sheet assets.

Segment results by business lines and geographical areas

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 Executive Directors is measured in a manner consistent with that in the consolidated income statement.

Revenue comprise turnover which included gross proceeds from sale of properties, revenue from rental and hotel operations and property management income.

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
Sales of properties	**4,363,184**	3,649,997
Property management income	**196,473**	167,005
Income from hotel operations	**76,142**	54,141
Rental income	**32,129**	31,174
	4,667,928	3,902,317

The segment results by business lines and by geographical areas for the six months ended 30th June 2010 are as follows:

	Property development				Property investment		Hotel operations			Property management	Group
	GZ	**SH**	**BJ**	**TJ**	**GZ**	**SH**	**GZ**	**BJ**	**TJ**		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2010:											
Total revenue	**2,556,822**	**1,237,325**	**415,892**	**211,888**	**—**	**—**	**14,514**	**23,496**	**38,132**	**198,218**	**4,696,287**
Inter-segment revenues	**(25,753)**	**—**	**—**	**(861)**	**—**	**—**	**—**	**—**	**—**	**(1,745)**	**(28,359)**
Revenue	**2,531,069**	**1,237,325**	**415,892**	**211,027**	**—**	**—**	**14,514**	**23,496**	**38,132**	**196,473**	**4,667,928**
Adjusted segment results	**1,634,733**	**463,218**	**65,619**	**(3,573)**	**1,889**	**1,296**	**5,420**	**(2,142)**	**(68,930)**	**13,617**	**2,111,147**
Depreciation	**(3,641)**	**(1,047)**	**(4,430)**	**(1,307)**	**(7)**	**(1)**	**(3,320)**	**(5,303)**	**(38,235)**	**(873)**	**(58,164)**
Amortisation	**—**	**—**	**—**	**—**	**—**	**—**	**(1,315)**	**(495)**	**(57)**	**—**	**(1,867)**
Fair value gains on investment properties	**—**	**—**	**—**	**—**	**1,889**	**1,296**	**—**	**—**	**—**	**—**	**3,185**
Share of profit of associates	**1,347**	**—**	**2,798**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,145**
Share of loss of a jointly controlled entity	**—**	**—**	**(2,565)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,565)**

The segment results by business lines and by geographical areas for the period ended 30th June 2009 are as follows:

	Property development				Property investment		Hotel operations			Property management	Group
	GZ	SH	BJ	TJ	GZ	SH	GZ	BJ	TJ		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30th June 2009:											
Total revenue	2,323,374	296,957	1,000,834	39,720	31,174	—	8,902	18,559	26,680	168,501	3,914,701
Inter-segment revenues	(10,888)	—	—	—	—	—	—	—	—	(1,496)	(12,384)
Revenue	2,312,486	296,957	1,000,834	39,720	31,174	—	8,902	18,559	26,680	167,005	3,902,317
Adjusted segment results	661,118	610,060	280,744	(27,530)	30,198	—	3,441	(6,037)	(61,682)	12,929	1,503,241
Depreciation	(2,910)	(977)	(1,844)	(1,122)	(6)	(41)	(3,748)	(5,631)	(25,766)	(802)	(42,847)
Amortisation	(588)	(730)	(180)	(151)	—	—	(1,309)	(389)	(57)	—	(3,404)
Fair value gains on investment properties	—	—	—	—	2,141	—	—	—	—	—	2,141
Share of loss of associates	(184)	—	(247)	—	—	—	—	—	—	—	(431)
Share of loss of a jointly controlled entity	—	—	(1,539)	—	—	—	—	—	—	—	(1,539)

The segment assets by business lines and by geographical areas as at 30th June 2010 are as follows:

	Property development				Property investment		Hotel operations			Property management	Group
	GZ	**SH**	**BJ**	**TJ**	**GZ**	**SH**	**GZ**	**BJ**	**TJ**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
As at and for the six months ended 30th June 2010:	**25,733,353**	**10,326,857**	**25,785,813**	**4,384,379**	**2,554,864**	**6,049,710**	**512,089**	**387,936**	**2,405,540**	**184,177**	**78,324,718**
Segment assets include:											
Investment in associates	**1,996**	**—**	**43,446**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**45,442**
Investment in a jointly controlled entity	**—**	**—**	**1,472,995**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,472,995**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**3,563**	**13,381**	**1,498**	**11,184**	**55,174**	**31,786**	**2,324**	**1,364**	**24,244**	**848**	**145,366**

The segment assets by business lines and by geographical areas as at 31st December 2009 are as follows:

	Property development				Property investment		Hotel operations			Property management	Group
	GZ	SH	BJ	TJ	GZ	SH	GZ	BJ	TJ		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at and for the year ended 31st December 2009:	23,134,671	7,736,545	21,172,034	4,064,030	2,476,368	5,938,360	507,104	391,801	2,174,470	195,875	67,791,258
Segment assets include:											
Investment in associates	637	—	40,288	—	—	—	—	—	—	—	40,925
Investment in a jointly controlled entity	—	—	1,188,692	—	—	—	—	—	—	—	1,188,692
Additions to non-current assets (other than financial instruments and deferred tax assets)	11,935	14,806	1,324	481,918	36,570	514,115	5,855	27,749	422,428	2,733	1,519,433

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

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Reportable segment profit from operations	**2,111,147**	1,503,241
Unallocated corporate (expenses)/income, net	**(27,888)**	6,496
Finance income	**9,134**	4,452
Finance costs	**(127,116)**	(153,279)
Profit before taxation	**1,965,277**	1,360,910

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

	As at	
	30th June	31st December
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Total segment assets	**78,324,718**	67,791,258
Deferred tax assets	**232,197**	191,287
Available-for-sale financial assets	**2,790,433**	2,671,719
Total assets	**81,347,348**	70,654,264

The Group primarily operates in Mainland China. All revenues for the six months ended 30th June 2010 and 2009 are from Mainland China.

As at 30th June 2010 and 31st December 2009, all non-current assets, other than financial instruments and deferred tax assets are located in Mainland China.

(5) Other gains

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend income	**197**	21,614
Fair value gains on investment properties	**3,185**	2,141
Fair value gain on financial assets at fair value through profit or loss	**726**	235
Gain on disposal of subsidiaries	**958,217**	468,945
Government grants	**15,138**	41,397
	977,463	534,332

(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	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Advertising costs	**73,533**	66,943
Amortisation of land costs	**1,867**	3,404
Cost of completed properties sold	**2,745,219**	2,107,619
Depreciation of properties and equipment	**58,164**	42,847
Direct operating expenses arising from investment properties that		
— generated rental income	**—**	532
— did not generate rental income	**—**	2,430
Employees' benefits cost (including Directors' emoluments)	**207,956**	208,277
Loss on disposal of properties and equipment	**212**	744
Net exchange loss/(gain) (included in general and administrative expenses)	**109**	(4,259)
Operating lease rental in respect of premises	**14,947**	24,076

(7) Finance income and costs

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expense:		
— on bank loans wholly repayable within five years	**403,729**	394,099
— on bank loans not wholly repayable within five years	**18,243**	8,827
— on senior notes wholly repayable within five years	**116,197**	115,763
— on convertible bonds wholly repayable within five years	**4,845**	70,711
Total borrowing costs incurred	**543,014**	589,400
Less: Amount capitalised as part of the cost of properties under development	**(415,898)**	(436,121)
	127,116	153,279
Interest income from banks	**(9,134)**	(4,452)
Net finance costs	**117,982**	148,827

The average interest rate of borrowing costs capitalised for the six months ended 30th June 2010 was approximately 5.6% (2009: 7.1%) per annum.

(8) Taxation

Taxation consists of:

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax	**(2,454)**	(2,877)
Mainland China corporate income tax	**349,340**	240,533
Mainland China land appreciation tax	**203,013**	296,964
	549,899	534,620
Deferred taxation		
Mainland China corporate income tax	**(55,764)**	(55,532)
Mainland China land appreciation tax	**(24,695)**	(21,520)
	(80,459)	(77,052)
	469,440	457,568

Hong Kong profits tax is provided at the rate of 16.5% (2009: 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% (2009: 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.

	Six months ended 30th June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**1,516,766**	906,133
Weighted average number of ordinary shares in issue *('000)*	**1,681,712**	1,485,628
Basic earnings per share *(HK$ per share)*	**0.902**	0.610

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 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. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of convertible bonds.

	Six months ended 30th June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**1,516,766**	906,133
Interest expense on convertible bonds (net of tax) *(HK$'000)*	**3,712**	N/A
Profit for calculation of diluted earnings per share *(HK$'000)*	**1,520,478**	906,133
Weighted average number of ordinary shares in issue *('000)*	**1,681,712**	1,485,628
Adjustments for shares to be issued on conversion of convertible bonds *('000)*	**10,804**	N/A
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**1,692,516**	1,485,628
Diluted earnings per share *(HK$ per share)*	**0.898**	0.610

The convertible bonds are anti-dilutive for the six months ended 30th June 2009.

(10) Dividend

	Six months ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
Interim dividend proposed of nil (2009: HK$0.092) per ordinary share	**—**	146,498

(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 2010 HK$'000 (Unaudited)	As at 31st December 2009 HK$'000 (Audited)
0 to 3 months	**46,434**	54,317
3 to 6 months	**17,377**	6,343
6 to 9 months	**17,925**	4,378
9 to 12 months	**6,595**	3,250
Over 12 months	**78,038**	78,607
	166,369	146,895

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

As at 30th June 2010, approximately 17% (2009: 16%) of the accounts receivable was due from one (2009: 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 2010 HK$'000 (Unaudited)	As at 31st December 2009 HK$'000 (Audited)
Non-current		
Bank borrowings	**14,537,510**	7,439,901
Senior notes	**2,690,368**	2,676,697
	17,227,878	10,116,598
Current		
Bank borrowings	**1,811,345**	4,062,575
Convertible bonds	**—**	2,169,685
	1,811,345	6,232,260
Total borrowings	**19,039,223**	16,348,858

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. The bonds mature in three years (February 2010) from the issued date at 104.59% of the nominal value or can be converted into ordinary shares of the Company on or after 14th March 2007 at a conversion price of HK$30.08 per share at a fixed exchange rate of RMB0.9958 to HK$1. On 2nd February 2010, the Group repaid the bonds of approximately US$280,418,000 (equivalent to approximately RMB1,914,415,000).

(13) Accounts payable

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

	As at	
	30th June 2010	31st December 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 3 months	**5,098,591**	2,941,424

As at 30th June 2010, approximately HK$2,558,033,000 (2009: HK$2,471,757,000) 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 2010

	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Statutory reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Convertible bonds reserve *HK$'000*	Currency translation differences *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1st January 2010	**8,232,259**	**—**	**161,117**	**2,507,043**	**227,734**	**2,366,633**	**14,539,720**	**28,034,506**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**1,516,766**	**1,516,766**
Currency translation differences	**—**	**—**	**—**	**—**	**—**	**278,275**	**—**	**278,275**
Issue of shares — placements	**2,692,900**	**—**	**—**	**—**	**—**	**—**	**—**	**2,692,900**
Repurchase of own shares	**(131,634)**	**2,546**	**—**	**—**	**—**	**—**	**(138,664)**	**(267,752)**
Further acquisition of equity interests of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**(34,002)**	**(34,002)**
Redemption of convertible bonds	**—**	**—**	**—**	**—**	**(227,734)**	**—**	**227,734**	**—**
Fair value gain on available-for-sale financial assets	**—**	**—**	**—**	**109,111**	**—**	**—**	**—**	**109,111**
Realised upon disposal of properties held for sale	**—**	**—**	**—**	**(47,086)**	**—**	**—**	**—**	**(47,086)**
Deferred tax	**—**	**—**	**—**	**47,903**	**—**	**—**	**—**	**47,903**
Balance at 30th June 2010	**10,793,525**	**2,546**	**161,117**	**2,616,971**	**—**	**2,644,908**	**16,111,554**	**32,330,621**
Analysed by —								
Company and subsidiaries							**15,646,143**	
Jointly controlled entity							**465,132**	
Associates							**279**	
							16,111,554	

For the six months ended 30th June 2009

	Share premium *HK$'000*	Statutory reserve *HK$'000*	Asset revaluation reserve *HK$'000*	Convertible bonds reserve *HK$'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
Profit for the period	—	—	—	—	—	906,133	906,133
Currency translation differences	—	—	—	—	63,445	—	63,445
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	8,232,259	161,117	1,538,801	227,734	2,341,577	9,792,778	22,294,266
Representing —							
2009 interim dividend						146,498	
Others						9,646,280	
						9,792,778	
Analysed by —							
Company and subsidiaries						9,715,330	
Jointly controlled entity						80,399	
Associates						(2,951)	
						9,792,778	

DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the half-year period ended 30th June 2010 (2009: HK9.2 cents per share).

FINANCIAL REVIEW

Turnover

(i) *Recognised Sales*

Property and land prices received a boost from booming housing activities in 2009. The central government, however, announced measures to reduce the pace of price growth in the second half of 2009. For the first six months of 2010, the Group completed a satisfactory turnover of HK$4,668 million, up 19.6%, (2009: HK$3,902 million) with a slight increase in GFA of 354,200 square metres (2009: 335,738 square metres).

Overall average selling price for delivered and completed properties grew by 13% to RMB10,794 per square metre (2009: RMB9,581). Except for Guangzhou, average selling price of the Group in all regions recorded an adequate growth in the first half of 2010.

Average selling price in Guangzhou was lowered due to the effect of a large number of lower-priced units concluded in areas outside Guangzhou city, such as Junjing Bay in Foshan, Hushan Guoji Villa in Zengcheng and Regal Court in Zhongshan. As a consequence, the average selling price in the first half of 2010 dropped to RMB7,921 per square metre (2009: RMB8,877).

In Huizhou, the newly-launched Huizhou Golf Manor commenced its delivery in the first half of 2010, and the higher end units in Regal Riviera Bay with relatively high prices were also delivered, thereby reflecting a better average selling price at RMB8,835 per square metre (2009: RMB6,269 per square metre).

In Beijing, the delivery of higher-priced products and larger units in major projects such as Beijing Regal Court and Città Eterna revealed a growth of average selling price in the first half of 2010. For Jingjin New Town in Tianjin, sale of new villa units was the key contributor to the rise of average selling price. Overall, Beijing and Tianjin recorded growth of 64% and 55% in average selling price respectively in the first half of 2010 when compared with the same period in 2009.

In Shanghai, the average selling price grew significantly to RMB22,306 per square metre in the first half of 2010 (2009: RMB9,093) due partly to the delivery of products in three new projects, namely Hopson Dongjiao Villa, Shanghai International Garden and Hopson Yuting Garden. The price of Shanghai Hopson Town and Hopson International City in Ningbo also recorded a double-digit growth.

(ii) *Contracted Sales*

The government's cooling measures implemented in April 2010 led to a slowdown of the property market. However, contracted sales of the Group in the first half of 2010 maintained roughly the same level at RMB6.03 billion (2009: RMB6.65 billion).

The average contracted selling price recorded a significantly growth of 67% in the first half of 2010 at RMB18,757 per square metre when compared with the same period last year. Growth rates in prices of all the regions within the Group were ranged between 14% and 90%.

In Guangzhou, accomplished contracted sales in the first half of 2010 reached RMB852 million. The key projects were Gallopade Park — South Court, Regal Riviera, Yijing Huayuan and Junjing Bay. In Huizhou, the contracted sales were on the rise amounting to RMB396 million in the first half (2009: RMB126 million). Huizhou Regal Riviera Bay and the new project Huizhou Golf Manor were the major contributors.

In the first half of 2010, contracted sales in Beijing recorded a 90% rise to RMB3.21 billion (2009: RMB1.69 billion), of which the high-end project No. 8 Royal Park alone contributed RMB2.2 billion. The newly launched project, Dreams World, obtained a total contracted sales of RMB527 million. In Tianjin, Jingjin New Town generated sales of RMB244 million with an average selling price of RMB9,237 per square metre.

Property sales in Shanghai in the first half of 2010 were RMB1.33 billion reflecting an average selling price of RMB18,755 per square metre. Seven property projects were on the market, namely Hopson Town, Hopson Golf Mansion, International Garden, Hopson Dongjiao Villa, Sheshan Dongziyuan, Hopson Yuting Garden and Hopson International City, of which Hopson International City in Ningbo alone gained an amount of RMB592 million in sale.

Gross Profit

The gross profit was HK$1,683 million for the first half of 2010 (2009: HK$1,608 million) and the gross profit ratio was 36% (2009: 41%). The decrease in gross profit ratio was primarily attributable to increase in cost of sales.

Other Gains

Other gains for the six months ended 30th June 2010 amounted to HK$977 million (2009: HK$534 million) comprising (1) a gain of HK$958 million from the disposal of subsidiaries; (2) tax grants totalling HK$15 million from government authorities in Mainland China; (3) fair value gains of HK$3.8 million from listed investments and revaluation of investment properties; and (4) dividend income of HK$0.2 million from investment in listed securities.

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration decreased by 8% to HK$579 million in the first half of 2010 (2009: HK$631 million). The decrease was mainly attributable to the Group's intensified cost control measures to operating costs.

Finance Costs

Gross interest expenses before capitalisation for the first half of 2010 decreased to HK$543 million (2009: HK$589 million), down HK$46 million or 8%. The decrease was primarily attributable to the repayment of the Renminbi denominated United States Dollars settled zero coupon convertible bonds of RMB1,830 million in February 2010 and the decrease in the corresponding amortisation of interest expense. The effective interest rate in respect of the Group's borrowings was approximately 5.6% per annum (2009: 7.1%).

Operating Profit

Operating profit in first half 2010 was HK$2,082 million (2009: HK$1,512 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$2.6 million from a jointly controlled entity located in Beijing.

Taxation

The effective tax rate was 24% for the first half of 2010, down 10% compared with same period last year. Excluding (1) non-taxable items comprising net of tax gain on disposal of subsidiaries of HK$862 million, government grants of HK$15 million and interest income of HK$9 million, and (2) share of profit from a jointly controlled entity and associates of HK$1.6 million, the effective tax rate for the first half of 2010 would have been 38% (2009: 56%). 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$1,517 million for the first half of 2010 (2009: HK$906 million). Basic earnings per share was HK$0.902. Excluding the effect of the net gain from investment property revaluation of HK$2.4 million, underlying profit for the period under review was HK$1,515 million, up HK$610 million or 67% compared with the corresponding period in the prior year. The increase was mainly attributable to the recognition of net gain derived from the disposal of subsidiaries amounting to HK$862 million and the decrease in the provision for Mainland China land appreciation tax of HK$97 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 2009. Guangzhou persisted its leading position as top revenue contributor within the Group (31%), followed by Shanghai (27%), Huizhou (26%), Beijing (11%) and Tianjin (5%).

Financial Position

As at 30th June 2010, the Group had total assets of HK$81,347 million and total liabilities of HK$46,544 million, representing respectively an increase of 15% and 16% from 31st December 2009. The increase in total assets was mainly attributable to the increase in (i) prepayment of land and acquisition costs for land sites; (ii) acquisition of equity interests in a project company located in Guangdong Province; and (iii) amounts expended on construction work-in-progress of development projects. Aligned with this, total liabilities also increased, mainly attributed to rises in accounts payable, deferred revenue and bank borrowings.

The Group's current ratio as at 30th June 2010 was 2.64, which was improved compared with that of 2.19 as at 31st December 2009. With the contribution from (i) share placement of 185,461,463 shares; (ii) current period's profit attributable to equity holders and; (iii) increase in asset revaluation reserve and currency translation differences reserve, equity at 30th June 2010 increased 14% to HK$34.8 billion from 31st December 2009. The net-asset-value ("NAV") per share as at 30th June 2010 was HK$19.9.

Liquidity and Financial Position

As at 30th June 2010, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 57% (31st December 2009: 57%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 41% (31st December 2009: 32%).

As at 30th June 2010, the Group had cash and short-term bank deposits amounting to HK$4,690 million (31st December 2009: HK$6,714 million) of which approximately HK$84 million (31st December 2009: HK$107 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. 97% of the cash and bank deposits were denominated in Renminbi, 2% in Hong Kong dollars and 1% in United States Dollars.

Total borrowings from banks amounted to HK$16,349 million as at 30th June 2010, increased by 42% or HK$4,847 million as compared to those at 31st December 2009. Gearing, measured by net bank borrowings and Guaranteed Senior Notes (i.e. total bank borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 41%, up 9 percentage points from 32% as at 31st December 2009. The increase was mainly due to increase in bank borrowings and decrease in cash and bank deposits 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 was jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 78% and 13%, 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 2010 was as follows:

	30th June 2010					31st December 2009					
(HK$ million)	**Bank Borrowings**	**Guaranteed Senior notes**	**Other borrowings**	**Total**		Bank Borrowings	Guaranteed Senior notes	Guaranteed Convertible bond	Other borrowings	Total	
1 year	**1,811**	**—**	**1,966**	**3,777**	**(18%)**	4,063	—	2,170	2,022	8,255	(45%)
1–2 years	**3,291**	**—**	**—**	**3,291**	**(16%)**	1,907	—	—	—	1,907	(10%)
2-5 years	**9,922**	**2,690**	**—**	**12,612**	**(60%)**	4,771	2,677	—	—	7,448	(41%)
After 5 years	**1,325**	**—**	**—**	**1,325**	**(6%)**	761	—	—	—	761	(4%)
Total	**16,349**	**2,690**	**1,966**	**21,005**		11,502	2,677	2,170	2,022	18,371	
Less: Cash and bank deposits				**(4,690)**						(6,714)	
Net borrowings				**16,315**						11,657	

As at 30th June 2010, the Group had banking facilities of approximately HK$55,493 million (31st December 2009: HK$36,976 million) for short-term and long-term bank loans, of which HK$39,144 million (31st December 2009: HK$25,474 million) were unutilized.

Charge on Assets

As at 30th June 2010, certain assets of the Group with an aggregate carrying value of HK$12,557 million (31st December 2009: HK$7,355 million) were pledged with banks for loan facilities used by subsidiaries, a jointly controlled entity and related companies.

Financial Guarantees

As at 30th June 2010, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK$10,268 million (31st December 2009: HK$9,981 million).

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.

EVENT AFTER BALANCE SHEET DATE

On 18th August 2010, the Group entered into a cooperation agreement with Guangzhou Textile Industrial and Trading Group Limited, a state-owned limited liability company established under the laws of the PRC, whereby the Group has agreed to bid for the equity interests when they are listed for sale in the Equity Exchange and invest in Guangzhou Diyi Dyeing Factory for a total consideration of RMB3,717,600,000.

On 24th August 2010, the Board of Directors has resolved to approve and adopt the cooperation agreement, and accordingly the cooperation agreement becomes effective and binding.

Upon Completion, Guangzhou Diyi Dyeing Factory will become a 65% indirect non-wholly-owned subsidiary of the Group, and the sole asset of Guangzhou Diyi Dyeing Factory will be the Land, on which the Kemaoyuan Project will be developed.

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 2010, the Group, excluding its associates and jointly controlled entity, employed a total of 6,904 (as at 31st December 2009: 6,816) staff, the great majority of which were deployed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK$208 million (2009: HK$208 million) for the six months ended 30th June 2010. The remuneration policies remained the same as revealed in the Annual Report for the year ended 31st December 2009.

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 2010.

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 2010, 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 2010 due to other business commitment.

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

During the six months ended 30th June 2010, the Company repurchased 25,462,000 shares of HK$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	**Number of shares repurchased**	**Highest price paid per share** *(HK$)*	**Lowest price paid per share** *(HK$)*	**Aggregate consideration (excluding expenses)** *(HK$)*
February 2010	25,462,000	11.00	10.18	269,402,280

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling HK$267,752,000 were charged to the share premium account.

The repurchase of shares was effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 16th June 2009, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

On 2nd February 2010, the Company redeemed the full amount of its US$ settled zero coupon convertible bonds due 2010 in the principal amount of RMB1,830,400,000 at an aggregate price of approximately US$280,418,000.

Save as disclosed above, 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 2010.

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 2010 with the Directors.

INTERIM REPORT

The 2010 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. Xue Hu, Mr. Au Wai Kin, Ms. Zhao Mingfeng and Mr. Liao Ruoqing; and three independent non-executive Directors namely, Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 27th August 2010

* *for identification purposes only*