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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

On 9 August 2007, HHI Ring Road Co (a wholly-owned subsidiary of HHI) 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) for a consideration of RMB1,712.55 million.

The Disposal constitutes a discloseable and connected transaction of HHL and HHI under the Listing Rules. A circular containing, among other things, further information on the Disposal will be despatched by each of HHL and HHI to its shareholders as soon as practicable.

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 unaudited net book values of the interests of the HHL Group and the HHI Group (before the repayment of the shareholder's loan during January to June 2007) in the Ring Road JV, including the additional investment cost as at 31 December 2006 (comprised in the unaudited consolidated accounts of the HHL Group (based on HK GAAP) and the HHI Group (based on IFRS) for the six months ended 31 December 2006 respectively) were approximately HK\$1,859 million and HK\$1,677 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. A straight line depreciation policy has been adopted under PRC GAAP, whilst under HK GAAP and IFRS, depreciation is provided based on actual traffic volume compared to total expected traffic volume over the remaining period. Interest in the Ring Road JV is accounted for in the books of HHI and HHL using proportionate consolidation method and equity accounting method respectively.

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 execution 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.

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.

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 date of this announcement:

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

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 RMB 3,100 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%

Under the Ring Road JV contract, 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:

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

REASONS FOR AND BENEFITS OF THE AGREEMENT

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 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, 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 31 December 2006 comprised in the unaudited consolidated accounts of the Groups for the six months ended 31 December 2006 and after taking into account the principal amount of shareholder's loan in the sum of approximately HK\$711 million repaid by the Ring Road JV to the Groups during the period from January to June 2007 (the "Adjusted Carrying Values"), the HHL Group and the HHI Group would recognise a gain on disposal (before taxation) of approximately HK\$621million and approximately HK\$803 million respectively, representing the differences between the consideration and the respective Adjusted 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 Adjusted Carrying Values (after taking into account various updating including but not limited to the Ring Road JV's loss/profit from January to June 2007 and various amortisation 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.

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. The independent non-executive directors of each of HHL and HHI will render their views after receipt of the letter of the independent financial adviser.

DISCLOSEABLE AND CONNECTED TRANSACTION

The Disposal (together with the execution 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 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 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. The Ring Road PRC Partner has confirmed to HHI that neither it nor any of its associates holds any shares in HHL or HHI, with "associates" (as defined in the Listing Rules) being confined to those companies which are associates of the Ring Road PRC Partner by reason only of Guangzhou Construction Commission's interest in such company. Therefore, as far as HHI is aware, 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.

A circular containing, among other things, further information on the Disposal (together with the execution of the Ancillary Documents) will be despatched by each of HHL and HHI to its shareholders as soon as practicable.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

"Agreement"	the conditional 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 execution 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
“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 Group”	HHI and its subsidiaries
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK GAAP”	generally accepted accounting principles in Hong Kong
“IFRS”	International Financial Reporting Standards promulgated by the International Accounting Standards Board. IFRS includes International Accounting Standards and interpretations
“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”	People’s Republic of China
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$”

United States dollars, the lawful currency of the United States of America

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

By Order of the Board
Hopewell Highway Infrastructure Limited
Peter Yip Wah LEE
Company Secretary

Hong Kong, 9 August 2007

** For identification only*

As at the date of this announcement, the board of directors of HHL 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 three independent non-executive Directors namely, Mr. Guy Man Guy WU, Ms. Linda Lai Chuen LOKE and Mr. Lee Yick NAM.

As at the date of this announcement, the board of directors of HHI comprises eight executive directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman), Mr. Thomas Jefferson WU (Managing Director), Mr. Alan Chi Hung CHAN (Deputy Managing Director), Mr. Leo Kwok Kee LEUNG, Mr. Lijia HUANG, Mr. Cheng Hui JIA and Mr. Barry Chung Tat MOK, and four independent non-executive directors namely, Mr. Philip Tsung Cheng FEI, Mr. Lee Yick NAM, Mr. Kojiro NAKAHARA and Dr. Gordon YEN.