



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 2006

FINANCIAL HIGHLIGHTS

(for the six months ended 30th June 2006)

- **Turnover was HK\$2,021,644,000**
- **Profit attributable to shareholders amounted to HK\$437,066,000, representing a growth of 10%**
- **Basic earnings per share were HK36 cents per share**
- **Interim dividends were HK10.8 cents per share**

BUSINESS REVIEW

Industry overview

In the first half of 2006

- The economy of the People's Republic of China ("PRC") was strong and its gross domestic product ("GDP") grew by 10.9% as compared to the corresponding period last year;
- A series of macro control measures were adopted by the PRC government to curb speculation and over investment in the real estate sector, which included the increase in interest rate on bank borrowings, the mandatory supply of residential properties with gross floor area ("GFA") of less than 90 square meters, the limitations on foreign investments in the property market and the enforcement of collection of capital gain tax on trading properties held for less than five years.

- These measures had different impacts on the real estate markets in major cities. In Guangzhou, property unit-selling prices and area sold rose by 19.8% and 14.6%, respectively. In Beijing, investment on completed residential properties development increased by 31.1%. In Shanghai, however, unit-selling prices for residential properties dropped slightly by 5.2% as compared to the first half of 2005.

Contracted sales performance

During the period under review, details of properties sold under sale and pre-sale contracts are as follows:

- In Guangzhou, the Group commenced sales on four new projects. Inclusive of Regal Riviera, a total GFA of 247,609 square metres (2005: 247,723 square metres), of which 225,028 square metres (2005: 209,502 square metres) were attributable to the Group, with a carrying value of RMB1,776 million (2005: RMB1,557 million) was sold.
- In Beijing, a total GFA of 147,045 square metres (2005: 102,732 square metres) was sold with a carrying value of RMB1,488 million (2005: RMB772 million). The significant increase in sale was due to a general improvement in market sentiment coupled with the commencement of the sale of Beijing International Garden.
- In Tianjin and Shanghai, a total GFA of 76,205 square metres (2005: 69,531 square metres), of which 64,880 square metres (2005: 52,149 square metres) were attributable to the Group, with a carrying value of RMB456 million (2005: RMB380 million) was sold.

Properties sold but not yet delivered

As at 30th June 2006, the GFA for which the Group had entered into sale and pre-sale contracts but not yet delivered to buyers amounted to 733,863 square meters. Following the delivery of these properties, the sale and pre-sale amount of HK\$5,028 million will be booked into the Group's accounts in the second half of 2006 and thereafter.

Delivery of properties

A total GFA of 272,285 square meters (2005: 292,214 square meters) were delivered in the first half of 2006, of which 198,745 square meters were sold in 2005.

Project development progress

- A total GFA of 357,427 square meters was completed in the first half of 2006.
- A total GFA of 1,227,546 square meters was expected to be completed in the second half of 2006.

Landbank replenishment

During the first half of 2006, the Group

- completed the acquisition of equity interests in companies holding land use rights or land grant contracts in Guangzhou and Shanghai with a total GFA of 650,069 square metres.
- entered into several equity transfer agreements with various parties who were owners of land sites in Guangzhou, Beijing and Tianjin involving a total GFA of 1.2 million square metres.

As of 30th June 2006, the Group had, inclusive of an investment project – Regal Riviera, a landbank of 13.6 million square metres.

Prospects

- The latest series of macro control measures imposed by the PRC Government are aimed at stabilizing the property prices and creating good long-lasting prospects for the domestic property market in the long run. While consumers' confidence remains intact amid mildly rising property prices, yet more stringent measures may come out in the upcoming months.
- The demand for high end properties, both residential and commercial properties, will rise due to the strong economic growth in the PRC and the imminent hosting of the 2008 Olympic Games in Beijing.
- For the second half of 2006, the Group will commence sales of two new projects in Guangzhou and Shanghai. The Group remains prudently optimistic about the property market and its own sales performance and is in general confident of the prospects of the real estate industry.

The Board of Directors of Hopson Development Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2006 together with the comparative figures for the corresponding previous period.

The 2006 interim financial report of the Company has not been audited but has been reviewed by the Audit Committee and the Board of Directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For six months ended 30th June	
	<i>Note</i>	2006 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)
Sales	4	2,021,644	1,587,374
Cost of sales		(1,248,087)	(986,349)
Gross profit		773,557	601,025
Other gains	5	143,063	16,837
Selling and marketing costs		(86,981)	(76,581)
General and administrative expenses		(133,557)	(97,712)
Operating profit	6	696,082	443,569
Finance costs	7	(47,791)	(6,971)
Share of profit/(loss) of an associate		(80)	435
Share of profit of and other gains relating to a jointly controlled entity		10,914	139,523
Profit before taxation		659,125	576,556
Taxation	8	(179,336)	(190,536)
Profit for the period		479,789	386,020
Attributable to:			
Equity holders of the Company		437,066	397,088
Minority interest		42,723	(11,068)
		479,789	386,020
Earnings per share for profit attributable to the equity holders of the Company during the period (in HK\$ per Share) – basic and diluted	9	0.36	0.40
Dividends	10	132,149	117,351

CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30th June 2006	31st December 2005
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Properties and equipment		1,151,517	938,913
Investment properties		2,524,702	2,583,313
Land costs		431,079	426,499
Properties under development for long-term investment		257,453	234,411
Intangible assets		103,194	102,142
Interest in an associate		–	80
Interest in a jointly controlled entity		887,023	867,632
Available-for-sale financial assets		291,834	–
Asset held for sale		861,291	–
Deposit paid		546,317	–
Deferred tax assets		57,265	51,962
		<u>7,111,675</u>	<u>5,204,952</u>
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Current assets			
Land costs		5,444,902	5,131,465
Properties under development for sale		5,235,664	4,320,803
Completed properties for sale		853,756	1,071,604
Accounts receivable	<i>11</i>	91,347	90,324
Due from related companies		16,835	2,285
Prepayments, deposits and other current assets		1,429,498	1,171,863
Pledged/charged bank deposits		245,269	237,068
Cash and cash equivalents		1,076,855	2,353,280
		<u>14,394,126</u>	<u>14,378,692</u>
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		As at	
		30th June 2006 HK\$'000 (Unaudited)	31st December 2005 HK\$'000 (Audited)
	Note		
Current liabilities			
Borrowings	12	1,681,704	1,837,342
Accounts payable	13	1,038,349	800,524
Land cost payable		741,888	1,000,039
Deferred revenue		4,264,242	2,837,090
Accruals and other payable		916,480	866,831
Due to an associate		–	5,146
Due to directors		–	13,891
Due to related companies		159,727	266,362
Due to a jointly controlled entity		536,185	148,117
Due to a holding company		–	18,997
Current tax liabilities		383,036	584,191
		<u>9,721,611</u>	<u>8,378,530</u>
Net current assets		<u>4,672,515</u>	<u>6,000,162</u>
Total assets less current liabilities		<u>11,784,190</u>	<u>11,205,114</u>
Non-current liabilities			
Borrowings	12	5,134,577	4,826,851
Land cost payable		33,318	522
Deferred tax liabilities		557,379	612,466
		<u>5,725,274</u>	<u>5,439,839</u>
Net assets		<u>6,058,916</u>	<u>5,765,275</u>
Equity			
Capital and reserve attributable to the Company's equity holders			
Share capital		121,960	121,360
Reserves	14	5,566,340	5,342,348
		<u>5,688,300</u>	<u>5,463,708</u>
Minority interest		370,616	301,567
Total equity		<u>6,058,916</u>	<u>5,765,275</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Six months ended 30 June 2006

Attributable to equity holders
of the Company

	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Minority interest <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2006	<u>121,360</u>	<u>5,342,348</u>	<u>301,567</u>	<u>5,765,275</u>
Currency translation differences	–	55,259	1,813	57,072
Profit for the period	<u>–</u>	<u>437,066</u>	<u>42,723</u>	<u>479,789</u>
Total recognised income for the six months ended 30th June 2006	<u>–</u>	<u>492,325</u>	<u>44,536</u>	<u>536,861</u>
Proceed from issue of share, net of issue expenses				
– employee share option scheme,	600	25,190	–	25,790
Share-based payment (Share options granted)	–	1,620	–	1,620
Capital contribution by minority interest of a subsidiary	–	–	13,367	13,367
Acquisition of subsidiaries	–	–	15,046	15,046
Dividend relating to 2005	<u>–</u>	<u>(295,143)</u>	<u>(3,900)</u>	<u>(299,043)</u>
	<u>600</u>	<u>(268,333)</u>	<u>24,513</u>	<u>(243,220)</u>
Balance at 30th June 2006	<u>121,960</u>	<u>5,566,340</u>	<u>370,616</u>	<u>6,058,916</u>

	Unaudited			
	Six months ended 30 June 2005			
	Attributable to equity holders of the Company			
	Share capital	Reserves	Minority interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2005	100,300	3,238,317	155,047	3,493,664
Currency translation differences	–	157	–	157
Profit/(loss) for the period	–	397,088	(11,068)	386,020
Total recognised income for the six months ended 30th June 2005	–	397,245	(11,068)	386,177
Share-based payment (Share options granted)	–	4,933	–	4,933
Capital contribution by minority interest of subsidiaries	–	–	33,098	33,098
Dividend relating to 2004	–	(60,180)	(41,809)	(101,989)
	–	(55,247)	(8,711)	(63,958)
Balance at 30th June 2005	100,300	3,580,315	135,268	3,815,883

Notes:

(1) General information

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

(2) Basis of presentation

This condensed consolidated interim financial information for the six months ended 30th June 2006 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 condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2005.

(3) Accounting policies

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2005.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31st December 2006.

- Amendment to HKAS 19, “Actuarial gains and losses, group plans and disclosures”, effective for annual periods beginning on or after 1st January 2006. This amendment is not relevant to the Group;
- Amendment to HKAS 39, Amendment “The fair value option”, effective for annual periods beginning on or after 1st January 2006. This amendment does not have any material impact on the Group’s financial statements;
- Amendment to HKAS 21, Amendment “Net investment in a foreign operation”, effective for annual periods beginning on or after 1st January 2006. This amendment is not relevant to the Group;
- Amendment to HKAS 39, Amendment “Cash flow hedge accounting of forecast intragroup transactions”, effective for annual periods beginning on or after 1st January 2006. This amendment is not relevant to the Group;
- Amendment to HKAS 39 and HKFRS 4, Amendment “Financial guarantee contracts”, effective for annual periods beginning on or after 1st January 2006. Management is currently assessing the impact of this standards on the Group’s operations;
- HKFRS 6, “Exploration for and evaluation of mineral resources”, effective for annual periods beginning on or after 1st January 2006. This standard is not relevant to the Group;
- HK(SIC)-Int 4, “Determining whether an arrangement contains a lease”, effective for annual periods beginning on or after 1st January 2006. The Group concluded that this interpretation has no significant impact on the Group;

- HK(SIC)-Int 5, “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”, effective for annual periods beginning on or after 1st January 2006. This interpretation is not relevant to the Group; and
- HK(SIC)-Int 6, “Liabilities arising from participating in a specific market – waste electrical and electronic equipment”, effective for annual periods beginning on or after 1st December 2005. This interpretation is not relevant to the Group.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for 2006 and have not been early adopted:

- HK(SIC)-Int 7, “Applying the Restatement Approach under HKFRS 29”, effective for annual periods beginning on or after 1st March 2006. Management does not expect the interpretation to be relevant to the Group;
- HK(SIC)-Int 8, “Scope of HKFRS 2”, effective for annual periods beginning on or after 1st May 2006. Management is currently assessing the impact of this interpretation on the Group’s operations;
- HK(SIC)-Int 9, “Reassessment of Embedded Derivatives”, effective for annual periods beginning on or after 1st June 2006. Management believes that this interpretation should not have any significant impact on the reassessment of embedded derivatives as the Group has already assessed if embedded derivative should be separated using principles consistent with HK(SIC)-Int 9; and
- HKFRS 7, “Financial instruments: Disclosures”, effective for annual periods beginning on or after 1st January 2007. HKAS 1, “Amendments to capital disclosures”, effective for annual periods beginning on or after 1st January 2007. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1st January 2007.

(4) Sales and segment information

Sales comprise (1) sale of completed properties held for sale which is recognized when upon completion of sale agreement, which refer to the time when the risk and rewards of the sale transactions are transferred to the buyers; (2) rental income which is recognized on a straight-line basis over the period of the relevant leases and (3) property management fees which are recognized when the services are rendered.

In accordance with the Group’s internal financial reporting, the Group has determined the geographical segments be presented as the primary reporting format and the business segments as the secondary reporting format.

Analysis of the Group's results by geographical segments is as follows:

For the six months ended 30th June 2006:

	Guangdong Province <i>HK\$'000</i>	Beijing <i>HK\$'000</i>	Shanghai <i>HK\$'000</i>	Tianjin <i>HK\$'000</i>	Others <i>HK\$'000</i>	Un- allocated <i>HK\$'000</i>	Group <i>HK\$'000</i>
Total gross segment sales	634,529	1,153,448	54,947	184,463	18,000	-	2,045,387
Inter-segment sales	(1,186)	(2,496)	-	(2,061)	(18,000)	-	(23,743)
Sales	<u>633,343</u>	<u>1,150,952</u>	<u>54,947</u>	<u>182,402</u>	<u>-</u>	<u>-</u>	<u>2,021,644</u>
Operating profit	173,200	414,078	85,090	25,189	(285)	(1,190)	696,082
Finance costs							(47,791)
Share of loss of an associate	(80)	-	-	-	-	-	(80)
Share of profit of a jointly controlled entity	10,914	-	-	-	-	-	10,914
Profit before taxation							659,125
Taxation							(179,336)
Profit for the period							<u>479,789</u>
Depreciation	<u>2,375</u>	<u>6,100</u>	<u>210</u>	<u>1,114</u>	<u>-</u>	<u>-</u>	<u>9,799</u>
Amortisation (before capitalisation)	<u>25,263</u>	<u>11,382</u>	<u>8,030</u>	<u>155</u>	<u>2,858</u>	<u>-</u>	<u>47,688</u>

For the six months ended 30th June 2005:

	Guangdong Province HK\$'000	Beijing Beijing HK\$'000	Shanghai Shanghai HK\$'000	Tianjin Tianjin HK\$'000	Others Others HK\$'000	Un- allocated HK\$'000	Group Group HK\$'000
Total gross segment sales	887,576	537,805	-	164,025	69,534	-	1,658,940
Inter-segment sales	(3,922)	-	-	-	(67,644)	-	(71,566)
Sales	<u>883,654</u>	<u>537,805</u>	<u>-</u>	<u>164,025</u>	<u>1,890</u>	<u>-</u>	<u>1,587,374</u>
Operating profit	342,262	113,256	(3,309)	899	2,585	(12,124)	443,569
Finance costs							(6,971)
Share of profit of an associate	435	-	-	-	-	-	435
Share of profit of and other gains relating to a jointly controlled entity	139,523	-	-	-	-	-	<u>139,523</u>
Profit before taxation							576,556
Taxation							<u>(190,536)</u>
Profit for the period							<u><u>386,020</u></u>
Depreciation	<u>3,462</u>	<u>1,191</u>	<u>318</u>	<u>735</u>	<u>-</u>	<u>-</u>	<u>5,706</u>
Amortisation (before capitalisation)	<u>20,676</u>	<u>14,034</u>	<u>7,105</u>	<u>1,001</u>	<u>27</u>	<u>-</u>	<u>42,843</u>

As at 30th June 2006

	Guangdong	Beijing	Shanghai	Tianjin	Others	Un-	Group
	Province	Beijing	Shanghai	Tianjin	Others	allocated	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	9,546,544	4,868,579	3,631,979	2,444,436	69,975	57,265	20,618,778
Interest in a jointly controlled entity	887,023	-	-	-	-	-	887,023
Total assets	<u>10,433,567</u>	<u>4,868,579</u>	<u>3,631,979</u>	<u>2,444,436</u>	<u>69,975</u>	<u>57,265</u>	<u>21,505,801</u>
Liabilities	<u>5,479,015</u>	<u>3,388,906</u>	<u>2,076,618</u>	<u>811,307</u>	<u>2,750,624</u>	<u>940,415</u>	<u>15,446,885</u>

For the six months ended 30th June 2006

Capital expenditure	<u>31,967</u>	<u>2,934</u>	<u>353</u>	<u>217,426</u>	<u>16</u>	<u>-</u>	<u>252,696</u>
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As at 31st December 2005

	Guangdong	Beijing	Shanghai	Tianjin	Others	Un-	Group
	Province	Beijing	Shanghai	Tianjin	Others	allocated	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	9,449,135	4,413,130	2,419,199	1,948,052	434,454	51,962	18,715,932
Interest in an associate	80	-	-	-	-	-	80
Interest in a jointly controlled entity	867,632	-	-	-	-	-	867,632
Total assets	<u>10,316,847</u>	<u>4,413,130</u>	<u>2,419,199</u>	<u>1,948,052</u>	<u>434,454</u>	<u>51,962</u>	<u>19,583,644</u>
Liabilities	<u>5,228,752</u>	<u>1,991,303</u>	<u>1,424,468</u>	<u>880,714</u>	<u>3,096,475</u>	<u>1,196,657</u>	<u>13,818,369</u>

For the six months ended 30th June 2005

Capital expenditure	<u>105,513</u>	<u>104</u>	<u>71</u>	<u>50,126</u>	<u>272</u>	<u>-</u>	<u>156,086</u>
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Analysis of the Group's results by business segments is as follows:

	Six months ended 30th June	
	2006 <i>HK\$'000</i> (Unaudited)	2005 <i>HK\$'000</i> (Unaudited)
Sales		
Property development	1,911,554	1,523,957
Property investment	25,910	20,856
Property management	84,180	42,561
	<u>2,021,644</u>	<u>1,587,374</u>
	As at	
	30th June 2006 <i>HK\$'000</i> (Unaudited)	31st December 2005 <i>HK\$'000</i> (Audited)
Total assets		
Property development	17,380,687	15,448,405
Property investment	3,111,084	3,139,363
Property management	69,742	76,202
Unallocated	57,265	51,962
	<u>20,618,778</u>	<u>18,715,932</u>
Interest in an associate	–	80
Interest in a jointly controlled entity	887,023	867,632
	<u>21,505,801</u>	<u>19,583,644</u>
	Six months ended 30th June	
	2006 <i>HK\$'000</i> (Unaudited)	2005 <i>HK\$'000</i> (Unaudited)
Capital expenditure		
Property development	222,511	48,830
Property investment	29,882	106,311
Property management	303	945
	<u>252,696</u>	<u>156,086</u>

(5) Other gains

	Six months ended 30th June	
	2006 <i>HK\$'000</i> (Unaudited)	2005 <i>HK\$'000</i> (Unaudited)
Excess of acquirer's interest at fair value over cost	90,910	–
Fair value gains on investment properties	23,798	12,885
Interest income from banks	10,698	1,712
Government grant	17,657	2,240
	<u>143,063</u>	<u>16,837</u>

(6) Expenses by nature

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

	Six months ended 30th June	
	2006 <i>HK\$'000</i> (Unaudited)	2005 <i>HK\$'000</i> (Unaudited)
Amortisation of issuance costs and premium of senior notes	2,709	–
Amortisation of land costs	5,242	5,352
Advertising costs	63,643	54,988
Depreciation of properties and equipment	9,799	5,706
Direct operating expenses arising from investment properties that:		
– generate rental income	1,380	1,809
– did not generate rental income	1,108	277
Loss on disposal of properties and equipment	10,959	859
Net exchange (gain)/loss	(33,032)	251
Operating lease rental in respect of premises	4,282	2,915
Staff costs (including directors' emoluments)	<u>83,654</u>	<u>66,948</u>

(7) Finance costs

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense:		
– on bank loans wholly repayable within five years	120,344	111,195
– on senior notes not wholly repayable within five years	110,195	–
Total borrowing costs incurred	230,539	111,195
Less: Amount capitalised as part of the cost of properties under development	(182,748)	(104,224)
	47,791	6,971

The average interest rate of borrowing costs capitalised for the six months ended 30th June 2006 was approximately 6.6% (2005: 5.9%) per annum.

(8) **Taxation**

Taxation consists of:

	Six months ended 30th June	
	2006	2005
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Company and subsidiaries		
Current taxation –		
Hong Kong profits tax	433	11,160
Mainland China enterprise income tax	165,003	119,401
Mainland China land appreciation tax	14,558	6,404
	<u>179,994</u>	<u>136,965</u>
Deferred taxation –		
Hong Kong profits tax	(584)	–
Mainland China enterprise income tax	(69,594)	11,721
Mainland China land appreciation tax	69,520	41,850
	<u>(658)</u>	<u>53,571</u>
	<u>179,336</u>	<u>190,536</u>

Hong Kong profits tax is provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong. Mainland China enterprise income tax is provided at a rate of 33% (2005: 33%). 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.

Share of jointly controlled entity's taxation for the six months ended 30th June 2006 of HK\$12,993,000 (2005: HK\$26,874,000) are included in the income statement as share of profits of and other gains relating to a jointly controlled entity.

(9) **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	
	2006	2005
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	437,066	397,088
Weighted average number of ordinary shares in issue ('000)	1,218,407	1,003,000
Basic earnings per share (HK\$ per share)	0.36	0.40

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. The number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) was based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as indicated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30th June	
	2006 <i>HK\$'000</i> (Unaudited)	2005 <i>HK\$'000</i> (Unaudited)
Profit attributable to equity holders of the Company	437,066	397,088
Weighted average number of ordinary shares in issue ('000)	1,218,407	1,003,000
Adjustments for – share options ('000)	6,536	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,224,943	1,003,000
Diluted earnings per share (HK\$ per share)	0.36	0.40

(10) Dividends

	Six months ended 30th June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Interim dividend proposed of HK\$0.108 (2005: HK\$0.0975) per ordinary share	132,149	117,351

Notes:

- (a) At a meeting held on 13th April 2006, the Company's Directors proposed a final dividend of HK\$0.242 per ordinary share for the year ended 31st December 2005, which was paid on 28th June 2006 and has been reflected as an appropriation of retained earnings for the six months ended 30th June 2006.
- (b) At a meeting held on 14th September 2006, the Company's Directors declared an interim dividend of HK\$0.108 per share for the year ending 31st December 2006. This proposed dividend, based on the number of shares outstanding at the date of the meeting, not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2006.

(11) Accounts receivable

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sales 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.

At 30th June 2006 and 31st December 2005, the aging analysis of accounts receivable was as follows:

	As at	
	30th June	31st December
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 3 months	36,677	35,697
3 to 6 months	3,699	1,433
6 to 9 months	340	448
9 to 12 months	68	25,368
Over 12 months	50,563	27,378
	<hr/> 91,347 <hr/>	<hr/> 90,324 <hr/>

Carrying values of accounts receivable approximate their fair values.

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	31st December
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current		
Bank borrowings	2,487,638	2,165,949
Senior notes	2,646,939	2,660,902
	<hr/> 5,134,577 <hr/>	<hr/> 4,826,851 <hr/>
Current		
Bank borrowings	1,681,704	1,837,342
	<hr/> 6,816,281 <hr/>	<hr/> 6,664,193 <hr/>

In November 2005, the Company issued 8.125% Guaranteed 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 Guaranteed Senior Notes will 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 Guaranteed Senior Notes on and after 9th November 2009 at the redemption prices specified in the offering circular, plus accrued and unpaid interests up to the redemption date.

(13) Accounts payable

At 30th June 2006 and 31st December 2005, the aging analysis of accounts payable (including amounts of trading in nature due to related parties) was as follows:

	As at	
	30th June	31st December
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 3 months	<u>1,038,349</u>	<u>800,524</u>

(14) Movements in reserves
For the six months ended 30th June 2006

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Cumulative currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2006	1,622,021	154,014	66,092	3,500,221	5,342,348
Transfer to reserves	–	7,103	–	(7,103)	–
Currency translation differences	–	–	55,259	–	55,259
Profit for the period	–	–	–	437,066	437,066
Dividend relating to 2005	–	–	–	(295,143)	(295,143)
Share-based payment (Share options granted)	1,620	–	–	–	1,620
Issue of shares – employee share option scheme	25,200	–	–	–	25,200
Share issue expenses	(10)	–	–	–	(10)
	<u>1,648,831</u>	<u>161,117</u>	<u>121,351</u>	<u>3,635,041</u>	<u>5,566,340</u>
Balance at 30th June 2006					
Representing –					
2006 interim dividend proposed				132,149	
Others				3,502,892	
				<u>3,635,041</u>	
Analysed by –					
Company and subsidiaries				3,298,577	
Jointly controlled entity				338,352	
Associate				(1,888)	
				<u>3,635,041</u>	

For the year ended 31st December 2005

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Cumulative currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2005	619,915	133,378	3,959	2,481,065	3,238,317
Transfer to reserves	–	20,635	–	(20,635)	–
Currency translation differences	–	–	157	–	157
Profit for the period	–	–	–	397,088	397,088
Dividend relating to 2004	–	–	–	(60,180)	(60,180)
Share-based payment (Share options granted)	4,933	–	–	–	4,933
	<u>624,848</u>	<u>154,013</u>	<u>4,116</u>	<u>2,797,338</u>	<u>3,580,315</u>
Balance at 30th June 2005	624,848	154,013	4,116	2,797,338	3,580,315
Transfer to reserves	–	1	–	(1)	–
Currency translation differences	–	–	61,976	–	61,976
Profit for the period	–	–	–	820,235	820,235
Dividend relating to 2005	–	–	–	(117,351)	(117,351)
Share-based payment (Share options granted)	18,514	–	–	–	18,514
Issue of shares					
– placements	957,865	–	–	–	957,865
– employee share option scheme	42,000	–	–	–	42,000
Share issue expenses	(21,206)	–	–	–	(21,206)
	<u>1,622,021</u>	<u>154,014</u>	<u>66,092</u>	<u>3,500,221</u>	<u>5,342,348</u>
Balance at 31st December 2005	1,622,021	154,014	66,092	3,500,221	5,342,348
Representing –					
2005 final dividend proposed				295,143	
Others				3,205,078	
				<u>3,500,221</u>	
Analysed by –					
Company and subsidiaries				3,174,591	
Jointly controlled entity				327,438	
Associate				(1,808)	
				<u>3,500,221</u>	

DIVIDEND

The Board of Directors has declared an interim dividend of HK10.8 cents (2005: HK9.75 cents) per share for the half-year period ended 30th June 2006 payable on Tuesday, 28th November 2006 to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 19th October 2006.

FINANCIAL REVIEW

Performance

Turnover

For the period under review, turnover increased by 27% to HK\$2,021 million (2005: HK\$1,587 million) due primarily to (1) the strong growth in the PRC property market, (2) the commencement of delivery of properties with higher unit-selling prices from Regal Palace in Guangzhou, Citta Eterna and Beijing Regal Court in Beijing and Shanghai Hopson Town in Shanghai, and (3) the overall rise in the unit -selling prices in respect of properties delivered. The average unit-selling prices of properties delivered rose by 28% to RMB7,146 per square meter (2005: RMB5,569 per square meter).

The volume of sales in terms of GFA delivered, on the other hand, dropped slightly by 7% to 272,285 square meters (2005: 292,214 square meters). This was caused by the slower than expected completion and delivery from certain project developments such as Pleasant View Garden and Huanan New City.

The turnover was exclusive of the Group's share of revenue amounting to HK\$144 million (2005: HK\$355 million) from Regal Riviera, operated by a jointly controlled entity in which the Group has a 69.5% interest.

Gross profit

Gross profit for the first half of 2006 improved by 29% to HK\$773 million (2005: HK\$601 million), mainly due to the higher selling prices of properties delivered. Gross profit rate was 38%, comparable to that of 2005.

Operating expenses

Operating expenses, including selling, marketing, general and administrative expenses, increased by 27% to HK\$220 million (2005: HK\$174 million) primarily attributable to (1) greater amount expended on promotional activities for new projects, (2) start-up and other expenses incurred by Beijing Plaza Royale Hotel, Regal Riviera Villa and Huizhou Regal Riviera Bay, (3) donations made to a national public welfare organization in the PRC, (4) payments of urban real estate tax for the first time in Beijing and (5) benefit and compensation costs for the new management.

Due to the strengthening of Renminbi, the Group's net exchange gain in the first half of 2006 amounted to HK\$33 million which, to some extent, mitigated the impact of the increase in operating expenses.

Other gains

Included in other gains were (1) a gain of HK\$91 million derived from the recognition of the excess of the fair value of the interests acquired by the Group over the cost of acquisition paid for four land sites located in Shanghai and Guangzhou; (2) a surplus of HK\$24 million from revaluation of the Group's investment properties; (3) interest income of HK\$11 million; and (4) tax grants totalling HK\$17 million from government bureaus in the mainland.

Finance costs

Gross interest expenses before capitalization increased to HK\$231 million (2005: HK\$111 million), up HK\$120 million or 108%. The increase was mainly due to the additional bank borrowings made and the Guaranteed Senior Notes of US\$350 million raised. The Group's effective borrowing interest rate was approximately 7.0% per annum (2005: 5.9%).

Share of profit of a jointly controlled entity

The Group's share of profit from its only jointly controlled entity, "Qiaodao", decreased by 93% to HK\$10 million (2005: HK\$139 million inclusive of a fair value gain of HK\$115 million derived from the excess of acquirer's interest over cost). The significant decrease was largely attributable to (1) the absence of a similar gain in the first half of 2006, and (2) fewer properties delivered, in terms of GFA, revealing a drop of 65%.

Profit attributable to shareholders

The Group recorded a profit attributable to shareholders of HK\$437 million for the first half of 2006 (2005: HK\$397 million). Excluding the fair value gain derived from the excess of acquirer's interest over cost of HK\$91 million and the property revaluation surplus of HK\$24 million, the Group's underlying profit was HK\$322 million, up 20% (2005: HK\$269 million). The increase was primarily due to a rise in turnover resulting from higher selling prices but partly offset by the increase in operating expenses.

Financial position

As at 30th June 2006, the Group had total assets of HK\$21,506 million and total liabilities of HK\$15,447 million, representing respectively an increase of 10% and 12% from 31st December 2005. The increase in total assets was mainly attributable to newly acquired land sites located in Guangzhou and Shanghai whereas the increase in total liabilities was chiefly the result of a significant rise in deferred revenue.

The Group's current ratio at 30th June 2006 was 1.48, decreased from 1.72 as at 31st December 2005. With the contribution largely from current period's profit attributable to shareholders, total equity at 30th June 2006 increased by approximately 5% to HK\$6,059 million from 31st December 2005.

Liquidity and financial position

The Group's source of fund was derived primarily from income generated from business operations, bank borrowings, cash raised from the placement of shares and the issue of the Guaranteed Senior Notes, which were in turn used to finance its business operations and investment in development projects.

As at 30th June 2006, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding minority interests) was 72% (31st December 2005:71%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 102% (31st December 2005: 79%)

As at 30th June 2006, the Group had cash and short-term bank deposits amounting to HK\$1,322 million (31st December 2005: HK\$2,590 million) of which HK\$69 million (31st December 2005: HK\$71 million) were pledged as collateral for the Group's banking facilities. In addition, the Group's bank deposits of approximately HK\$176 million (2005: HK\$166 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. 98% of the cash and bank deposits was denominated in Renminbi, 0.8% in Hong Kong dollars and 1.2% in United States dollars.

Total borrowings from banks amounted to HK\$4,170 million as at 30th June 2006 representing an increase of 4% or HK\$167 million as compared to those at 31st December 2005. Gearing, measured by net bank borrowings and the Guaranteed Senior Notes (i.e. total bank borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 91%, up 20 percentage points

from 71% as at 31st December 2005, caused mainly by the outflow of cash paid for the acquisition of land sites.

All of the bank borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the Guaranteed Senior Notes were unsecured and denominated in United States dollars with fixed interest rate, representing approximately 56% and 35%, 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 2006 was as follows:

(HK\$' million)	As at 30th June 2006					As at 31st December 2005				
	Bank borrowings	Guaranteed Senior Notes	Other borrowings	Total		Bank borrowings	Guaranteed Senior Notes	Other borrowings	Total	
Borrowings										
- within 1 year	1,682	-	695	2,377	32%	1,837	-	452	2,289	32%
- after 1 year but within 2 years	1,539	-	-	1,539	20%	1,450	-	-	1,450	20%
- after 2 years but within 3 years	949	-	-	949	13%	716	-	-	716	10%
- after 5 years	-	2,647	-	2,647	35%	-	2,661	-	2,661	38%
Total borrowings	4,170	2,647	695	7,512		4,003	2,661	452	7,116	
Less: Bank deposits and cash				(1,322)					(2,590)	
Net borrowings				6,190					4,526	

As at 30th June 2006, the Group had banking facilities of approximately HK\$4,627 million (31st December 2005: HK\$5,640 million) for short-term and long-term bank loans, of which HK\$457 million were unutilized.

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.

SUBSEQUENT EVENTS

- (a) On 21st July 2006, the Company entered into a conditional share purchase agreement (the “Agreement”) with Sun Advance Investments Limited, an indirect wholly-owned subsidiary of the Company (“Sun Advance”), Prime Essence Inc. (“Prime”), Interwell Developments Limited (“Interwell”), Union Wise Investment Limited, Shanghai Mintai Real Estate Co., Ltd. (“Mintai”) and Pacific Delta Investments Limited (“Pacific”), pursuant to which Pacific conditionally agreed to acquire the entire issued share capital of Interwell from Sun Advance and Prime in equal proportion for a consideration of US\$300 million, subject to adjustment in accordance with the Agreement.

Interwell, through Mintai, is currently constructing a building known as Hopson International Tower situated at Meiyuan Street, Fang No. 9, Qiu No. 5, Pudong New District, Shanghai, PRC with a planned GFA of 85,784 square meters. The Group’s estimated gain on the disposal of its equity interest in Interwell amounted to approximately HK\$500 million, which will be recognized upon the completion of the Agreement.

- (b) In August 2006, the Company issued 4,000,000 ordinary shares for a total consideration of HK\$17,200,000, upon exercise of share options granted to the Directors.
- (c) On 11th July 2006, the Group completed the acquisition of the 100% equity interest in Karworld Holdings Limited (“Karworld”), a company with a development project in Haizhu, Guangzhou, Mainland China, for a consideration of approximately HK\$187,000,000 (equivalent to approximately RMB192,400,000).

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi. 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 the exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

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

EMPLOYEES

As at 30th June 2006, the Group, excluding its associate and jointly controlled entity, employed a total of 4,117 (as at 31st December 2005: 4,078) staff, the great majority of which were employed in mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$83.6 million (2005: HK\$66.9 million) for the six months ended 30th June 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions during the period under review. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30th June 2006.

CORPORATE GOVERNANCE

Throughout the six months ended 30th June 2006, 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, except for Code provisions A.4.1 and E.1.2. Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors of the Company, except for Mr. Steven Shafran who is appointed for a term of 3 years, are not appointed for specific terms. This constitutes a deviation from Code provision A.4.1. However, as all the 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 of Directors should attend annual general meetings. The Chairman of the Board did not attend the annual general meeting for the year 2006 due to other business commitment.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30th June 2006.

AUDIT COMMITTEE

The Company's audit committee is composed of the three independent non-executive Directors and Mr. Hu Yongmin, a non-executive Director 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 condensed consolidated accounts for the six months ended 30th June 2006 with the Directors.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17th October 2006 to Thursday, 19th October 2006, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16th October 2006.

INTERIM REPORT

The 2006 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 seven executive Directors, namely Mr. Chu Mang Yee (Chairman), Mr. Wu Jiesi (Chief Executive Officer), Mr. Xiang Bin, Mr. Au Wai Kin, Mr. Chen Chang Ying, Mr. Tam Lai Ling and Ms. Xiao Yan Xia, two non-executive Directors, namely Mr. Steven Shafran and Mr. Hu Yongmin and three independent non-executive Directors, namely Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver.

By order of the Board

Chu Mang Yee

Chairman

Hong Kong, 14th September 2006

* *for identification purpose only*