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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in HHL or HHI, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of HHL or HHI.

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**HOPEWELL HOLDINGS LIMITED**

**合和實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 54)**



**Hopewell Highway Infrastructure Limited**

**合和公路基建有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 737)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN  
GUANGZHOU E-S-W RING ROAD COMPANY LIMITED  
AND  
RE-ELECTION OF RETIRING DIRECTORS OF HHL**

**Independent Financial Adviser to the Independent Board Committees  
and the independent shareholders of HHL and HHI**



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A joint letter from the HHL Board and the HHI Board is set out on pages 4 to 14 of this circular, a letter from the HHL Independent Board Committee is set out on pages 15 and 16 of this circular and a letter from the HHI Independent Board Committee is set out on pages 17 and 18 of this circular. A letter from Somerley containing its advice to the Independent Board Committees and independent shareholders of HHL and HHI is set out on pages 19 to 27 of this circular.

A notice convening an extraordinary general meeting of HHL to be held at King Palace Chinese Restaurant, 8th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on Monday, 17 September 2007 at 11:00 a.m. is set out on pages N-1 to N-3 of this circular. Whether or not the HHL Shareholders are able to attend, the HHL Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instruction printed thereon as soon as practicable and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude the HHL Shareholders from attending and voting in person at the meeting or any adjourned meeting should the HHL Shareholders so wish.

31 August 2007

\* *For identification only*

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“Agreement”	the agreement dated 9 August 2007 entered into between HHI Ring Road Co and the Ring Road PRC Partner in relation to the Disposal (together with the entering into of the Ancillary Documents);
“Ancillary Documents”	agreement(s) in relation to the cancellation of and/or amendment to the Ring Road JV joint venture agreement and its articles between the HHI Ring Road Co, the Ring Road PRC Partner and CKI Guangzhou Ring Roads Limited, and mutual termination and release of obligations and liabilities between the joint venture partners of the Ring Road JV under agreements previously entered into between the parties in respect of or relating to the Ring Road JV, the Ring Road project, bank loans of the Ring Road JV and/or such other documents ancillary to the implementation of the Agreement;
“Completion”	the completion of the transactions as provided under the Agreement;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Disposal”	the disposal of the entire interest of HHI Ring Road Co in the Ring Road JV and other rights, duties and obligations of HHI Ring Road Co in the Guangzhou East-South-West Ring Road project under the Agreement;
“Extraordinary General Meeting of HHL”	the extraordinary general meeting of shareholders of HHL to be held to consider and approve, among others, the Agreement;
“Groups”	the HHL Group and the HHI Group;
“HHI”	Hopewell Highway Infrastructure Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“HHI Board”	the board of HHI Directors;
“HHI Directors”	the directors of HHI;
“HHI Group”	HHI and its subsidiaries;

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## DEFINITIONS

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“HHI Independent Board Committee”	the independent committee of the HHI Board constituted by all the Independent Non-Executive HHI Directors, namely Mr. Lee Yick NAM, Mr. Philip Tsung Cheng FEI, Mr. Kojiro NAKAHARA, Dr. Gordon YEN and Mr. Yuk Keung IP and, for the purpose of considering and advising the independent shareholders of HHI in connection with the Transactions;
“HHI Shareholders:	shareholders of HHI;
“HHI Shares”	shares in the capital of HHI;
“HHI Ring Road Co”	Hopewell Guangzhou Ring Road Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of HHI;
“HHL”	Hopewell Holdings Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange;
“HHL Group”	HHL and its subsidiaries;
“HHL Board”	the board of HHL Directors;
“HHL Directors”	the directors of HHL;
“HHL Independent Board Committee”	the independent committee of HHL Board constituted by all the Independent Non-Executive HHL Directors, namely Mr. Lee Yick NAM, Ms. Linda Lai Chuen LOKE, Mr. Guy Man Guy WU and Mr. Yuk Keung IP, for the purpose of considering and advising the independent shareholders of HHL in connection with the Transaction;
“HHL Shareholders”	shareholders of HHL;
“HHL Shares”	shares in the capital of HHL;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK GAAP”	generally accepted accounting principles in Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IFRS”	International Financial Reporting Standards promulgated by the International Accounting Standards Board. IFRS includes International Accounting Standards and interpretations;

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## DEFINITIONS

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“Independent Board Committees”	the HHL Independent Board Committee and the HHI Independent Board Committee;
“Latest Practicable Date”	27 August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Northern Ring Road”	Guangzhou’s northern by-pass to which the eastern and western ends of the Guangzhou East-South-West Ring Road connect;
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region and Taiwan;
“PRC GAAP”	generally accepted accounting principles in the PRC;
“Ring Road JV”	Guangzhou E-S-W Ring Road Company Limited;
“Ring Road PRC Partner”	Guangzhou City Tongda Highway Company Limited;
“RMB”	Renminbi, the lawful currency of the PRC;
“Savills”	Savills Valuation and Professional Services Limited;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sommerley”	Sommerley Limited, the independent financial adviser to (i) the HHL Independent Board Committee and the independent shareholders of HHL; and (ii) the HHI Independent Board Committee and the independent shareholders of HHI on the terms of the Transactions;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the Agreement and the transactions contemplated thereunder (including without limitation the entering into of the Ancillary Documents); and
“US\$”	United States dollars, the lawful currency of the United States of America.

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## JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD

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**HOPEWELL HOLDINGS LIMITED**

**合和實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 54)**

*Directors:*

Sir Gordon Ying Sheung WU GBS, KCMG, FICE  
*(Chairman)*

Mr. Eddie Ping Chang HO\*\*  
*(Vice Chairman and Managing Director)*

Mr. Thomas Jefferson WU  
*(Co-Managing Director)*

Mr. Josiah Chin Lai KWOK  
*(Deputy Managing Director)*

Mr. Henry Hin Moh LEE#

Mr. Robert Van Jin NIEN

Mr. Guy Man Guy WU##

Lady Ivy Sau Ping KWOK WU JP#

Ms. Linda Lai Chuen LOKE##

Mr. Albert Kam Yin YEUNG

Mr. David Yau-gay LUI

Mr. Carmelo Ka Sze LEE#

Mr. Andy Lee Ming CHEUNG

Mr. Eddie Wing Chuen HO Junior

Mr. Lee Yick NAM##

Mr. Barry Chung Tat MOK

Mr. William Wing Lam WONG

Mr. Yuk Keung IP##

\*\* Also as Alternate Director to Sir Gordon Ying Sheung WU  
and Lady Ivy Sau Ping KWOK WU

# Non-Executive Directors

## Independent Non-Executive Directors

*Registered office:*

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



**Hopewell Highway Infrastructure Limited**

**合和公路基建有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

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*Directors:*

Sir Gordon Ying Sheung WU GBS, KCMG, FICE  
*(Chairman)*

Mr. Eddie Ping Chang HO  
*(Vice Chairman)*

Mr. Thomas Jefferson WU  
*(Managing Director)*

Mr. Alan Chi Hung CHAN  
*(Deputy Managing Director)*

Ir. Leo Kwok Kee LEUNG

Mr. Lijia HUANG

Mr. Cheng Hui JIA

Mr. Philip Tsung Cheng FEI##

Mr. Lee Yick NAM##

Mr. Kojiro NAKAHARA##

Dr. Gordon YEN##

Mr. Barry Chung Tat MOK

Mr. Yuk Keung IP##

*Registered office:*

P.O. Box 309GT  
Ugland House, South Church Street  
George Town, Grand Cayman  
Cayman Islands

*Head office and principal  
place of business:*

Room 64-02  
64th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

\* For identification only

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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31 August 2007

*To the HHL Shareholders and HHI Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN  
GUANGZHOU E-S-W RING ROAD COMPANY LIMITED  
AND  
RE-ELECTION OF RETIRING DIRECTORS OF HHL**

### **INTRODUCTION**

HHL and HHI jointly issued an announcement dated 9 August 2007 that HHI Ring Road Co entered into the Agreement with the Ring Road PRC Partner pursuant to which HHI Ring Road Co agreed to sell, and the Ring Road PRC Partner agreed to purchase, the entire interest of HHI Ring Road Co in the Ring Road JV (which operates the Guangzhou East-South-West Ring Road). The Disposal (together with the entering into of the Ancillary Documents) constitutes a discloseable and connected transaction of both HHL and HHI subject to their respective independent shareholders' approval.

The HHL Independent Board Committee, comprising Mr. Lee Yick NAM, Ms. Linda Lai Chuen LOKE, Mr. Guy Man Guy WU and Mr. Yuk Keung IP, has been formed to consider the terms of the Transactions. The HHI Independent Board Committee, comprising Mr. Lee Yick NAM, Mr. Philip Tsung Cheng FEI, Mr. Kojiro NAKAHARA, Dr. Gordon YEN and Mr. Yuk Keung IP, has been formed to consider the terms of the Transactions. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committees and the independent shareholders of HHL and HHI as to whether the terms of the Transactions are fair and reasonable and whether the Transactions are in the interests of HHL and HHI and their respective shareholders as a whole.

The purpose of this circular is (i) to provide you with further information on the Transactions; (ii) to set out the letter of advice from Somerley to the Independent Board Committees and the independent shareholders of HHL and HHI; (iii) provide the HHL Shareholders with further information regarding details relating to the re-election of Mr. William Wing Lam WONG and Mr. Yuk Keung IP as directors of HHL and (iv) to give the HHL Shareholders notice of the Extraordinary General Meeting of HHL and other information in accordance with the requirements under the Listing Rules.

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## JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD

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### THE AGREEMENT

#### Date

9 August 2007

#### Parties

- Vendor : HHI Ring Road Co, a wholly-owned subsidiary of HHI. The principal business of HHI Ring Road Co is investment holding.
- Purchaser : The Ring Road PRC Partner, a state-owned enterprise established by the Guangzhou Municipal Government, and its supervisory body is the Guangzhou Construction Commission. The principal business of Ring Road PRC Partner is to develop, invest, construct, operate and maintain certain expressways in Guangzhou.

#### Interest to be disposed of by the Groups

The entire interest of HHI Ring Road Co in the Ring Road JV and other rights, duties and obligations of HHI Ring Road Co in relation to the Guangzhou East-South-West Ring Road project, including its interest in US\$27.5 million of the registered capital of the Ring Road JV (representing 50% of the total registered capital of the Ring Road JV), the shareholder's loan owing by the Ring Road JV to HHI Ring Road Co and the additional investment cost, being the disbursements paid by the HHI Ring Road Co for the pre-project cost.

#### Consideration

RMB1,712.55 million will be payable in cash on the date of Completion.

The consideration payable under the Agreement was determined after arm's length negotiations between HHI Ring Road Co and the Ring Road PRC Partner by reference to, among other things, the repayment of the registered capital, the shareholder's loan and the additional investment cost of the HHI Group in the Ring Road JV (such repayments deemed to be on 31 August 2007 for the purpose of negotiation of the consideration) and the Guangzhou East-South-West Ring Road project and a premium negotiated at arm's length taking into account the deemed interest element of various funding incurred by the HHI Group relating to the Guangzhou East-South-West Ring Road project. The audited net book values of the interests of the HHL Group and the HHI Group in the Ring Road JV as at 30 June 2007 (comprised in the audited consolidated accounts of the HHL Group (based on HK GAAP) and the HHI Group (based on IFRS) for the financial year ended 30 June 2007 respectively) were approximately HK\$1,103 million and HK\$922 million respectively.

The audited net liability value of the Ring Road JV as at 31 December 2006 based on PRC GAAP was approximately RMB174 million.

Ring Road JV is a PRC entity and its accounts are based on PRC GAAP since its incorporation. It has adopted straight line 20-year depreciation policy in accordance with PRC GAAP. Interest in the Ring Road JV is accounted for in the books of HHI (based on



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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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IFRS since its listing) and HHL (based on HK GAAP since incorporation of the Ring Road JV) using proportionate consolidation method and equity accounting method respectively. Depreciation is provided based on actual traffic volume compared to total expected traffic volume over the remaining period by the Groups since the listing of HHI. Pursuant to the group restructuring prior to the listing of HHI, some pre-project costs in relation to Ring Road JV had been retained in the books of HHL.

### **Conditions**

Completion of the Agreement is subject to the satisfaction of the following conditions within 180 days after the signing of the Agreement (or such other date as may be agreed between the parties).

- (a) if approval of the Agreement and the transactions contemplated thereunder (including the entering into of the Ancillary Documents) is required by the Listing Rules, upon obtaining the requisite approval by the shareholders of HHL and HHI respectively; and
- (b) approval of the Agreement by the relevant PRC authorities (including without limitation, Guangzhou Foreign Economic and Trade Bureau).

If not all of the conditions are fulfilled by then, the Agreement will lapse and be terminated with immediate effect and all rights and liabilities of the parties under the Agreement will cease and determine save for the rights and liabilities if the Ring Road PRC Partner has failed to apply for the approval stated in sub-paragraph (b) above within 10 days after the signing of the Agreement and to obtain such approval or if the HHI Ring Road Co has failed to use its endeavours to procure the obtaining of the shareholders' approvals stated in sub-paragraph (a) above.

As at the date of this circular, the condition stated in sub-paragraph (b) above has been fulfilled.

### **Completion of the Agreement**

Completion shall take place upon completion of the conditions as described under the paragraph headed "Conditions" above. After fulfillment of the conditions, the HHI Ring Road Co and the Ring Road PRC Partner shall as soon as possible, among other things:

- (a) enter into the Ancillary Documents;
- (b) complete all approval and application procedures, including without limitation, the procedures for obtaining approval from foreign exchange control bureau; and
- (c) complete any procedures relating to taxation and bank accounts arising from the transactions contemplated under the Agreement.

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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The Ring Road PRC Partner shall within 7 days after the Ring Road PRC Partner or the Ring Road JV having received the approval document from the PRC relevant foreign exchange control bureau in respect of the transmission of the consideration payable under the Agreement pay such consideration (after deduction of the tax amount payable by the HHI Ring Road Co) to the bank account of the HHI Ring Road Co outside the PRC (or if the conditions are fulfilled after such approval has been obtained, within 7 days after the fulfillment of the conditions).

Upon Completion or the payment of all consideration by the Ring Road PRC Partner to the HHI Ring Road Co according to the terms of the Agreement (whichever is the later), the Groups will cease to hold any interest in the Ring Road JV, and all the rights and obligations of HHI Ring Road Co in the Guangzhou East-South-West Ring Road project will be transferred to the Ring Road PRC Partner. Accordingly, the Ring Road JV will then cease to be deemed as a subsidiary of HHL and HHI for the purposes of paragraph 2(1) of the respective Listing Agreements between HHL and HHI and the Stock Exchange or Chapter 14 or 14A of the Listing Rules as described in the paragraph headed “Discloseable and Connected Transaction” below.

There is no prior transaction with Ring Road PRC Partner and Guangzhou Construction Commission that require aggregation under Rules 14.22 and 14A.25 of the Listing Rules.

### **INFORMATION ON THE RING ROAD JV**

The Ring Road JV is a Sino-foreign co-operative joint venture enterprise established in the PRC to carry out the Guangzhou East-South-West Ring Road project. The Guangzhou East-South-West Ring Road is a 38 km closed system concrete-paved dual three lane expressway running along the eastern, southern and western fringes of the Guangzhou urban areas and connecting to the Northern Ring Road to form an inter-connected expressway ring road route around Guangzhou. Set out below is certain information regarding the Ring Road JV as at the Latest Practicable Date:

Parties to the joint venture	:	Ring Road PRC Partner HHI Ring Road Co CKI Guangzhou Ring Roads Limited (a subsidiary of Cheung Kong Infrastructure Holdings Limited)
Total approved investment amount	:	RMB4,500 million
Registered capital	:	US\$55 million, contributed by HHI Ring Road Co and CKI Guangzhou Ring Roads Limited in equal share

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## JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD

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Concession period for the Guangzhou East-South-West Ring Road	:	30 years from 1 January 2002
Outstanding balance of bank loans of the Ring Road JV as at 30 June 2007	:	approximately RMB3,100 million
Parties' share of the net cash flow (i.e. gross operating income net of operating expenses and tax) of the Guangzhou East-South-West Ring Road in respect of its toll operations and essential and service facilities	:	

Years	HHI Ring Road Co	Ring Road PRC Partner	CKI Guangzhou Ring Roads Limited
1-10	45%	10%	45%
11-20	37.5%	25%	37.5%
21-30	32.5%	35%	32.5%

The commercial basis of the Ring Road JV, which was subsequently agreed in the Ring Road JV contract, was that the Ring Road PRC Partner was not required to contribute registered capital. The parties' respective shareholding interests are deemed to be the same as the parties' respective rights to share the net cash flow as stated above.

### FINANCIAL INFORMATION ON THE RING ROAD JV

The following table sets out a summary of the audited financial results of the Ring Road JV prepared in accordance with the PRC GAAP for the two years ended 31 December 2005 and 2006:

	<b>For the year ended 31 December 2005</b>	<b>For the year ended 31 December 2006</b>
Net profit/(loss) before tax and extraordinary items	(RMB3 million)	RMB22 million
Net profit/(loss) after tax and extraordinary items	(RMB3 million)	RMB22 million
Net operating cash before finance cost and loan repayment	RMB300 million	RMB357 million

### REASONS FOR AND BENEFITS OF THE AGREEMENT AND FINANCIAL EFFECTS OF THE DISPOSAL

The HHL Group is principally engaged in the development, investment and operation of properties and hotels and infrastructure projects in Hong Kong and the PRC. The HHI Group's primary business is to initiate, promote, develop and operate strategically important roads, tunnels, bridges and related infrastructure projects in the PRC, and in

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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particular the Pearl River Delta region bordering Hong Kong. Although the Ring Road JV is making profit, its contribution of profit to the Groups has been relatively small and the Disposal allows the Groups to realize a reasonable gain of the Guangzhou East-South-West Ring Road project in one lump-sum early. It is currently intended that the proceeds from the Disposal will be used as general working capital of the Groups and for other investment opportunities.

Based solely on the carrying values of the interests of the Groups in the Ring Road JV as at 30 June 2007 comprised in the audited consolidated accounts of the Groups for the financial year ended 30 June 2007, the HHL Group and the HHI Group would recognise a gain on disposal (before taxation) of approximately HK\$666 million and approximately HK\$847 million respectively, representing the differences between the consideration and the above carrying values. However, as the carrying values of the interests of the Groups in the Ring Road JV investment as at Completion will be different from the above carrying values (after taking into account various updating including but not limited to the Ring Road JV's loss/profit from 1 July 2007 to the date of Completion and various amortization in the period), the actual gain based on the carrying values as at Completion may be materially different from the figures based on the above calculation. The Disposal will not result in a net loss. As a result of the Transaction, Ring Road JV will cease to be a subsidiary of HHI (as described under the paragraph "Discloseable and Connected Transaction" below). HHI will no longer consolidate the accounts of Ring Road JV into its accounts. The managements of HHI Group and HHL Group expect the above gain on the Disposal will be reflected in a similar increase in net assets. Apart from that, there will be no material effect on the net asset position of the Groups. Taking into account the net gain on disposal and the fact that liabilities of the Ring Road JV would no longer be consolidated into the financial statements of HHI upon Completion, both the HHL Board and the HHI Board expect that the Disposal would improve the gearing positions of the Groups.

The board of directors of each of HHL and HHI believes that the terms of the Agreement are fair and reasonable and in the interests of the shareholders of HHL or HHI (as the case may be) as a whole.

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

The Disposal (together with the entering into of the Ancillary Documents) constitutes a discloseable transaction of HHL and HHI under Chapter 14 of the Listing Rules as one or more of the applicable percentage ratio(s) as defined under Rule 14.07 of the Listing Rules are more than 5% but all applicable percentage ratios are less than 25%.

Pursuant to Clause 46 of the Listing Agreement between HHI and the Stock Exchange and the letter dated 7 August 2003 from HHL to the Stock Exchange, the Ring Road JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by the HHI Group which operates a toll road project, is deemed to be a subsidiary of HHI and HHL for the purposes of the then Chapter 14 of the Listing Rules (which has been subdivided into Chapters 14 and 14A since revisions of the Listing Rules came into effect on 31 March 2004) and paragraph 2(1) of the respective Listing Agreements between HHL and HHI and the Stock Exchange. The Ring Road PRC Partner currently has a 10% interest in the Ring

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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Road JV, and is accordingly deemed to be a connected person of HHL and HHI for the purposes of Chapter 14A of the Listing Rules. Therefore, the Disposal (together with the entering into of the Ancillary Documents) constitutes a discloseable and connected transaction of HHL and HHI and is subject to approval of independent shareholders of HHL and HHI.

An independent board committee of each of HHL and HHI will be formed to advise its independent shareholders on the fairness and reasonableness of the Agreement. An independent financial adviser will be appointed to advise each such independent board committee in respect of the same.

HHL will seek independent shareholders' approval at a general meeting to be convened. Pursuant to Rule 14A.43 of the Listing Rules, a written independent shareholders' approval obtained from a shareholder holding more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting convened to approve the connected transaction may be accepted in lieu of holding such a general meeting if no shareholder of the listed issuer is required to abstain from voting if the listed issuer were to convene such a general meeting. Anber Investments Limited (being a wholly-owned subsidiary of HHL), which owns 2,160,000,000 shares in HHI (equivalent to approximately 72.719% of the issued share capital of HHI) has on 9 August 2007 given its approval in writing of the Agreement (and the Ancillary Documents) and confirmed that in the event that independent shareholders' approval of HHI at a general meeting in respect of the Agreement (and the Ancillary Documents) is required, it will vote in favour of it. Anber Investments Limited does not have any material interest in the Agreement which is different from those of the other shareholders of HHI. As far as HHI is aware, having made all reasonable enquiries, no shareholder of HHI is required to abstain from voting if HHI were to convene a general meeting for the approval of the Agreement (and the Ancillary Documents). Accordingly, HHI has applied to the Stock Exchange for a waiver of the requirement to hold a general meeting to seek independent shareholders' approval of the Agreement (and the Ancillary Documents) pursuant to Rule 14A.43 of the Listing Rules.

### **RE-ELECTION OF RETIRING DIRECTORS OF HHL**

Pursuant to Article 94 of the Articles of Association of HHL, all Directors appointed to fill a casual vacancy or as an addition to the HHL Board shall be subject to re-election by the HHL Shareholders at the next following general meeting after their appointment.

Mr. William Wing Lam WONG was appointed as an additional Executive Director of HHL with effect from 18 January 2007 and Mr. Yuk Keung IP was appointed as an additional Independent Non-Executive Director of HHL with effect from 13 August 2007. The Extraordinary General Meeting of HHL will be the first general meeting after the appointment of both Mr. William Wing Lam WONG and Mr. Yuk Keung IP. Accordingly, both Mr. William Wing Lam WONG and Mr. Yuk Keung IP will retire at the Extraordinary General Meeting of the Company and being eligible, will offer themselves for re-election.

Brief biographical details of Mr. William Wing Lam WONG and Mr. Yuk Keung IP are set out in Appendix IV to this circular.

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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### **EXTRAORDINARY GENERAL MEETING OF HHL**

Set out on pages N-1 to N-3 of this circular is a notice convening the Extraordinary General Meeting of HHL to be held at King Palace Chinese Restaurant, 8th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on Monday, 17 September 2007 at 11:00 a.m., at which ordinary resolutions will be proposed and, if thought fit, passed (i) to approve the Transactions and (ii) the re-election of Mr. William Wing Lam WONG and Mr. Yuk Keung IP as HHL Directors. The ordinary resolutions will be decided by poll.

A form of proxy for use at the Extraordinary General Meeting of HHL is enclosed. Whether or not the HHL Shareholders are able to attend the Extraordinary General Meeting of HHL in person, the HHL Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of HHL at 64th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting of HHL or any adjournment thereof. Completion and return of the form of proxy will not preclude the HHL Shareholders from attending and voting at the Extraordinary General Meeting of HHL or at any adjourned meeting (as the case may be) should the HHL Shareholders so wish.

The HHL Board confirms, after having made all reasonable enquiries, that no HHL Shareholder will be required to abstain from voting on the ordinary resolutions to be proposed at the Extraordinary General Meeting of HHL in respect of the Transactions.

### **PROCEDURE FOR DEMANDING A POLL**

#### **At a general meeting of HHL**

Pursuant to Article 74 of the Articles of Association of HHL, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person or by proxy and holding shares in HHL conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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### **At a general meeting of HHI**

Pursuant to Article 76 of the Articles of Association of HHI, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

It should be noted that HHI has applied to the Stock Exchange for a waiver of the requirement to hold a general meeting to seek independent shareholders' approval of the Transactions.

### **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEES**

Your attention is drawn to (i) the letter from the HHL Independent Board Committee set out on page 15 of this circular which contains the recommendation from the HHL Independent Board Committee to the independent shareholders of HHL concerning the Transactions; (ii) the letter from the HHI Independent Board Committee set out on page 17 of this circular which contains the recommendation from the HHI Independent Board Committee to the independent shareholders of HHI concerning the Transactions; and (iii) the letter from Somerley set out on pages 19 to 27 of this circular which contains the recommendation of Somerley to the Independent Board Committees and the independent shareholders of HHL and HHI in relation to the Transactions and the principal factors considered by Somerley in arriving at its recommendation.

Having taken into account the advice from Somerley and in particular the principal factors set out in the letter of advice from Somerley, the HHL Independent Board Committee considers that the terms of the Transactions are fair and reasonable and are in

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## **JOINT LETTER FROM THE HHL BOARD AND THE HHI BOARD**

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the interests of HHL and the HHL Shareholders as a whole. Accordingly, the HHL Independent Board Committee recommends that independent shareholders of HHL should vote in favour of the ordinary resolutions to be proposed at the Extraordinary General Meeting of HHL in respect of the Transactions.

Having taken into account the advice from Somerley and in particular the principal factors set out in the letter of advice from Somerley, the HHI Independent Board Committee considers that the terms of the Transactions are fair and reasonable and are in the interests of HHI and the HHI Shareholders as a whole.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the letters from the Independent Board Committees and the letter from Somerley, the independent financial adviser to the Independent Board Committees and the independent shareholders of HHL and HHI, and additional information set out in the appendices to this circular.

Yours faithfully,

By Order of the HHL Board

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*

Yours faithfully,

By Order of the HHI Board

**Sir Gordon Ying Sheung WU** GBS, KCMG, FICE  
*Chairman*





**HOPEWELL HOLDINGS LIMITED**

**合和實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

31 August 2007

*To the independent shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN  
GUANGZHOU E-S-W RING ROAD COMPANY LIMITED**

We refer to the circular dated 31 August 2007 jointly issued by HHL and HHI (the “Circular”), of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the HHL Board as the HHL Independent Board Committee to advise you as to whether, in our opinion, the terms of the Transactions are fair and reasonable so far as the independent shareholders of HHL are concerned.

Somerley has been appointed by HHL as the independent financial adviser to advise us regarding the terms of the Transactions. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 19 to 27 of the Circular.

Your attention is drawn to the joint letter from the HHL Board and the HHI Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendices.

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## LETTER FROM THE HHL INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Transactions, and the advice given by Somerley, we consider that the terms of the Transactions are in the interests of HHL and its shareholders as a whole and are fair and reasonable so far as the independent shareholders of HHL are concerned. Accordingly, we recommend that the independent shareholders of HHL should vote in favour of the ordinary resolution approving the Transactions to be proposed at the Extraordinary General Meeting of HHL.

Yours faithfully,  
HHL Independent Board Committee  
**Lee Yick NAM**  
**Linda Lai Chuen LOKE**  
**Guy Man Guy WU**  
**Yuk Keung IP**  
*Independent Non-Executive HHL Directors*



**Hopewell Highway Infrastructure Limited**

合和公路基建有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

31 August 2007

*To the independent shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN  
GUANGZHOU E-S-W RING ROAD COMPANY LIMITED**

We refer to the circular dated 31 August 2007 jointly issued by HHL and HHI (the “Circular”), of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the HHI Board as the HHI Independent Board Committee to advise you as to whether, in our opinion, the terms of the Transactions are fair and reasonable so far as the independent shareholders of HHI are concerned.

Somerley has been appointed by HHI as the independent financial adviser to advise us regarding the terms of the Transactions. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 19 to 27 of the Circular.

Your attention is drawn to the joint letter from the HHL Board and the HHI Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendices.

\* *For identification only*

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**LETTER FROM THE HHI INDEPENDENT BOARD COMMITTEE**

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Having taken into account the terms of the Transactions, and the advice given by Somerley, we consider that the terms of the Transactions are in the interests of HHI and its shareholders as a whole and are fair and reasonable so far as the independent shareholders of HHI are concerned.

Yours faithfully,  
HHI Independent Board Committee  
**Lee Yick NAM**  
**Philip Tsung Cheng FEI**  
**Kojiro NAKAHARA**  
**Gordon YEN**  
**Yuk Keung IP**  
*Independent Non-Executive HHI Directors*

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## LETTER FROM SOMERLEY

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*The following is the text of a letter of advice from Somerley in connection with the fairness and reasonableness of the terms of the Transactions to the Independent Board Committees and the independent shareholders of HHL and HHI which has been prepared for incorporation into this circular.*



**SOMERLEY LIMITED**

10th Floor  
The Hong Kong Club Building  
3A Chater Road  
Central  
Hong Kong

31 August 2007

*To the HHL Independent Board Committee and  
Independent HHL Shareholders*

*To the HHI Independent Board Committee and  
Independent HHI Shareholders*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF INTEREST IN  
GUANGZHOU E-S-W RING ROAD COMPANY LIMITED**

**INTRODUCTION**

We refer to our appointment to advise (i) the HHL Independent Board Committee and the independent shareholders of HHL (the “HHL Independent Shareholders”); and (ii) the HHI Independent Board Committee and the independent shareholders of HHI (the “HHI Independent Shareholders”) on the terms of the Transactions. Details of the Transactions are set out in the joint letter from the HHL Board and the HHI Board contained in the circular to the HHL Shareholders and the HHI Shareholders dated 31 August 2007 (the “Circular”), of which this letter forms part. Unless otherwise defined herein, terms used in this letter shall have the same meanings as defined in the Circular.

On 9 August 2007, HHI Ring Road Co (a wholly owned subsidiary of the HHI) and the Ring Road PRC Partner entered into the Agreement pursuant to which HHI Ring Road Co has conditionally agreed to sell to the Ring Road PRC Partner its entire interests and other rights, duties and obligation in relation to the Guangzhou East-South-West Ring Road project, including its interest in US\$27.5 million of the registered capital of the Ring Road

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## LETTER FROM SOMERLEY

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JV (representing 50% of the total registered capital of the Ring Road JV), the shareholder's loan owing by the Ring Road JV to HHI Ring Road Co and the additional investment cost, being the disbursement paid by the HHI Ring Road Co for the pre-project cost, at a consideration of RMB1,712.55 million (the "Consideration").

Pursuant to Clause 46 of the Listing Agreement between HHI and the Stock Exchange and the letter dated 7 August 2003 from HHL to the Stock Exchange, the Ring Road JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by the HHI Group, CKI Guangzhou Ring Roads Limited and the Ring Road PRC Partner, is deemed to be a subsidiary of HHI and HHL for the purposes of the then Chapter 14 of the Listing Rules (which has been subdivided into Chapters 14 and 14A since revisions of the Listing Rules came into effect on 31 March 2004) and paragraph 2(1) of the respective Listing Agreements between HHL and HHI and the Stock Exchange. The Ring Road PRC Partner currently has a 10% interest in the Ring Road JV, and is accordingly deemed to be a connected person of HHI and HHL for the purposes of Chapter 14A of the Listing Rules. The entering into of the Agreement with the Ring Road PRC Partner in relation to the Disposal constitutes a connected transaction of both HHL and HHI and, pursuant to the Listing Rules, is subject to the approval of the HHL Independent Shareholders and HHI Independent Shareholders respectively. The transaction contemplated under the Agreement also constitutes a discloseable transaction of both HHL and HHI.

The HHL Independent Board Committee consisting of all its four independent non-executive directors, namely, Mr. Lee Yick NAM, Ms. Linda Lai Chuen LOKE, Mr. Guy Man Guy Wu and Mr. Yuk Keung IP, and the HHI Independent Board Committee comprising all its five independent non-executive directors, namely, Mr. Lee Yick NAM, Mr. Philip Tsung Cheng FEI, Mr. Kojiro NAKAHARA, Dr. Gordon YEN and Mr. Yuk Keung IP, have considered the terms of the Transactions and given their opinion and, in respect of HHL, their recommendation on voting to the HHL Independent Shareholders and the HHI Independent Shareholders respectively, as set out in their respective letters included in the Circular.

HHL will seek independent shareholders' approval at a general meeting to be convened on Monday, 17 September 2007. The HHI Board confirms, after having made all reasonable enquiries, that no shareholder of HHI is required to abstain from voting if HHI were to convene a general meeting for the approval of the Agreement (and the Ancillary Documents). Anber Investments Limited, which owned 2,160,000,000 shares in HHI (representing approximately 72.719% of the entire issued share capital of HHI) as at Latest Practicable Date, has confirmed in writing that in the event that independent shareholders' approval of HHI in respect of the Agreement (and the Ancillary Documents) is required, it will vote in favour. Accordingly, HHI has applied to the Stock Exchange for a waiver of the requirement to convene a physical general meeting to seek the HHI Independent Shareholders' approval of the Agreement (and the Ancillary Documents).

In formulating our opinion on the Transactions, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of both HHL

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## LETTER FROM SOMERLEY

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and HHI and have assumed that all statements and representations made to us by the directors and management of both HHL and HHI or made or referred to in the Circular are true and accurate at the time they were made and as at the date of the Circular and will continue to be true up to the time of the Extraordinary General Meeting of HHL.

We have sought and received confirmation from the HHL Directors and HHI Directors that all material relevant information has been supplied to us and no material facts have been omitted from the information supplied and opinions expressed. We have relied on such information and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular. We have no reason to believe that any material information has been withheld, or to doubt the truth and accuracy of the information provided. We have not, however, conducted an independent investigation into the affairs of HHL, HHI or their subsidiaries or the Ring Road JV.

### THE DISPOSAL

In arriving at our opinion, we have taken the following principal factors and reasons into consideration:

#### 1. Background of and reasons for the Disposal

##### (a) *Information on the Groups and the Ring Road JV*

The HHL Group is principally engaged in the development, investment and operation of properties and hotels and infrastructure projects in Hong Kong and the PRC. HHI was spun off from HHL for a separate listing on the Stock Exchange in August 2003. The principal business of the HHI Group is to initiate, promote, develop and operate strategically important roads, tunnels, bridges and related infrastructure projects in the PRC, particularly in the Pearl River Delta region. The HHI Group currently has interests in three principal toll-expressway projects, being the Guangzhou-Shenzhen Superhighway, the Guangzhou East-South-West Ring Road and the Guangzhou to Shunde section of the Western Delta Route (“Phase I West”). Construction of Phase II (the Shunde to Zhongshan section) of the Western Delta Route (“Phase II West”), connecting to Phase I West, commenced in December 2005 and is planned to be completed by end of 2009. Preparation work for Phase III (the Zhongshan to Zhuhai section) of the Western Delta Route (“Phase III West”) is underway.

##### (i) *History and business of Ring Road JV*

The Ring Road JV was established in the PRC in December 1992 pursuant to the Ring Road JV contract (“JV Contract”). The JV Contract has been amended to reflect subsequent developments, including the introduction of CKI Guangzhou Ring Roads Limited as an additional foreign party in October 1997. Ring Road JV has a total investment of RMB4,500 million and a registered capital of US\$55 million contributed by HHI Ring Road Co and CKI Guangzhou Ring Roads Limited in equal share. The commercial basis of the Ring Road JV, which was subsequently agreed in the JV Contract was that the Ring

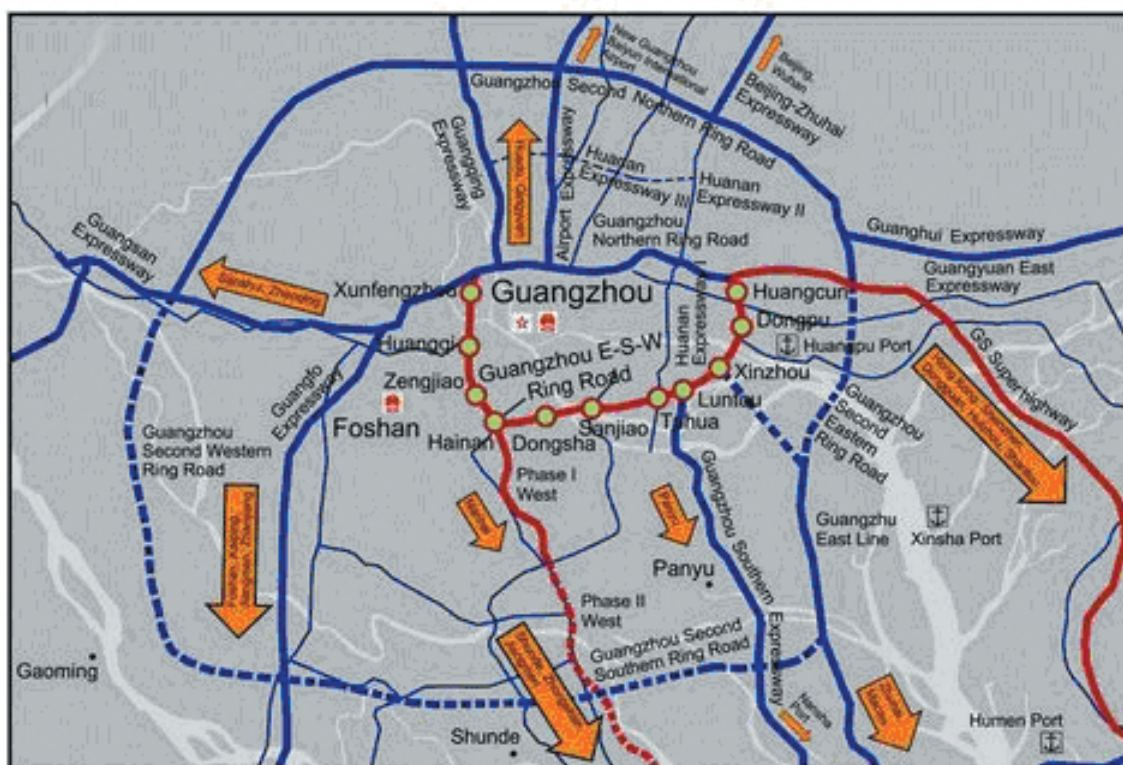
## LETTER FROM SOMERLEY

Road PRC Partner was not required to contribute registered capital. Ring Road JV is principally engaged in the investment, planning, design, construction and operation of Guangzhou East-South-West Ring Road and its ancillary facilities with a concession period for the Guangzhou East-South-West Ring Road of 30 years from 1 January 2002.

Under the JV Contract, the parties have the right to share the gross operating income net of operating expenses and tax of the Guangzhou East-South-West Ring Road in respect of its toll operations and essential and services facilities on the following basis:

<u>Years</u>	<u>HHI Ring Road Co</u>	<u>Ring Road PRC Partner</u>	<u>CKI Guangzhou Ring Roads Limited</u>
1-10	45%	10%	45%
11-20	37.5%	25%	37.5%
21-30	32.5%	35%	32.5%

Guangzhou East-South-West Ring Road is a 38 km closed system concrete-paved dual three lane expressway running along the eastern, southern and western fringes of the Guangzhou urban areas and connecting to the Northern Ring Road to form an interconnected expressway ring road route around Guangzhou. Set out below is the map illustrating the Guangzhou East-South-West Ring Road:





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## LETTER FROM SOMERLEY

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The Guangzhou East-South-West Ring Road constitutes the main segments of a ring of expressways encircling Guangzhou city. It provides a high speed expressway for the traffic flow in and around Guangzhou city and is an important by-pass for the high volume of through traffic which passes Guangzhou to other destinations served by the many major highways to which Guangzhou is connected. The eastern and western ends of the Guangzhou East-South-West Ring Road connect to the Northern Ring Road at Guangdong and Shabei respectively to create the Guangzhou Ring Road. In addition, it also plays an important role in accommodating traffic outside the congested street network of urban Guangzhou by providing an alternative to medium and long trips through central parts of the city.

(ii) *Financial information of Ring Road JV*

The following table sets out a summary of the audited financial results of the Ring Road JV prepared in accordance with the PRC GAAP for the two years ended 31 December 2005 and 2006:

	<b>For the year ended 31 December 2005 (audited) RMB' million</b>	<b>For the year ended 31 December 2006 (audited) RMB' million</b>
Net profit/(loss) after tax and extraordinary items	(3)	22
Net operating cash inflow before finance cost and loan repayment	300	357

The Guangzhou East-South-West Ring Road generated a net operating cash inflow before finance cost and loan repayment of approximately RMB357 million for the year 2006, representing an increase of approximately 19% when compared to RMB300 million for 2005. In accordance with the PRC GAAP, the toll expressway is depreciated on a straight-line basis of 20 years. After accounting for the depreciation charge of approximately RMB228.3 million included in cost of sales for each of the two years ended 31 December 2005 and 2006, the Ring Road JV recorded a net loss of approximately RMB3 million in 2005 and a net profit of approximately RMB22 million in 2006. The improved financial performance of the Ring Road JV in 2006 was principally due to the increase in average daily traffic volume by 12.1% from 73,850 vehicles per day in 2005 to 82,813 vehicles per day in 2006 according to the internal records of the Ring Road JV.

As at 31 December 2006, the Ring Road JV had a total asset value of approximately RMB 3,206.7 million, mainly consisting of the infrastructure of Guangzhou East-South-West Ring Road at a net book value of approximately RMB2,966.2 million, representing approximately 92.5% of the total assets of the Ring Road JV. It also had total liabilities of

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## LETTER FROM SOMERLEY

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RMB3,381.0 million comprising principally shareholders' loans and bank loans of approximately RMB1,901.8 million and RMB1,306.8 million respectively. The audited net liability of the Ring Road JV as at 31 December 2005 and 2006 was approximately RMB196.6 million and RMB174.3 million respectively.

(iii) *Challenges of the Ring Road JV*

The average annual Gross Domestic Production ("GDP") growth of Guangzhou of 18.46% from 2002 to 2006 stimulated an average 23.4% per annum increment in the daily traffic flow of Guangzhou East-South-West Road from an average of 36,120 vehicles per day in 2002 (the year in which Guangzhou East-South-West Ring Road officially opened) to an average of 82,813 vehicles per day in 2006.

However, we are advised by the traffic consultant that the traffic volume of Guangzhou East-South-West Ring Road was affected by the commencement of operation of new roads in the Guangzhou area, including (i) the toll-free local Keyuan Road which runs parallel to the south-east section of Guangzhou East-South-West Ring Road and opened in May 2006; and (ii) the toll-free local Foshan First Ring Road which runs parallel to the south-west section of Guangzhou East-South-West Ring Road and opened in November 2006.

(b) *Reasons for the Disposal*

Although the Ring Road JV is making a profit, its contribution to the Group's profit has been relatively small. The Guangzhou East-South-West Road has contributed 9% of HHI Group's total toll revenue for the year ended 30 June 2007. The Disposal allows the Groups to realize a reasonable gain in one lump-sum and at a relatively early stage. It is currently intended that the proceeds from the Disposal will be used as general working capital of the Groups and for other investment opportunities.

## 2. **Basis of the Consideration and valuation**

(a) *Consideration*

The Consideration will be payable in cash on the date of Completion. The Consideration was determined after arm's length negotiations between HHI Ring Road Co and the Ring Road PRC Partner by reference to, among other things, the repayment of the registered capital, the shareholder's loan and the additional investment cost of the HHI Group in the Ring Road JV (such repayments being deemed to be on 31 August 2007 for the purpose of negotiation of the Consideration) and the Guangzhou East-South-West Ring Road project and a premium negotiated at arm's length taking into account the deemed interest element of the various funding incurred by the HHI Group relating to the Guangzhou East-South-West Ring Road project.

The audited net book values of the interests of the HHL Group and the HHI Group in the Ring Road JV as at 30 June 2007 (included in the audited consolidated accounts of the HHL Group (based on HK GAAP) and the HHI Group (based on IFRS) for the financial year ended 30 June 2007 respectively) were approximately HK\$1,103 million and HK\$922 million respectively.

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## LETTER FROM SOMERLEY

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(b) *Professional valuation of Ring Road JV*

HHI has appointed Savills, an independent professional valuer, to appraise the market value of all the joint venture interests of HHI (including 45% shareholding interest, shareholder's loan and additional investment cost) in Ring Road JV (the "JV Interest") as at 30 June 2007 and to prepare a valuation report, details of which are set out in Appendix I to the Circular. Savills has appraised the market value of the JV Interest as at 30 June 2007 to be RMB1,629.0 million, which is lower than the Consideration of RMB 1,712.55 million. In assessing the fairness and reasonableness of the Consideration, we have reviewed the methodology, bases and assumptions underlying the valuation prepared by Savills.

(c) *Valuation methodology*

We are advised by Savills that there are several conventional capital investment valuation techniques which can be applied to a project such as this one, namely the market approach, cost approach and discounted cash flow analysis. In determining the market value of the JV Interest as at 30 June 2007, Savills has adopted the discounted cash flow method ("DCF Method"). Such method determines the value of a project through calculating the present value of net cash flows expected to be derived from the project based on a series of forecasts of revenue and costs over the operational period. The projected future net cash flows to HHI from the Ring Road JV have been discounted at a rate of approximately 13% per annum based on the well-established capital asset pricing model and with reference to the risk premium applicable to market comparables.

We concur with Savills that the DCF Method is suitable for valuing the Ring Road JV since (i) the DCF Method can accommodate the changes in HHI's future profit entitlements from Ring Road JV; and (ii) although the cost of infrastructure projects at different locations may be similar, the economic benefits that can be derived from such projects can vary significantly due to a number of local economic factors, such as regional GDP growth and traffic flow. Therefore, we regard the valuation methodology adopted by Savills in arriving at its valuation of the Ring Road JV as acceptable and appropriate.

(d) *Bases and assumptions for the valuation*

We are advised by Savills that in valuing the JV Interest, it has taken into account relevant and significant factors, such as the traffic report prepared by Parsons Brinckerhoff (Asia) Ltd dated 16 August 2007, operating and maintenance expenses forecasts and other relevant documents and information provided by HHI. We have reviewed and discussed with Savills the projections of toll revenues, operating costs and maintenance expenses of the Guangzhou East-South-West Ring Road.

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## LETTER FROM SOMERLEY

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HHL Shareholders and HHI Shareholders should be aware that projections of revenue and profits cannot be made with complete accuracy and are dependent on the assumptions made. Based on our review and discussion with the management of the Groups and Savills, we are of the view that the assumptions have been made with due care and the valuation provides a valid benchmark for the HHL Directors and HHI Directors to assess the fairness and reasonableness of the Consideration. We have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal bases and assumptions used in arriving at the valuation.

### 3. Financial effects of the Disposal on the Groups

#### (i) *Earnings and cash flow*

Interests in the Ring Road JV are accounted for in the books of HHI and HHL using the proportionate consolidation method and the equity accounting method respectively. Upon Completion, the Groups will no longer hold any interest in Ring Road JV or share any future earnings or cash flow of the Ring Road JV. There will be an immediate cash inflow upon receipt of the Consideration (after taxation), which is non-recurring in nature.

#### (ii) *Gain on Disposal and effect on net assets*

Based on the carrying value of the interests of the Groups in the Ring Road JV as at 30 June 2007 included in the audited consolidated accounts of the Groups as at 30 June 2007, the HHL Group and the HHI Group would recognise a gain on Disposal (before taxation) of approximately HK\$666 million and approximately HK\$847 million respectively, representing the differences between the Consideration and the respective carrying values. However, as the carrying values of the interests of the Groups in the Ring Road JV as at Completion will be different from the above carrying values (after taking into account various updating including but not limited to the Ring Road JV's loss/profit from 1 July 2007 to the date of Completion and various amortization in the period), the actual gain based on the carrying values as at Completion may be materially different from the figures based on the above calculation. The managements of HHI Group and HHL Group expect the above gain on the Disposal will be reflected in a similar increase in net assets. Apart from that, there will be no material effect on the net asset position of the Groups. Taking into account the net gain on Disposal and the fact that liabilities of the Ring Road JV would no longer be consolidated into the financial statements of HHI upon Completion, both the HHI Board and the HHL Board expect that the Disposal would improve the gearing positions of the Groups.

## DISCUSSION AND ANALYSIS

The Guangzhou East-South-West Ring road is a 38km modern expressway running along the eastern, southern and western fringes of the Guangzhou urban area, operated under a concession period of 30 years from 1 January 2002. The road is operating satisfactorily but made only a small profit of RMB22 million for 2006 and has recently become subject to increased competition from toll free roads running parallel to its

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## LETTER FROM SOMERLEY

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south-east and south-west sections. HHI currently holds a 45% interest (based on its right to share the net cash flow as stated above) in the holding company, the Ring Road JV, but the Ring Road JV is a deemed subsidiary of HHI and HHL as described under the section headed "Introduction" above. Because the purchaser, which is a unit of the Guangzhou municipality, is already a 10% shareholder of the Ring Road JV, the Agreement is considered a connected transaction for HHI and HHL, although in all other ways it appears to us that the Agreement is entirely arms length.

The Consideration will be paid in full in cash at Completion. It represents the full cost of the interest in the Ring Road JV contributed by HHI (before any depreciation charge) and including deemed financing costs. The Consideration compares to a professional valuation by Savills of the JV Interest of RMB1,629.0 million. This is less than the Consideration of RMB1,712.55 million which HHI will receive.

Based on the carrying values of the interests of the Groups in the Ring Road JV as at 30 June 2007 included in the audited consolidated accounts of the Groups for the financial year ended 30 June 2007, the HHL Group and HHI Group are estimated to recognise a gain on Disposal (before taxation) on Completion of approximately HK\$666 million and HK\$847 million respectively. This gain is calculated on the basis set out in the joint letter from HHL Board and HHI Board contained in the Circular and is subject to various adjustments. Nevertheless, it is likely in our view that a reasonable gain will be realised by both HHL Group and HHI Group.

### RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the Transactions are fair and reasonable so far as the HHL Independent Shareholders and the HHI Independent Shareholders are concerned and that the Transactions are in the interests of both HHL and HHI and their respective shareholders as a whole. Accordingly, we advise the HHL Independent Board Committee to recommend the HHL Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting of HHL to approve the Transactions.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**M. N. Sabine**  
*Chairman*

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## APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV

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*The following is the text of a letter, summary of valuation prepared for the purpose of incorporation in this circular received from Savills, an independent valuer, in connection with its valuation as at 30 June 2007 of the HHI's joint venture interest in the Ring Road JV.*



T: (852) 2801 6100

F: (852) 2530 0756

23/F Two Exchange Square  
Central, Hong Kong

EA Licence: C-023750  
savills.com

31 August 2007

To: Hopewell Holdings Limited  
Hopewell Highway Infrastructure Limited

Dear Sirs,

### **VALUATION OF JOINT VENTURE INTEREST OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED IN GUANGZHOU E-S-W RING ROAD COMPANY LIMITED**

In accordance with your instructions, we have undertaken a valuation on behalf of Hopewell Holdings Limited (“HHL”) and Hopewell Highway Infrastructure Limited (“HHI”, and collectively “Hopewell”) to determine the Market Value (as defined below) of the entire interest of HHI (including shareholding interest, shareholder’s loan and additional investment cost) (“Joint Venture Interest”) in Guangzhou E-S-W Ring Road Company Limited (hereinafter referred to as the “Joint Venture Company”) as at 30 June 2007 (the “Valuation Date”).

The Joint Venture Company is established to undertake the construction, operation and management of an expressway running along the eastern, southern and western fringes of the Guangzhou urban areas (“ESW Ring Road”). The operation period is 30 years commencing from 1 January 2002. HHI is entitled to 45% of the net cash flow (that is, gross operating income net of operating expenses and tax) of ESW Ring Road for the initial 10 years of operation and thereafter HHI’s net cash flow entitlement will be reduced to 37.5% for the subsequent 10 years and 32.5% for the remaining years of operation of the entire operation period of the Joint Venture Company. ESW Ring Road has been collecting tolls since June 2000 and was officially opened in January 2002. At the end of the operation period, all fixed assets of the Joint Venture Company will revert to Guangzhou City Tongda

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## **APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV**

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Highway Company Limited, the PRC joint venture partner (“PRC joint venture partner”) without compensation. As stated in the joint venture agreement of the Joint Venture Company, the joint venture partners (except the PRC joint venture partner) are entitled to repayment of registered capital contribution with no specific repayment term. Such repayment of registered capital contribution is also subject to the applicable PRC rules and regulations.

The purpose of this valuation is to express an independent opinion of the Market Value (as defined below) of Joint Venture Interest in the Joint Venture Company as at the Valuation Date for sales and acquisition purpose.

Our valuation is our opinion of the Market Value which is defined as “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

### **VALUATION METHODOLOGY AND BASIS**

The valuation procedures employed include the review of physical and economic conditions of the subject asset and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

In arriving at our assessed value, we have considered three accepted approaches. They are market approach, cost approach and income approach. In this valuation, the market approach is not appropriate as there are insufficient comparable transactions to form a reliable basis for our opinion of value. The cost approach is not appropriate as it ignores the economic benefits of ownership of the business. We have therefore relied solely on the income approach in determining opinion of value.

We have adopted the income approach technique known as discounted cash flow method to assess the Market Value of Joint Venture Interest in the Joint Venture Company. Under the said method, we have discounted the projected cash flow of the Joint Venture Company to present worth based on the traffic report prepared by Parsons Brinckerhoff (Asia) Ltd (“PBA”) dated 16 August 2007, operating and maintenance expenses forecast and other relevant documents and information provided by HHI.

The findings of PBA cover two future forecast scenarios: the “Optimistic” and “Conservative” scenarios. The different scenarios assume different expectations of economic growth over the entire evaluation period. The averages of the “Optimistic” and “Conservative” scenarios are incorporated to arrive at the toll revenues stream for the subject toll roads.

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## APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV

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For the purpose of our valuation, we have derived the future cash flows of the Joint Venture Company based on the available information and presently prevailing operating conditions of the business and by taking into consideration of other pertinent factors which basically include the followings:

- the market and the business risks of the Joint Venture Company;
- the general economic outlook as well as specific investment environment for the business;
- the nature and current financial status of the Joint Venture Company;
- the historical performance of the Joint Venture Company;
- the market expectation and required rate of return for similar business; and
- the assumptions as stated in the Specific and General Assumptions of this report.

When evaluating the appropriate rate for the Joint Venture Company, we have used the Capital Assets Pricing Model (the "CAPM"). Under CAPM, the appropriate expected rate of return is the sum of the risk-free return and the equity risk premium required by investors to compensate for the market risk assumed. In addition, the expected rate of return of the Joint Venture Company is expected to be affected by other firm specific risk factors that are independent of the general market. The discount rate of approximately 13% per annum was determined by the risk-free rate (yield of the exchange fund bonds in Hong Kong), market return, and estimated beta of the Joint Venture Company and firm specific risk factors.

In the disposal of Joint Venture Interest by HHI to the PRC joint venture partner, the consideration has included the registered capital, the shareholder's loan and the additional investment cost, being the disbursement for pre-project cost. Therefore, our valuation included such reimbursement of additional investment cost of HHI.

A sensitivity analysis was prepared based on discount rates ranging from 12% to 14% per annum and based on different future forecast scenarios. The sensitivity results of the Joint Venture Company fall in the range of RMB1,401 million to RMB 1,908 million.

Scenarios	Discount Rate/ Results		
	<i>(RMB million)</i>		
	12%	13%	14%
Optimistic	1,908	1,757	1,627
Average	1,763	1,629	1,514
Conservative	1,618	1,501	1,401



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## **APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV**

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We have been provided with extracts of copies of relevant documents and financial information relating to the Joint Venture Company. We have relied upon the aforesaid information in forming our opinion of the Market Value. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have no reason to doubt the truth and accuracy of the said information which is material to the valuation. We have also been advised by Hopewell that no material facts have been omitted from the information provided. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

While we have exercised our professional knowledge and cautions in adopting assumptions and other relevant key factors in our valuation, those factors and assumptions are still vulnerable to the change of the business, economic environment, competitive uncertainties or any other abrupt alternations of external factors.

On-site inspections were taken, and the properties and works were found to be in a condition that can perform the required purpose. We did not carry out any structural survey or on-site measurements. We are not able to report that the relevant properties are free from rot, infestation or any other structural defect.

### **SPECIFIC ASSUMPTIONS**

In the course of valuation, the following specific assumptions and caveats have been made. We have based on the followings to conclude the Market Value of Joint Venture Interest of HHI in the Joint Venture Company.

- We have assumed that the future operating expenditure will be in accordance with the capital expenditure, operating and maintenance expenses projection provided by Hopewell;
- We have assumed that the projected business can be achieved with the effort of the management of the Joint Venture Company;
- We have assumed that the accuracy of financial and operational information provided to us by Hopewell and relied to a considerable extent on such information in arriving at our opinion of value; and
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

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## **APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV**

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### **GENERAL ASSUMPTIONS**

Notwithstanding the incorporation of foreseeable changes in our valuation, a number of assumptions have been made in the preparation of the reported assessed figures. The assumptions are:

- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;
- There will be no major changes in the current taxation law in the areas in which the Joint Venture Company carries on its business, that the rate of tax payable remains unchanged and that all applicable laws and regulations will be complied with;
- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;
- The Joint Venture Company will retain their key management and technical personnel to maintain their ongoing operations;
- There will be no major business disruptions through international crisis, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;
- The Joint Venture Company will remain free from claims and litigation against the business or its customers that will have a material impact on value;
- The Joint Venture Company is unaffected by any statutory notice and the operation of the business gives, or will give, no rise to a contravention of any statutory requirements;
- The business is not subject to any unusual or onerous restrictions or encumbrances; and
- The potential bad debt of the Joint Venture Company will not materially affect their business operations.

### **LIMITING CONDITIONS**

We have to a considerable extent relied on the financial data and other related information provided by Hopewell. We are not in a position to comment on the lawfulness of the business.

In accordance with our standard practice, we must state that this report and valuation is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

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## APPENDIX I VALUATION REPORT ON HHI'S INTEREST IN RING ROAD JV

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### MANAGEMENT CONFIRMATION OF FACTS

A draft of this report and our calculation has been sent to management of Hopewell. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

### REMARKS

Unless otherwise stated, all money amounts are stated in Renminbi.

We hereby confirm that we have neither present nor prospective interests in HHL, HHI and their respective holding companies, subsidiaries and associated companies, the Joint Venture Company and its subsidiaries, or the value reported herein.

The conclusion of value is based on accepted valuation procedures and practices that rely on substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Hopewell, the Joint Venture Company and us.

### OPINION OF THE VALUE

Based on the investigation and analysis stated above and on the method employed, we are of the opinion that the Market Value of the Joint Venture Interest of HHI in the Joint Venture Company as at 30 June 2007 was reasonably stated by the amount of RMB1,629,000,000 (RENMINBI ONE BILLION AND SIX HUNDRED TWENTY-NINE MILLION).

Yours faithfully

For and on behalf of

**Savills Valuation and Professional Services Limited**

**Charles C K Chan**

MSc FRICS FHKIS MCIArb RPS (GP)

*Managing Director*

**Sam K S Lo**

BBA CFA CPA

*Associate Director*

*Note:* Mr. Charles Chan is a Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCIArb, RPS(GP), has been a qualified valuer and has about 22 years' experience in the valuation of properties in Hong Kong and has extensive experience in valuation of infrastructure projects in Hong Kong and the PRC.

Mr. Sam Lo is a Chartered Financial Analyst and Certified Public Accountant who has assisted Mr. Charles Chan in valuation of infrastructure projects in Hong Kong and the PRC.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the HHL Group. The HHL Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date, the interests and short positions of the HHL Directors and chief executives of HHL in the shares, underlying shares and debentures of HHL or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to HHL and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by HHL referred to therein, or which were required to be notified to HHL and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Beneficial interests and short positions in the HHL Shares and underlying shares of equity derivatives of HHL<sup>(i)</sup>

HHL Directors	HHL Shares				Underlying shares of equity derivatives (i.e. share option) <sup>(iv)</sup>	Awarded shares <sup>(v)</sup>	Total interests	Total interests as approximate percentage of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(ii)</sup> (interests of controlled corporation)	Other interests <sup>(iii)</sup>				
Gordon Ying Sheung WU	74,683,032	21,910,000 <sup>(vi)</sup>	111,250,000 <sup>(vii)</sup>	30,680,000	—	—	238,523,032 <sup>(x)</sup>	26.52%
Eddie Ping Chang HO	25,023,462	1,365,538	2,050,000	—	—	—	28,439,000	3.16%
Thomas Jefferson WU	27,840,000	—	820,000	—	—	—	28,660,000	3.19%
Josiah Chin Lai KWOK	1,095,000	—	—	—	—	180,000	1,275,000	0.14%
Henry Hin Moh LEE	5,104,322	—	—	—	—	—	5,104,322	0.57%
Robert Van Jin NIEN	756,000	—	—	—	—	72,000	828,000	0.09%
Guy Man Guy WU	2,645,650	—	—	—	—	—	2,645,650	0.29%
Ivy Sau Ping KWOK WU	21,910,000	124,743,032 <sup>(viii)</sup>	61,190,000 <sup>(ix)</sup>	30,680,000	—	—	238,523,032 <sup>(x)</sup>	26.52%
Linda Lai Chuen LOKE	—	1,308,981	—	—	—	—	1,308,981	0.15%
David Yau-gay LUI	8,537	—	—	—	—	—	8,537	0.00%
Albert Kam Yin YEUNG	330,000	—	—	—	—	120,000	450,000	0.05%
Andy Lee Ming CHEUNG	326,000	—	—	—	—	72,000	398,000	0.04%
Eddie Wing Chuen HO Junior	536,000	—	—	—	—	72,000	608,000	0.07%
Lee Yick NAM	90,000	—	—	—	—	—	90,000	0.01%
Barry Chung Tat MOK	200,000	—	—	—	2,000,000	100,000	2,300,000	0.26%
William Wing Lam WONG	50,000	—	—	—	288,000	100,000	438,000	0.05%

*Notes:*

- (i) All interests in the HHL Shares and underlying shares of equity derivatives of HHL were long positions. None of the HHL Directors or chief executives of HHL held any short position in the HHL Shares and underlying shares of equity derivatives of HHL.
- (ii) The corporate interests were beneficially owned by a company in which the relevant HHL Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests of 30,680,000 HHL Shares represented the interests held by Sir Gordon Ying Sheung WU (“Sir Gordon WU”) jointly with his wife Lady Ivy Sau Ping KWOK WU (“Lady Ivy WU”).
- (iv) The interests in underlying shares of equity derivatives represented interests of options granted to HHL Directors under the share option scheme of HHL adopted on 1 November 2003 to subscribe for HHL Shares, further details of which are set out below:

HHL Directors	Date of grant	Exercise price HK\$	Outstanding options	Exercise period
Barry Chung Tat MOK	02/09/2005	19.94	2,000,000	02/03/2006 — 01/03/2009
William Wing Lam WONG	10/10/2006	22.44	288,000	20%*: 01/11/2007 — 31/10/2008 40%*: 01/11/2008 — 31/10/2009 60%*: 01/11/2009 — 31/10/2010 80%*: 01/11/2010 — 31/10/2011 100%*: 01/11/2011 — 31/10/2013

\* including those not previously exercised.

- (v) The interests in awarded shares represented interests of awarded shares granted to HHL Directors under the HHL Employees’ Share Award Scheme adopted on 25 January 2007 but not yet vested, details of which are set out below:

HHL Directors	Date of award	No. of awarded shares	Vesting date
Josiah Chin Lai KWOK	25/01/2007	90,000	25/01/2008
		90,000	25/01/2009
Robert Van Jin NIEN	25/01/2007	36,000	25/01/2008
		36,000	25/01/2009
Albert Kam Yin YEUNG	25/01/2007	60,000	25/01/2008
		60,000	25/01/2009
Andy Lee Ming CHEUNG	25/01/2007	36,000	25/01/2008
		36,000	25/01/2009
Eddie Wing Chuen HO Junior	25/01/2007	36,000	25/01/2008
		36,000	25/01/2009
Barry Chung Tat MOK	25/01/2007	50,000	25/01/2008
		50,000	25/01/2009
William Wing Lam WONG	25/01/2007	50,000	25/01/2008
		50,000	25/01/2009

- (vi) The family interests of 21,910,000 HHL Shares represented the interests of Lady Ivy WU.

- (vii) The corporate interests of 111,250,000 HHL Shares held by Sir Gordon WU included the interests in 61,190,000 HHL Shares referred to in Note (ix).
  - (viii) The family interests of 124,743,032 HHL Shares represented the interests of Sir Gordon WU, the husband of Lady Ivy WU. This figure included 50,060,000 HHL Shares held by Sir Gordon WU through corporations.
  - (ix) The corporate interests in 61,190,000 HHL Shares were held through corporations owned by Sir Gordon WU and Lady Ivy Wu as to 50% each.
  - (x) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.
- (ii) Beneficial interests and short positions in the shares of associated corporations
- (A) The following were the interests of HHL Directors in HHI Shares:

HHL Directors	HHI Shares				Total interests as approximate percentage of shares in issue as at the Latest Practicable Date	
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(i)</sup> (interests of controlled corporation)	Other interests	Total interests	at the Latest Practicable Date
Gordon Ying Sheung WU	6,249,402	2,491,000 <sup>(ii)</sup>	10,124,999 <sup>(iii)</sup>	3,068,000 <sup>(iv)</sup>	21,933,401 <sup>(viii)</sup>	0.74%
Eddie Ping Chang HO	1,824,046	136,554	205,000	—	2,165,600	0.07%
Thomas Jefferson WU	5,657,000	—	82,000	—	5,739,000	0.19%
Henry Hin Moh LEE	279,530	—	—	—	279,530	0.01%
Robert Van Jin NIEN	60,000	—	—	—	60,000	0.00%
Ivy Sau Ping KWOK WU	2,491,000 <sup>(v)</sup>	10,255,402 <sup>(vi)</sup>	6,118,999 <sup>(vii)</sup>	3,068,000 <sup>(iv)</sup>	21,933,401 <sup>(viii)</sup>	0.74%
David Yau-gay LUI	853	—	—	—	853	0.00%

*Notes:*

- (i) These HHI Shares were beneficially owned by a company in which the relevant HHL Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (ii) The interests in 2,491,000 HHI Shares were interests held by Lady Ivy WU, the wife of Sir Gordon WU.
- (iii) The corporate interests in 10,124,999 HHI Shares held by Sir Gordon WU included the corporate interests in 6,118,999 HHI Shares referred to in Note (vii).
- (iv) The other interests in 3,068,000 HHI Shares represented the interests held jointly by Sir Gordon WU and Lady Ivy WU.
- (v) The interests in 2,491,000 HHI Shares were personal interests beneficially owned by Lady Ivy WU and represented the same block of shares in Note (ii).

- (vi) The family interests in 10,255,402 HHI Shares represented the interests of Sir Gordon WU. This figure included 4,006,000 HHI Shares held by Sir Gordon WU through corporations.
- (vii) The corporate interests in 6,118,999 HHI Shares were held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (viii) Sir Gordon WU and Lady Ivy WU were deemed under the SFO to have same interests with each other.

(B) HCNH Insurance Brokers Limited (“HCNH”)

Mr. Eddie Ping Chang HO together with his associate beneficially owned 600,000 ordinary shares of HCNH, an associated corporation of HHL, representing 50% of its issued share capital, through Hong Kong Insurance Agency Limited which was 100% owned by him together with his associate.

All the above interests in the shares of associated corporations of HHL were long positions.

- (b) As at the Latest Practicable Date, save as disclosed above, so far as was known to any HHL Director or chief executive of HHL, no person, other than Directors and chief executives of HHL, had an interest or short position in the HHL Shares or underlying shares of HHL which would fall to be disclosed to HHL under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS’ INTERESTS IN CONTRACTS**

- (a) As at the Latest Practicable Date, none of the HHL Directors had entered, or proposed to enter into a service contract with any member of the HHL Group which is not determinable by the HHL Group within one year without payment of compensation, other than statutory compensation.
- (b) Mr. Carmelo Ka Sze LEE, a non-executive HHL Director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers on Hong Kong law to HHL in relation to the Disposal, which firm will receive normal professional fees in connection with the Disposal.
- (c) Save as disclosed herein, as at the Latest Practicable Date, none of the HHL Directors had any direct or indirect interest in any assets which had been, since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHL were made up), acquired or disposed of by, or leased to HHL or any member of the HHL Group, or were proposed to be acquired or disposed of by, or leased to, any member of the HHL Group.
- (d) Save as disclosed herein, as at the Latest Practicable Date, none of the HHL Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the HHL Group.

**4. MATERIAL ADVERSE CHANGE**

The HHL Directors are not aware of any material adverse changes in the financial or trading position of the HHL Group since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHL were made up).

**5. EXPERT**

- (a) The following are the qualifications of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Somerley	a corporation licensed to carry out type 1 (dealings in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Savills	property valuers and business valuers

- (b) (i) Neither Somerley nor Savills has any shareholding in any member of the HHL Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the HHL Group.
- (ii) Neither Somerley nor Savills has any direct or indirect interest in any assets which have been since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHL were made up) acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the HHL Group.
- (iii) Each of Somerley and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated 31 August 2007 and the references to its name, in the form and context in which they respectively appear.

**6. LITIGATION**

So far as the HHL Directors are aware, neither HHL nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against HHL or any of its subsidiaries as at the Latest Practicable Date.



**7. COMPETING INTERESTS**

As at the Latest Practicable Date, in so far as the HHL Directors are aware, none of the HHL Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the HHL Group.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Woo, Kwan, Lee & Lo, 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours on any business day up to and including 14 September 2007:

- (a) the Agreement;
- (b) the letter from Somerley, the text of which is set out in this circular;
- (c) the valuation report on HHI's interest in Ring Road JV prepared by Savills, the text of which is set out in appendix I to this circular; and
- (d) the written consents referred to in the paragraph headed "Expert" of this appendix.

**9. MISCELLANEOUS**

- (a) The registered office of HHL is at 64th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (b) The Company Secretary of HHL is Mr. Peter Yip Wah LEE, a solicitor of the High Court of Hong Kong.
- (c) The qualified accountant of HHL is Mr. Nicholas Tai Keung MAY, a CPA of CPA Australia and a CPA of the Hong Kong Institute of Certified Public Accountants.
- (d) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the HHI Group. The HHI Directors collectively and individually accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date, the interests and short positions of the HHI Directors and chief executives of HHI in the shares, underlying shares and debentures of HHI or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to HHI and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by HHI referred to therein, or which were required to be notified to HHI and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Beneficial interests and short positions in HHI Shares and the underlying shares of equity derivatives of HHI <sup>(i)</sup>

HHI Directors	HHI Shares				Underlying shares of equity derivatives (i.e. share option) <sup>(iv)</sup>	Awarded shares <sup>(v)</sup>	Total interests	Total interests as approximate percentage of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(ii)</sup> (interests of controlled corporation)	Other interests				
Gordon Ying Sheung WU	6,249,402	2,491,000	10,124,999	3,068,000 <sup>(iii)</sup>	—	—	21,933,401	0.74%
Eddie Ping Chang HO	1,824,046	136,554	205,000	—	—	—	2,165,600	0.07%
Thomas Jefferson WU	5,657,000	—	82,000	—	—	—	5,739,000	0.19%
Alan Chi Hung CHAN	140,000	—	—	—	—	280,000	420,000	0.01%
Leo Kwok Kee LEUNG	100,000	—	—	—	—	200,000	300,000	0.01%
Cheng Hui JIA	100,000	—	—	—	—	200,000	300,000	0.01%
Kojiro NAKAHARA	1,067	—	—	—	—	—	1,067	0.00%

Notes:

- (i) All interests in the HHI Shares and underlying shares of equity derivatives of HHI were long positions. None of the HHI Directors or chief executives of HHI held any short position in the HHI Shares and underlying shares of equity derivatives of HHI.
- (ii) The corporate interests were beneficially owned by a company in which the relevant HHI Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests of 30,680,000 HHI Shares represented the interests held by Sir Gordon WU jointly with Lady Ivy WU.

- (iv) Interests in underlying shares of equity derivatives represented interests of options granted to HHI Directors under the share option scheme of HHI adopted on 16 July 2003 to subscribe for HHI Shares.
- (v) The interests in awarded shares represented interests of awarded shares granted to HHI Directors under the HHI Employees' Share Award Scheme adopted on 25 January 2007 but not yet vested, details of which are set out below:

HHI Directors	Date of award	No. of awarded shares	Vesting date
Alan Chi Hung CHAN	25/01/2007	140,000	25/01/2008
		140,000	25/01/2009
Leo Kwok Kee LEUNG	25/01/2007	100,000	25/01/2008
		100,000	25/01/2009
Cheng Hui JIA	25/01/2007	100,000	25/01/2008
		100,000	25/01/2009

- (ii) Beneficial interests and short positions in the shares of associated corporations  
— HHL

HHI Directors	HHL Shares				Underlying shares of equity derivatives (i.e. share option) <sup>(iii)</sup>	Awarded shares <sup>(iv)</sup>	Total interests	Total interests as approximate percentage of shares in issue as at the Latest Practicable Date
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests <sup>(i)</sup> (interests of controlled corporation)	Other interests <sup>(ii)</sup>				
Gordon Ying Sheung WU	74,683,032	21,910,000 <sup>(v)</sup>	111,250,000 <sup>(vi)</sup>	30,680,000	—	—	238,523,032	26.52%
Eddie Ping Chang HO	25,023,462	1,365,538	2,050,000	—	—	—	28,439,000	3.16%
Thomas Jefferson WU	27,840,000	—	820,000	—	—	—	28,660,000	3.19%
Alan Chi Hung CHAN	585,000	—	—	—	—	—	585,000	0.07%
Lee Yick NAM	90,000	—	—	—	—	—	90,000	0.01%
Kojiro NAKAHARA	10,671	—	—	—	—	—	10,671	0.00%
Cheng Hui JIA	241,000	—	—	—	—	—	241,000	0.03%
Barry Chung Tat MOK	200,000	—	—	—	2,000,000	100,000	2,300,000	0.26%

*Notes:*

- (i) The corporate interests were beneficially owned by a company in which the relevant HHI Director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (ii) The other interests of 30,680,000 HHL Shares represented the interests held by Sir Gordon WU jointly with Lady Ivy WU.
- (iii) The interests in underlying shares of equity derivatives represented interests of options granted to HHI Directors under the share option scheme of HHL adopted on 1 November 2003 to subscribe for HHL Shares, further details of which are set out below:

HHI Director	Date of grant	Exercise price HK\$	Outstanding options	Exercise period
Barry Chung Tat MOK	02/09/2005	19.94	2,000,000	02/03/2006 — 01/03/2009

- (iv) The interests in awarded shares represented interests of awarded shares granted to HHI Directors under the HHL Employees' Share Award Scheme adopted on 25 January 2007 but not yet vested, details of which are set out below:

<b>HHI Directors</b>	<b>Date of award</b>	<b>No. of awarded shares</b>	<b>Vesting date</b>
Barry Chung Tat MOK	25/01/2007	50,000	25/01/2008
		50,000	25/01/2009

- (v) The family interests of 21,910,000 HHL Shares represented the interests of Lady Ivy WU.
- (vi) The corporate interests of 111,250,000 HHL Shares held by Sir Gordon WU included the interests in 61,190,000 HHL Shares held through corporations owned by Sir Gordon WU and Lady Ivy WU as to 50% each.
- (vii) Certain HHI Directors held shares in certain subsidiaries of HHL as nominees for their holding companies.

- (b) As at the Latest Practicable Date, so far as was known to the HHI Directors, the interest of the HHI Shareholders in the HHI Shares and underlying shares of HHI which were notified to HHI and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

<b>Name</b>	<b>Capacity</b>	<b>No. of HHI Shares (corporate interests)</b>	<b>Approximate percentage of shares to total issued share capital as at the Latest Practicable Date</b>
Anber Investments Limited	Beneficial owner	2,160,000,000 <sup>(i)</sup>	72.719%
Delta Roads Limited	Interests of Controlled Corporation	2,160,000,000 <sup>(i)</sup>	72.719%
Dover Hills Investments Limited	Interests of Controlled Corporation	2,160,000,000 <sup>(i)</sup>	72.719%
Supreme Choice Investments Limited	Interests of Controlled Corporation	2,160,000,000 <sup>(i)</sup>	72.719%
HHL	Interests of Controlled Corporation and Beneficial owner <sup>(ii)</sup>	2,161,391,000 <sup>(ii)</sup>	72.766%

*Notes:*

- (i) The 2,160,000,000 shares were held by Anber Investments Limited ("Anber"), a wholly-owned subsidiary of Delta Roads Limited ("Delta") which was wholly-owned by Dover Hills Investments Limited ("Dover"). Dover was in turn 100% owned by Supreme Choice Investments Limited ("Supreme"), a wholly-owned subsidiary of HHL. The interests of Anber, Delta, Dover, Supreme and HHL in 2,160,000,000 shares were long positions, represented the same block of shares and were deemed under the SFO to have same interests with each other.

- (ii) 1,391,000 shares were held as beneficial owner and the remaining 2,160,000,000 shares were held through interests of controlled corporations referred to in Note (i).
- (c) As at the Latest Practicable Date, save as disclosed above, so far as was known to any HHI Director or chief executive of HHI, no person, other than Directors and chief executives of HHI, had an interest or short position in the HHI Shares or underlying shares of HHI which would fall to be disclosed to HHI under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' INTERESTS IN CONTRACTS**

- (a) As at the Latest Practicable Date, none of the HHI Directors had entered, or proposed to enter into a service contract with any member of the HHI Group which is not determinable by the HHI Group within one year without payment of compensation, other than statutory compensation.
- (b) Save as disclosed herein, as at the Latest Practicable Date, none of the HHI Directors had any direct or indirect interest in any assets which had been, since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHI were made up), acquired or disposed of by, or leased to HHI or any member of the HHI Group, or were proposed to be acquired or disposed of by, or leased to, any member of the HHI Group.
- (c) Save as disclosed herein, as at the Latest Practicable Date, none of the HHI Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the HHI Group.

### **4. MATERIAL ADVERSE CHANGE**

The HHI Directors are not aware of any material adverse changes in the financial or trading position of the HHI Group since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHI were made up).

### **5. EXPERT**

- (a) The following are the qualifications of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Somerley	A corporation licensed to carry out type 1 (dealings in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Savills	property valuers and business valuers

- (b) (i) Neither Somerley nor Savills has any shareholding in any member of the HHI Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the HHI Group.
- (ii) Neither Somerley nor Savills has any direct or indirect interest in any assets which have been since 30 June 2007 (being the date to which the latest published audited consolidated accounts of HHI were made up) acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the HHI Group.
- (iii) Each of Somerley and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated 31 August 2007 and the references to its name, in the form and context in which they respectively appear.

## **6. LITIGATION**

So far as the HHI Directors are aware, neither HHI nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against HHI or any of its subsidiaries as at the Latest Practicable Date.

## **7. COMPETING INTEREST**

As at the Latest Practicable Date, in so far as the HHI Directors are aware, none of the HHI Directors or their respective associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the business of the HHI Group.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Woo, Kwan, Lee & Lo, 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours on any business day up to and including 14 September 2007:

- (a) the Agreement;
- (b) the letter from Somerley, the text of which is set out in this circular;
- (c) the valuation report on HHI's interest in Ring Road JV prepared by Savills, the text of which is set out in appendix I to this circular; and
- (d) the written consents referred to in the paragraph headed "Expert" of this appendix.

**9. MISCELLANEOUS**

- (a) The registered office of HHI is at P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The head office and principal place of business of HHI is at Room 64-02, 64th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (b) The Company Secretary of HHI is Mr. Peter Yip Wah LEE, a solicitor of the High Court of Hong Kong.
- (c) The qualified accountant of HHI is Mr. Kenneth Kwok Keung LEUNG, a CPA of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (d) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

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## APPENDIX IV DETAILS OF DIRECTORS OF HHL PROPOSED FOR RE-ELECTION

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The biographical details of the two Directors proposed to be re-elected at the Extraordinary General Meeting of the Company are set out as follows:

### **Mr. William Wing Lam WONG**

Aged 50, he has a Bachelor Degree in Land Economy from Aberdeen University, United Kingdom and is a Registered Professional Surveyor. He has over 20 years of experience in property and land matters. Mr. WONG has been an Associate Director of HHL since May 2005 responsible for property sales and leasing and is currently a director of certain members of the Group. Mr. WONG has been appointed an Executive Director of HHL on 18 January 2007. Prior to joining HHL, he was a Director of Savills (Hong Kong) Limited, an international property consultants firm.

Save as disclosed above, Mr. WONG has not held any directorship in any public listed companies during the three years preceding the Latest Practicable Date. He does not have any relationship with any HHL Directors, senior management, substantial shareholders or controlling shareholders of HHL.

As at the Latest Practicable Date, Mr. WONG's interests in shares of HHL within the meaning of Part XV of the SFO are more particularly disclosed in Appendix II.

Mr. WONG has no specific term of service with HHL, but he is subject to retirement and re-election at the annual general meetings and vacation of office in accordance with the Articles of Association of HHL. His Director's fee is to be determined by shareholders at annual general meetings of HHL and his other emoluments are to be determined by the HHL Board with reference to the prevailing market practice, HHL's remuneration policy and his duties and responsibilities within the Group. For the year ended 30 June 2007, he received a Director's fee of HK\$89,863.01, other Director's emoluments of HK\$799,800 and the award of a total of 150,000 shares under the HHL Employees' Share Award Scheme adopted on 25 January 2007 of which 50,000 shares were vested during the year ended 30 June 2007.

Save as disclosed above, there are no other matters in relation to the election of Mr. WONG as a director of HHL that need to be brought to the attention of the HHL Shareholders and there is no information required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

### **Mr. Yuk Keung IP**

Aged 55, he holds a Master of Science Degree in Accounting and Finance from Carnegie-Mellon University, Master of Science Degree in Applied Mathematics from Cornell University and Bachelor of Science Degree (Summa Cum Laude) in Applied Mathematics and Computer Science in Washington University, St. Louis. He has 29 years of banking experience in New York, San Francisco and Hong Kong, mostly with Citigroup. Mr. IP retired from Citigroup in June 2007 after holding various senior positions in wealth



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## APPENDIX IV DETAILS OF DIRECTORS OF HHL PROPOSED FOR RE-ELECTION

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management, transaction services, corporate banking, financial institutions, global relationship banking and real estate finance. Mr. IP has been appointed as an Independent Non-Executive Director and a member of the Audit Committee of HHL and HHI respectively on 13 August 2007.

Save as disclosed above, Mr. IP has not held any directorship in any listed public companies in the last three years or any positions with HHL group and HHI group. Mr. IP does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of HHL and HHI.

As at the Latest Practicable Date, Mr. IP does not have any beneficial interest or short position in shares of HHL and HHI within the meaning of Part XV of the SFO.

Mr. IP's term of service with HHL and HHI is up to 12th August, 2010 but he is subject to retirement by rotation and re-election at the annual general meetings and vacation of office in accordance with the provisions of the Articles of Association of HHL and HHI respectively. Mr. IP will receive a Director's fee from HHL and HHI which will be determined by the shareholders of HHL and HHI at their respective annual general meetings with reference to the prevailing market practice, the remuneration policies of HHL and HHI and his duties and responsibilities within HHL and HHI. The Director's fee receivable by Mr. IP since his appointment as HHL Director and HHI Director will be determined by the forthcoming annual general meeting of HHL and HHI respectively.

Save as disclosed above, there are no other matters in relation to the election of Mr. IP as a director of HHL that need to be brought to the attention of the HHL Shareholders and there is no information required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.



**HOPEWELL HOLDINGS LIMITED**

**合和實業有限公司**

*(Incorporated in Hong Kong with limited liability)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the shareholders of HOPEWELL HOLDINGS LIMITED (the “Company”) will be held at King Palace Chinese Restaurant, 8th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong on Monday, 17 September 2007 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

**ORDINARY RESOLUTION**

**“THAT**

- (a) the agreement dated 9 August 2007 (the “Agreement”, a copy of which has been produced at this meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between Hopewell Guangzhou Ring Road Limited (“HHI Ring Road Co”) and Guangzhou City Tongda Highway Company Limited (“Ring Road PRC Partner”) in relation to the disposal of the entire interest of HHI Ring Road Co in Guangzhou E-S-W Ring Road Company Limited (the “Ring Road JV”) and other rights, duties and obligations of HHI Ring Road Co in the Guangzhou East-South-West Ring Road project (the “Ring Road Project”) and all transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
- (b) the taking of all steps and doing of all things and execution of all documents by the Company, Hopewell Highway Infrastructure Limited, HHI Ring Road Co, the Ring Road JV or their respective subsidiaries and associated companies, including but not limited to:
  - (i) any agreement in relation to the cancellation of and/or amendment to the Ring Road JV joint venture agreement and its articles between HHI Ring Road Co, Ring Road PRC Partner and CKI Guangzhou Ring Roads Limited;
  - (ii) mutual termination and release of obligations and liabilities between the joint venture partners of the Ring Road JV under agreements previously entered into between the parties in respect of or relating to the Ring Road JV and/or the Ring Road Project; and
  - (iii) such other documents ancillary or incidental to the implementation of the Agreement,

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## NOTICE OF EXTRAORDINARY GENERAL MEETING OF HHL

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to implement, give effect or to complete the Agreement and the transactions contemplated thereby, and the making and giving of and agreeing to such variations, amendments, modifications, waivers or extensions of the terms of the Agreement and the transactions contemplated thereby, as the directors of the Company may consider to be necessary, desirable, appropriate or expedient, be and are hereby approved.”

2. (a) “THAT Mr. William Wing Lam WONG be and is hereby re-elected as a director of the Company.”
- (b) “THAT Mr. Yuk Keung IP be and is hereby re-elected as a director of the Company.”

By Order of the Board  
**Hopewell Holdings Limited**  
**Peter Yip Wah LEE**  
*Company Secretary*

Hong Kong, 31 August 2007

*Registered Office:*

64th Floor, Hopewell Centre  
183 Queen’s Road East  
Hong Kong

**Notes:**

1. The ordinary resolutions to be considered at the meeting will be decided by poll. On voting by poll, each shareholder of the Company shall have one vote for each share held in the Company.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
3. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share, shall alone be entitled to vote in respect thereof.
4. A form of proxy for use at the meeting is enclosed with the circular to shareholders of the Company.
5. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or

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## NOTICE OF EXTRAORDINARY GENERAL MEETING OF HHL

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authority, must be deposited at the registered office of the Company, at 64th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or adjourned meeting and in such event, the instrument appointing a proxy shall be deemed revoked.

6. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
  
7. As at the date hereof, the board of directors of the Company comprises eleven Executive Directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman and Managing Director), Mr. Thomas Jefferson WU (Co-Managing Director), Mr. Josiah Chin Lai KWOK (Deputy Managing Director), Mr. Robert Van Jin NIEN, Mr. Albert Kam Yin YEUNG, Mr. David Yau-gay LUI, Mr. Andy Lee Ming CHEUNG, Mr. Eddie Wing Chuen HO Junior, Mr. Barry Chung Tat MOK and Mr. William Wing Lam WONG; three Non-Executive Directors namely, Mr. Henry Hin Moh LEE, Lady Ivy Sau Ping KWOK WU and Mr. Carmelo Ka Sze LEE and four Independent Non-Executive Directors namely, Mr. Lee Yick NAM, Ms. Linda Lai Chuen LOKE, Mr. Guy Man Guy WU and Mr. Yuk Keung IP.