

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2012

FINANCIAL HIGHLIGHTS

(for the six months ended 30th June 2012)

- Turnover was HK\$5,122,555,000
- Profit attributable to shareholders amounted to HK\$2,631,219,000
- Basic earnings per share were HK\$1.516 per share

BUSINESS REVIEW

Industry overview

In the first half of 2012

- In the first half of 2012, the macro-economy of China showed continued slowdown in growth. The growth of GDP eased to 8.1% year-on-year in the first quarter, down from 8.9% in the fourth quarter of last year.
- The central government adhered to the principle of “unswerving austerity measures on the real estate industry, adjusting to a reasonable housing price level, speeding up the construction of commodity residential properties, increasing the effective supply and promoting the healthy development of the real estate market”.

- As austerity measures on real estate showed its effect, most of the investment- and speculative-oriented housing demands were gradually reduced, while the demands for improving living standard and owner-occupied property were encouraged and supported and the supply of affordable housing and small and medium commodity residential properties increased. The demand and supply in the housing market has been gradually improving, which effectively controlled the soaring housing prices, and they have been stabilized and reasonably fallen in some regions of particular cities.
- The macro-control of the real estate market in 2012 is expected to be adopted continuously. After rounds of austerity measures adopted by the government, there was no recession on real estate market. On the contrary, it will develop in a more benign and healthy manner. It is a challenge to the established real estate developers, and will drive the overall development of the industry further.

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in the first half of 2012 totalling RMB5,820 million (2011: RMB5,325 million) were as follows:

- In Beijing and Tianjin, a total GFA of 63,377 square metres (2011: 83,223 square metres), with a carrying value of RMB1,707 million (2011: RMB2,270 million) was sold. The decrease of sales was mainly attributable to the fact that there were no replenishment of new units and the product mix of inventories comprising mainly high-end products.
- In Shanghai, a total GFA of 73,462 square metres (2011: 86,399 square metres), with a carrying value of RMB1,124 million (2011: RMB1,367 million) was sold. The decrease of sales was mainly attributable to the fact that the remaining unsold units were being sold in most of the projects.
- In Huizhou, a total GFA of 98,132 square metres (2011: 109,673 square metres), with a carrying value of RMB1,059 million (2011: RMB829 million) was sold. The increase of sales was mainly attributable to the replenishment of new units and the increase in selling price of Regal Bay.
- In Guangzhou, a total GFA of 122,914 square metres (2011: 82,585 square metres), with a carrying value of RMB1,930 million (2011: RMB859 million) was sold. The increase of sales was mainly attributable to the replenishment of new units and the increase in selling price.

Properties sold but yet delivered

As at 30th June 2012, 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 929,284 square metres (31st December 2011: 820,270 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$10,613 million will be recognised as revenue in the Group's financial statements in the second half of 2012 and thereafter.

Delivery of properties

A total GFA of 248,871 square metres (2011: 233,454 square metres) was delivered in the first half of 2012.

Project development progress

- A total GFA of approximately 517,130 square metres was completed in the first half of 2012.
- A total GFA of approximately 1,682,384 square metres is expected to be completed in the second half of 2012.

Landbank

As of 30th June 2012, the Group had a landbank of approximately 31.85 million square metres (31st December 2011: 31.91 million square metres).

Prospects

- In face of the austerity policy implemented by the government over the real estate industry in the first half of 2012, the Group is of the opinion that it has to closely adapt to changes in the market, size up the situation, adjust its strategy, capture the demand of the market and continuously enhance its core competitiveness.
- The Group will continue to put its efforts on strengthening the brand building so that the corporate culture and the core values of the brand can merge perfectly. We will infuse this ideal perfection into every single project which is invested and developed by our Group. And we will strive to furnish more quality products with high added value to the market and consumers.

- In the second half of 2012, the Group will launch a series of new projects in prosperous cities such as Shanghai, Beijing, Taiyuan of Shanxi and Kunshan of Jiangsu, and six projects of which include three in Shanghai, one in Beijing, Taiyuan of Shanxi and Kunshan of Jiangsu respectively. New projects launched in the second half of the year will either be in prime locations of the cities, or countryside villas with natural landscape, or in large-scale composite projects with comprehensive facilities in second-tier cities. Adhering to the high quality standard for developed products of the Group with target customers, these projects are highly receptive and recognised by potential buyers and we expect that they will generate satisfactory sales to the Group with accumulating positive influence of brand recognition and effective marketing strategies.

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 2012 together with the comparative figures for the corresponding previous period.

The interim financial information of the Company for the six months ended 30th June 2012 has been reviewed by the Audit Committee and the Board of Directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30th June	
		2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Revenues	4	5,122,555	4,833,445
Cost of sales	7	<u>(2,836,980)</u>	<u>(2,576,703)</u>
Gross profit		2,285,575	2,256,742
Gain on disposal of available-for-sale financial assets	5	1,729,556	—
Other income/gains, net	6	227,990	93,719
Selling and marketing expenses	7	(208,089)	(139,831)
General and administrative expenses	7	<u>(560,524)</u>	<u>(393,337)</u>
Operating profit		3,474,508	1,817,293
Finance income	8	10,603	13,918
Finance costs	8	(124,335)	(154,663)
Share of profit/(loss) of associates		1,490	(206)
Share of loss of a jointly controlled entity		<u>(1,210)</u>	<u>(598)</u>
Profit before taxation		3,361,056	1,675,744
Taxation	9	<u>(767,883)</u>	<u>(621,572)</u>
Profit for the period		<u>2,593,173</u>	<u>1,054,172</u>
Attributable to:			
Equity holders of the Company		2,631,219	1,019,852
Non-controlling interests		<u>(38,046)</u>	<u>34,320</u>
		<u>2,593,173</u>	<u>1,054,172</u>
Earnings per share for profit attributable to equity holders of the Company during the period (in HK\$ per share)			
— basic and diluted	10	<u>1.516</u>	<u>0.582</u>
Dividends	11	<u>—</u>	<u>—</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>2,593,173</u>	<u>1,054,172</u>
Other comprehensive income		
Fair value (loss)/gain on available-for-sale financial assets	(120,742)	1,589,575
Assets revaluation reserve realised upon disposal of available-for-sale financial assets	(1,581,316)	—
Assets revaluation reserve realised upon disposal of properties held for sale	(9,152)	(8,450)
Deferred tax	206,677	(154,931)
Currency translation differences	<u>(375,202)</u>	<u>955,044</u>
Other comprehensive income for the period, net of tax	<u>(1,879,735)</u>	<u>2,381,238</u>
Total comprehensive income for the period	<u>713,438</u>	<u>3,435,410</u>
Total comprehensive income attributable to:		
Equity holders of the Company	767,863	3,334,867
Non-controlling interests	<u>(54,425)</u>	<u>100,543</u>
	<u>713,438</u>	<u>3,435,410</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30th June 2012	31st December 2011
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Land costs		711,506	714,967
Prepayments for acquisition of land		130,493	131,221
Properties and equipment		3,236,764	3,264,839
Investment properties		16,860,479	16,637,473
Intangible assets		41,016	41,245
Investments in associates		152,329	151,685
Investments in jointly controlled entities		1,742,079	1,753,004
Available-for-sale financial assets		3,000,736	5,203,335
Deferred tax assets		258,681	220,240
		<u>26,134,083</u>	<u>28,118,009</u>
Current assets			
Prepayments for acquisition of land		13,488,029	13,508,836
Properties under development for sale		49,002,373	49,064,535
Completed properties for sale		13,725,263	11,640,241
Financial assets at fair value through profit or loss		12,696	11,456
Accounts receivable	12	262,324	232,940
Prepayments, deposits and other current assets		3,707,571	3,634,376
Due from associates		31,713	31,890
Due from related companies		5,849	6,188
Pledged/charged bank deposits		1,270,227	1,030,093
Cash and cash equivalents		4,430,581	2,618,161
		<u>85,936,626</u>	<u>81,778,716</u>
Total assets		<u><u>112,070,709</u></u>	<u><u>109,896,725</u></u>

	<i>Note</i>	As at	
		30th June 2012 HK\$'000 (Unaudited)	31st December 2011 HK\$'000 (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		173,600	173,600
Reserves	15	<u>41,678,715</u>	<u>40,910,852</u>
		41,852,315	41,084,452
Non-controlling interests		<u>2,909,536</u>	<u>2,981,657</u>
Total equity		<u>44,761,851</u>	<u>44,066,109</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		28,679	81,481
Borrowings	13	19,694,329	21,718,581
Due to minority shareholders of subsidiaries		437,401	439,841
Deferred tax liabilities		<u>5,593,268</u>	<u>5,816,801</u>
		<u>25,753,677</u>	<u>28,056,704</u>
Current liabilities			
Accounts payable	14	6,528,629	5,120,006
Land cost payable		605,447	602,612
Borrowings	13	13,810,805	13,629,307
Deferred revenue		10,613,016	9,679,048
Accruals and other payables		3,001,023	2,962,465
Due to an associate		6,770	6,808
Due to related companies		935,260	81,704
Due to a jointly controlled entity		1,559,558	1,574,135
Current tax liabilities		<u>4,494,673</u>	<u>4,117,827</u>
		<u>41,555,181</u>	<u>37,773,912</u>
Total liabilities		<u>67,308,858</u>	<u>65,830,616</u>
Total equity and liabilities		<u>112,070,709</u>	<u>109,896,725</u>
Net current assets		<u>44,381,445</u>	<u>44,004,804</u>
Total assets less current liabilities		<u>70,515,528</u>	<u>72,122,813</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Unaudited six months ended 30th June 2012</u>			
	<u>Attributable to equity</u>		<u>Non-</u>	<u>controlling</u>
	<u>holders of the Company</u>			
	<u>Share capital</u>	<u>Reserves</u>	<u>interests</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2012	<u>173,600</u>	<u>40,910,852</u>	<u>2,981,657</u>	<u>44,066,109</u>
Total comprehensive income for the period	<u>—</u>	<u>767,863</u>	<u>(54,425)</u>	<u>713,438</u>
Transactions with owners: Disposal of a subsidiary	<u>—</u>	<u>—</u>	<u>(17,696)</u>	<u>(17,696)</u>
Balance at 30th June 2012	<u><u>173,600</u></u>	<u><u>41,678,715</u></u>	<u><u>2,909,536</u></u>	<u><u>44,761,851</u></u>

Unaudited six months ended 30th June 2011

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2011	175,237	38,011,918	2,805,944	40,993,099
Total comprehensive income for the period	—	3,334,867	100,543	3,435,410
Transactions with owners:				
Acquisition of equity interests of a subsidiary	—	—	56,510	56,510
Dividends paid	—	(300,531)	—	(300,531)
	—	(300,531)	56,510	(244,021)
Balance at 30th June 2011	175,237	41,046,254	2,962,997	44,184,488

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 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 28th August 2012.

(2) BASIS OF PREPARATION

This unaudited interim financial information for the six months ended 30th June 2012 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 2011.

(3) ACCOUNTING POLICIES

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 2011, except for the adoption of new/revised accounting standards as described below.

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

The adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”)

In 2012, the Group adopted the following new or revised HKFRS, which are effective for accounting periods beginning on or after 1st January 2012 and relevant to the Group’s operations.

HKAS 12 Amendment Deferred Tax: Recovery of Underlying Assets

Annual improvements to HKFRS published in May 2011

HKFRS 7 Amendment Disclosures — Transfers of financial assets

HKAS 12 Amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use.

The Group has reassessed the business models of the Group's investment properties located in Mainland China. The carrying values of the investment properties are expected to be recovered through use and the presumption of sale for these investment properties is rebutted.

The Group has assessed the impact of the adoption of this amendment and considered that there was no significant impact on the Group's results and financial position. The adoption of the other amendment does not have effect on the results and financial position of the Group.

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

HKFRS 7 Amendment	Disclosures — Offsetting Financial Assets	1st January 2013
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, 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 three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

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 results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of properties and equipment, investment properties, investments in jointly controlled entities, properties under development for sale, completed properties for sale, prepayments for acquisition of land, prepayments, deposits and other current assets and cash and cash equivalents. 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.

Revenues 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	
	2012	2011
	HK\$'000	HK\$'000
Sales of properties	4,605,321	4,460,389
Property management income	277,597	235,072
Income from hotel operations	112,063	92,496
Rental income		
— Investment properties	59,495	4,507
— Others	68,079	40,981
	<u>5,122,555</u>	<u>4,833,445</u>

The segment results by business lines and by geographical areas for the six months ended 30th June 2012 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	NC		
	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 2012										
Total revenues	1,130,596	2,546,662	1,125,089	24,180	35,315	—	16,462	95,601	278,931	5,252,836
Inter-segment revenues	(115,748)	—	(13,199)	—	—	—	—	—	(1,334)	(130,281)
Revenues	<u>1,014,848</u>	<u>2,546,662</u>	<u>1,111,890</u>	<u>24,180</u>	<u>35,315</u>	<u>—</u>	<u>16,462</u>	<u>95,601</u>	<u>277,597</u>	<u>5,122,555</u>
Adjusted segment results	<u>290,550</u>	<u>1,055,385</u>	<u>259,032</u>	<u>(70,264)</u>	<u>208,386</u>	<u>(4,581)</u>	<u>(5,834)</u>	<u>(84,134)</u>	<u>20,271</u>	<u>1,668,811</u>
Depreciation	(3,761)	(1,750)	(8,238)	(65)	(68)	(12)	(3,677)	(59,792)	(1,157)	(78,520)
Amortisation	—	—	—	—	—	—	(1,599)	(1,726)	—	(3,325)
Fair value (loss)/gain on investment properties	—	—	—	(81,013)	193,126	(4,416)	—	—	—	107,697
Share of profit of associates	95	—	1,395	—	—	—	—	—	—	1,490
Share of loss of a jointly controlled entity	—	—	(1,210)	—	—	—	—	—	—	(1,210)

The segment results by business lines and by geographical areas for the six months ended 30th June 2011 are as follows:

	Property development			Property investment			Hotel operations		Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	
	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 2011										
Total revenues	1,306,183	1,615,465	1,739,664	3,847	660	—	17,131	—	75,365	4,997,140
Inter-segment revenues	(137,318)	—	(22,624)	—	—	—	—	—	(3,753)	(163,695)
Revenues	<u>1,168,865</u>	<u>1,615,465</u>	<u>1,717,040</u>	<u>3,847</u>	<u>660</u>	<u>—</u>	<u>17,131</u>	<u>—</u>	<u>75,365</u>	<u>4,833,445</u>
Adjusted segment results	<u>431,962</u>	<u>832,200</u>	<u>481,968</u>	<u>3,111</u>	<u>4,832</u>	<u>1,170</u>	<u>5,308</u>	<u>(528)</u>	<u>(51,115)</u>	<u>1,728,466</u>
Depreciation	(4,034)	(1,228)	(5,708)	(87)	(62)	—	(3,485)	—	(58,255)	(988)
Amortisation	—	—	—	—	—	—	(1,535)	—	(1,658)	(3,193)
Fair value gain on investment properties	—	—	—	7,212	10,204	1,360	—	—	—	18,776
Share of loss of associates	(194)	—	(12)	—	—	—	—	—	—	(206)
Share of loss of a jointly controlled entity	—	—	(598)	—	—	—	—	—	—	(598)

The segment assets by business lines and by geographical areas as at 30th June 2012 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	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 2012	<u>34,017,482</u>	<u>18,293,608</u>	<u>35,105,106</u>	<u>5,290,158</u>	<u>11,180,725</u>	<u>1,113,778</u>	<u>657,804</u>	<u>137,862</u>	<u>2,731,125</u>	<u>283,644</u>	<u>108,811,292</u>
Segment assets include:											
Investments in associates	2,420	—	149,909	—	—	—	—	—	—	—	152,329
Investments in jointly controlled entities	167,440	—	1,574,639	—	—	—	—	—	—	—	1,742,079
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>2,413</u>	<u>130</u>	<u>1,673</u>	<u>92,142</u>	<u>111,941</u>	<u>4,416</u>	<u>959</u>	<u>50,895</u>	<u>18,437</u>	<u>574</u>	<u>283,580</u>

The segment assets by business lines and by geographical areas as at 31st December 2011 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31st December 2011	<u>31,692,887</u>	<u>18,324,211</u>	<u>33,518,088</u>	<u>5,370,445</u>	<u>10,491,960</u>	<u>1,119,520</u>	<u>931,398</u>	<u>87,427</u>	<u>2,776,352</u>	<u>160,862</u>	<u>104,473,150</u>
Segment assets include:											
Investments in associates	2,339	—	149,346	—	—	—	—	—	—	—	151,685
Investments in jointly controlled entities	168,373	—	1,584,631	—	—	—	—	—	—	—	1,753,004
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>172,753</u>	<u>6,517</u>	<u>114,890</u>	<u>165,399</u>	<u>645,137</u>	<u>19,537</u>	<u>29,234</u>	<u>57,226</u>	<u>17,459</u>	<u>4,280</u>	<u>1,232,432</u>

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

	Six months ended 30th June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Reportable segment profit from operations	1,668,811	1,728,466
Unallocated corporate (expenses)/income, net	(39,226)	38,724
Dividend income from available-for-sale financial assets	115,647	49,299
Gain on disposal of available-for-sale financial assets	1,729,556	—
Finance income	10,603	13,918
Finance costs	(124,335)	(154,663)
	<u>3,361,056</u>	<u>1,675,744</u>
Profit before taxation	<u>3,361,056</u>	<u>1,675,744</u>

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

	As at	
	30th June	31st December
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Total segment assets	108,811,292	104,473,150
Available-for-sale financial assets	3,000,736	5,203,335
Deferred tax assets	258,681	220,240
	<u>112,070,709</u>	<u>109,896,725</u>
Total assets	<u>112,070,709</u>	<u>109,896,725</u>

The Group primarily operates in Mainland China. All revenues for the six months ended 30th June 2012 and 2011 are from Mainland China.

As at 30th June 2012 and 31st December 2011, all non-current assets, other than financial instruments and deferred tax assets are located in Mainland China.

(5) GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

For the six months ended 30th June 2012, the Group disposed of an aggregate of 199,040,000 shares of BBMG Corporation (“BBMG”) for a total consideration of RMB1,689,697,000 (equivalent to approximately HK\$2,084,300,000) on the “A” share market of the Shanghai Stock Exchange, resulting in gain on disposal of available-for-sale financial assets of RMB1,406,060,000 (equivalent to approximately HK\$1,729,556,000).

(6) OTHER INCOME/GAINS, NET

	Six months ended 30th June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend income	115,647	49,299
Fair value gain on investment properties	107,697	18,776
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,239	(743)
Government grants	3,407	26,387
	<u>227,990</u>	<u>93,719</u>

(7) EXPENSES BY NATURE

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

	Six months ended 30th June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Advertising costs	105,975	77,824
Amortisation of land costs	3,325	3,193
Cost of completed properties sold	2,516,275	2,314,454
Depreciation of properties and equipment	78,520	73,847
Direct operating expenses arising from investment properties that		
— generated rental income	8,510	4,164
— did not generate rental income	218	2,311
Employees' benefits cost (including Directors' emoluments)	339,084	294,133
Loss on disposal of properties and equipment	—	358
Net exchange loss/(gain) (included in general and administrative expenses)	20,256	(107,920)
Operating lease rental in respect of premises	<u>10,586</u>	<u>18,637</u>

(8) FINANCE INCOME AND COSTS**Six months ended 30th June****2012** **2011****HK\$'000** **HK\$'000****(Unaudited)** **(Unaudited)**

Interest expense:

— on loans from banks and financial institutions wholly repayable within five years	1,065,024	720,862
— on loans from banks and financial institutions not wholly repayable within five years	135,037	74,900
— on senior notes wholly repayable within five years	259,580	232,180
	<hr/>	<hr/>
Total borrowing costs incurred	1,459,641	1,027,942
Less: Amount capitalised as part of the cost of properties under development	(1,335,306)	(873,279)
	<hr/>	<hr/>
	124,335	154,663
Interest income from banks	(10,603)	(13,918)
	<hr/>	<hr/>
Net finance costs	113,732	140,745
	<hr/> <hr/>	<hr/> <hr/>

The average interest rate of borrowing costs capitalised for the six months ended 30th June 2012 was approximately 8.3% (2011: 7.8%) per annum.

(9) TAXATION**Six months ended 30th June****2012** **2011****HK\$'000** **HK\$'000****(Unaudited)** **(Unaudited)**

Taxation consists of:

Current tax

Hong Kong profits tax	—	(710)
Mainland China corporate income tax	357,377	434,442
Mainland China land appreciation tax	434,742	196,784
	<hr/>	<hr/>
	792,119	630,516
	-----	-----

Deferred tax

Mainland China corporate income tax	(17,371)	(7,683)
Mainland China land appreciation tax	(6,865)	(1,261)
	<hr/>	<hr/>
	(24,236)	(8,944)
	-----	-----

Taxation

767,883 **621,572**

No Hong Kong profits tax was provided for the six months ended 30th June 2012 as the Group did not have any assessable profit. Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30th June 2011. Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (2011: 25%) for the six months ended 30th June 2012. Mainland China land appreciation tax is levied 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.

(10) EARNINGS PER SHARE

Basic

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	
	2012 (Unaudited)	2011 (Unaudited)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>2,631,219</u>	<u>1,019,852</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,736,003</u>	<u>1,752,367</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>1.516</u>	<u>0.582</u>

Diluted

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. Since there was no dilutive potential ordinary shares for the six months ended 30th June 2012 and 30th June 2011, diluted earnings per share is equal to basic earnings per share.

(11) DIVIDENDS

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30th June 2012 and 30th June 2011.

(12) 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 on a monthly basis.

The ageing analysis of accounts receivable is as follows:

	As at	
	30th June 2012 <i>HK\$'000</i> (Unaudited)	31st December 2011 <i>HK\$'000</i> (Audited)
0 to 3 months	67,521	72,889
3 to 6 months	19,934	13,836
6 to 9 months	16,687	7,359
9 to 12 months	12,356	8,817
Over 12 months	<u>145,826</u>	<u>130,039</u>
	<u>262,324</u>	<u>232,940</u>

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

As at 30th June 2012, approximately 9.8% (2011: 11%) of the accounts receivable was due from one (2011: 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.

(13) BORROWINGS

	As at	
	30th June 2012 <i>HK\$'000</i> (Unaudited)	31st December 2011 <i>HK\$'000</i> (Audited)
Non-current		
Bank and financial institution borrowings	17,404,044	19,428,479
Senior notes	<u>2,290,285</u>	<u>2,290,102</u>
	<u>19,694,329</u>	<u>21,718,581</u>
Current		
Bank and financial institution borrowings	11,100,640	10,922,188
Senior notes	<u>2,710,165</u>	<u>2,707,119</u>
	<u>13,810,805</u>	<u>13,629,307</u>
Total borrowings	<u>33,505,134</u>	<u>35,347,888</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 at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date subject to the terms and conditions specified in the offering circular.
- (b) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000), for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company will be entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date subject to the terms and conditions specified in the offering circular.

(14) ACCOUNTS PAYABLE

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

	As at	
	30th June 2012	31st December 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 3 months	3,273,788	2,457,603
3 to 6 months	802,233	716,801
6 to 9 months	464,490	384,615
9 to 12 months	380,705	332,186
Over 12 months	<u>1,607,413</u>	<u>1,228,801</u>
	<u><u>6,528,629</u></u>	<u><u>5,120,006</u></u>

As at 30th June 2012, approximately HK\$2,126,802,000 (2011: HK\$2,516,006,000) of accounts payable was due to certain related companies in respect of property construction fees.

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

(15) RESERVES*For the six months ended 30th June 2012*

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2012	10,692,732	4,183	161,117	2,923,078	5,485,628	21,644,114	40,910,852
Profit for the period	—	—	—	—	—	2,631,219	2,631,219
Currency translation differences	—	—	—	—	(358,823)	—	(358,823)
Fair value loss on available-for-sale financial assets	—	—	—	(120,742)	—	—	(120,742)
Realised upon disposal of available-for- sale financial assets	—	—	—	(1,581,316)	—	—	(1,581,316)
Realised upon disposal of properties held for sale	—	—	—	(9,152)	—	—	(9,152)
Deferred tax	—	—	—	206,677	—	—	206,677
	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>1,418,545</u>	<u>5,126,805</u>	<u>24,275,333</u>	<u>41,678,715</u>
Balance at 30th June 2012	<u>10,692,732</u>	<u>4,183</u>	<u>161,117</u>	<u>1,418,545</u>	<u>5,126,805</u>	<u>24,275,333</u>	<u>41,678,715</u>

For the six months ended 30th June 2011

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2011	10,793,525	2,546	161,117	2,988,251	3,582,279	20,484,200	38,011,918
Profit for the period	—	—	—	—	—	1,019,852	1,019,852
Currency translation differences	—	—	—	—	888,821	—	888,821
Dividend relating to 2010	—	—	—	—	—	(300,531)	(300,531)
Fair value gain on available-for-sale financial assets	—	—	—	1,589,575	—	—	1,589,575
Realised upon disposal of properties held for sale	—	—	—	(8,450)	—	—	(8,450)
Deferred tax	—	—	—	(154,931)	—	—	(154,931)
	<u>10,793,525</u>	<u>2,546</u>	<u>161,117</u>	<u>4,414,445</u>	<u>4,471,100</u>	<u>21,203,521</u>	<u>41,046,254</u>
Balance at 30th June 2011	<u>10,793,525</u>	<u>2,546</u>	<u>161,117</u>	<u>4,414,445</u>	<u>4,471,100</u>	<u>21,203,521</u>	<u>41,046,254</u>

DIVIDEND

The Board of Directors did not recommend the payment of any interim dividend for the six months ended 30th June 2012 and 30th June 2011.

FINANCIAL REVIEW

Turnover

(i) Recognised Sales

For the first six months of 2012, the Group completed a turnover of HK\$ 5,123 million, up 6% (2011: HK\$4,833 million), with a total GFA of 248,871 square metres (2011: 233,454 square metres) comprising the delivery of new projects, such as Regal Seashore (江山帝景) in Dalian and Ningbo International City (寧波國際城) and Hopson Town (合生城邦) in Shanghai.

The overall average selling price in respect of delivered and completed properties slightly decreased by 6% to RMB14,989 per square metre (2011: RMB16,014). Summarily viewed, as affected by the change in delivered projects and product mix, the average selling price of the Group in all regions except in Guangzhou dropped in the first half of 2012.

In Shanghai, the major delivered project was the relatively lower-priced Ningbo International City (寧波國際城), while high-end projects such as Dongjiao Villa (東郊別墅) and Hopson Yuting Garden (合生御廷園) recorded less delivery. As a consequence, the average selling price in the first half of 2012 dropped to RMB15,491 per square metre (2011: RMB17,880 per square metre).

In Guangzhou, due to the delivery of high-end products concluded in projects, such as Yijing Huayuan (頤景華苑) and Regal Villa (帝景山莊), the average selling price in the first half of 2012 rose significantly to RMB15,339 per square metre (2011: RMB9,723 per square metre).

In Huizhou, as the products of Huizhou Golf Manor (惠州高爾夫莊園) were mainly delivered at bare shell standard, the average selling price in the first half of 2012 dropped to RMB8,371 per square metre (2011: RMB9,903 per square metre).

In Beijing, as high-end projects such as No. 8 Royal Park (合生霄雲路8號) recorded less delivery, coupled with the delivery of a new phase of Regal Seashore (江山帝景), which is a project with lower prices in Dalian, the average selling price in the first half of 2012 recorded a large decrease to RMB15,375 per square metre (2011: RMB24,676 per square metre).

(ii) Contracted Sales

The Group recorded a total of RMB5.82 billion contracted sales (2011: RMB5.32 billion). Average contracted selling price increased by 11% to RMB16,263 per square metre (2011: RMB14,714 per square metre).

The combined contracted sales of Beijing and Tianjin was RMB1,707 million, representing 29% of the total contracted sales of the Group in the first half of 2012. Ten projects were on sale in Beijing and Tianjin, of which No. 8 Royal Park (合生霄雲路8號), Dreams World (世界村) and Kylin Zone (麒麟社) were still the major sales contributors.

Nineteen property projects were on sale in Guangdong and the contracted sales were RMB2,989 million in the first half of 2012, representing 51% of the total contracted sales of the Group. The major projects in Guangdong were Regal Riviera (珠江帝景), Hopson Regal International (合生帝景國際), Junjing Bay (君景灣), Hopson Plaza (合生廣場) and Huizhou Regal Bay (惠州帝景灣).

There were nine property projects on sale in Shanghai, mainly comprising Hopson Town (合生城邦), Hopson International City (合生國際城), Sheshan Dongziyuan (佘山東紫園), Hopson Dongjiao Villa (合生東郊別墅) and Hopson Yuting Garden (合生御廷園). Contracted sales of Shanghai amounted to RMB1,124 million, representing 20% of the total contracted sales of the Group.

Gross Profit

Gross profit for the first half of 2012 amounted to HK\$2,286 million (2011: HK\$2,257 million) with a gross profit margin of 45% (2011: 47%). The decrease in gross profit margin was mainly attributable to the increase in the proportion of lower-priced products in recognized sales for the period which resulted in a decrease in the overall selling prices.

Gain on Disposal of Available-for-sale Financial Assets

During the period, the Group recorded a gain of HK\$1,730 million on disposal of parts of its available-for-sale financial assets (i.e. shares of the BBMG).

Other Income/Gains, Net

Other income/gains for the six months ended 30th June 2012 amounted to HK\$228.0 million (2011: HK\$93.7 million) comprising (1) grants totalling HK\$3.4 million from government authorities in the Mainland China; (2) fair value gains of HK\$109.0 million from listed investments and revaluation of investment properties; and (3) dividend income of HK\$115.6 million from investment in listed and unlisted securities.

Operating Costs

The net operating costs relating to expenses for selling, marketing, general and administration increased by 44% to HK\$769 million in the first half of 2012 (2011: HK\$533 million) mainly due to (1) the Group's increased efforts in response to changes in the market and greater outlay on selling and promotional activities as more new projects were launched as compared to same period last year; (2) higher compensation costs expended and more staff employed on various new projects; (3) expansion for property management projects and opening up and full operation of a Chinese restaurant and other

operating expenses; (4) exchange loss of HK\$20,256,000 for the period due to weakening of exchange rate of Renminbi, which partly increased the operating costs (2011: exchange gain of HK\$107,920,000).

Operating Profit

Operating profit for the first half of 2012 increased significantly by HK\$1,658 million to HK\$3,475 million attributable to the gain on disposal of available-for-sale financial assets.

Finance Costs

Gross interest expenses before capitalisation for the first half of 2012 increased to HK\$1,460 million (2011: HK\$1,028 million), up HK\$432 million or 42%. The increase was primarily attributable to the increased bank and financial institution borrowings in early 2012. The effective interest rate in respect of the Group's borrowings was approximately 8.3% per annum (2011: 7.8%).

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\$1.21 million from a jointly controlled entity located in Beijing.

Taxation

The effective tax rate was 23% for the first half of 2012, down 14% compared with same period last year. The decrease was primarily attributable to the gain on disposal of available-for-sale financial assets was tax-free.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$2,631 million for the first half of 2012 (2011: HK\$1,020 million). Basic earnings per share was HK\$1.516. Excluding the effect of the net of tax gain from investment property revaluation of HK\$80 million and gain on disposal of available-for-sale financial assets of HK\$1,730 million, underlying profit for the period under review was HK\$821 million, down HK\$185 million or 18% compared with the corresponding period in the prior year. The overall decrease was mainly attributable to the increase in operating costs.

Segmental Information

Property development continued to be the Group's core business activity (90%). In 2012, the Group continued to develop its business in the three core economic regions, namely the Pearl River Delta, Yangtze River Delta and Huanbohai Area. Eastern China (including Shanghai, Hangzhou and Ningbo) contributed 50% to the total revenue of the Group, followed by Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) (26%), and Southern China (including Guangzhou, Huizhou and Zhongshan) (24%).

Financial Position

As at 30th June 2012, total assets of the Group amounted to HK\$112,071 million and its total liabilities came to HK\$67,309 million, representing an increase of 2% respectively as compared to those at 31st December 2011. The slight increase in total assets was mainly attributable to the combined effect of (1) decrease in available-for-sale financial assets; (2) increase in development cost incurred in the construction and completion of projects; and (3) increase in balance of bank deposits. Aligned with this, total liabilities also slightly increased, primarily attributable to the combined effect of (1) decrease in outstanding borrowings due to repayment of due loans; and (2) increase in accounts payable, deferred income and tax liabilities.

The Group's current ratio as at 30th June 2012 was 2.07 (31st December 2011: 2.16). Equity at 30th June 2012 increased 2% to HK\$44,762 million from 31st December 2011, primarily due to the combined effect of (1) increase in profit attributable to equity holders in the period; and (2) decrease in assets revaluation reserve and currency translation differences reserve. The net-asset-value ("NAV") per share as at 30th June 2012 was HK\$24.1.

Liquidity and Financial Position

As at 30th June 2012, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 60% (31st December 2011: 60%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 62% (31st December 2011: 72%).

As at 30th June 2012, the Group had cash and short-term bank deposits amounting to HK\$5,701 million (31st December 2011: HK\$3,648 million) of which approximately HK\$167 million (31st December 2011: HK\$168 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 99.91% of the cash and bank deposits were denominated in Renminbi, 0.08% in Hong Kong dollars and 0.01% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$28,505 million as at 30th June 2012 representing a decrease of 6% or HK\$1,846 million as compared to those at 31st December 2011. Gearing, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 62%, representing a decrease of 10 percentage points from 72% as at 31st December 2011. The decrease was mainly attributable to the combined effect of decrease in outstanding borrowings due to repayment of due loans and increase in balance of bank deposits.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2012 and Senior Notes due 2016 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 79% and 14%, 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 2012 was as follows:

(HK\$ million)	As at 30th June 2012				As at 31st December 2011					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	
1 year	11,101	2,710	2,502	16,313	(45%)	10,922	2,707	1,663	15,292	(41%)
1-2 years	7,120	—	—	7,120	(20%)	10,886	—	—	10,886	(29%)
2-5 years	8,030	2,290	—	10,320	(29%)	5,384	2,290	—	7,674	(21%)
After 5 years	2,254	—	—	2,254	(6%)	3,159	—	—	3,159	(9%)
Total	28,505	5,000	2,502	36,007		30,351	4,997	1,663	37,011	
Less: Cash and bank deposits				(5,701)					(3,648)	
Net borrowings				<u>30,306</u>					<u>33,363</u>	

As at 30th June 2012, the Group had banking facilities of approximately HK\$65,080 million (31st December 2011: HK\$64,644 million) for short-term and long-term bank loans, of which HK\$36,575 million (31st December 2011: HK\$34,293 million) were unutilised.

Charge on Assets

As at 30th June 2012, certain assets of the Group with an aggregate carrying value of HK\$23,363 million (31st December 2011: HK\$22,308 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 30th June 2012, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,115 million (31st December 2011: HK\$10,315 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.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Group has not experienced any 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 dollar, US dollar 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 2012, the Group, excluding its associates and jointly controlled entities, employed a total of 8,479 (as at 31st December 2011: 8,238) staff, the majority of which were employed in the Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$339 million for the six months ended 30th June 2012 (2011: HK\$294 million). The remuneration policies remained the same as revealed in the Annual Report for the year ended 31st December 2011.

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 (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange 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 2012.

CORPORATE GOVERNANCE

On 1st April 2012, the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules ("Former CG Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). The Company has adopted the code provisions as set out in the New CG Code as the code of the Company in substitution for and to the exclusion of the Former CG Code with effect from 1st April 2012.

During the six months ended 30th June 2012, the Company has complied with the code provisions set out in the Former CG Code and New CG Code, except for the code provisions A.4.1 and E.1.2 as described below.

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

None of the independent non-executive Directors is 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 Former CG Code and the New CG 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 2012 due to other business commitment.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2012.

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 2012.

INTERIM REPORT

The 2012 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 is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Zhang Yi, Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Liao Ruo Qing and Ms. Chu Kut Yung; 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
Hopson Development Holdings Limited
Chu Mang Yee
Chairman

Hong Kong, 28th August 2012

* *for identification purposes only*