HOPEWELL HOLDINGS LIMITED

Stock Code: 54

2016/17 ANNUAL REPORT

Hopewell Holdings Limited, a Hong Kong-based group listed on the Stock Exchange since 1972 (stock code: 54). The Group has continuously grown and become one of the leading business conglomerates in Hong Kong.

The Group is actively engaged in property development and investment, highway infrastructure, power, hotel & hospitality and other businesses. While achieving substantial long term growth, the Group recognises the vital importance of promoting sustainable development. It devotes significant resources to enhance corporate governance, promote environmental protection, make community investment, instill best workplace practices and engage stakeholders.

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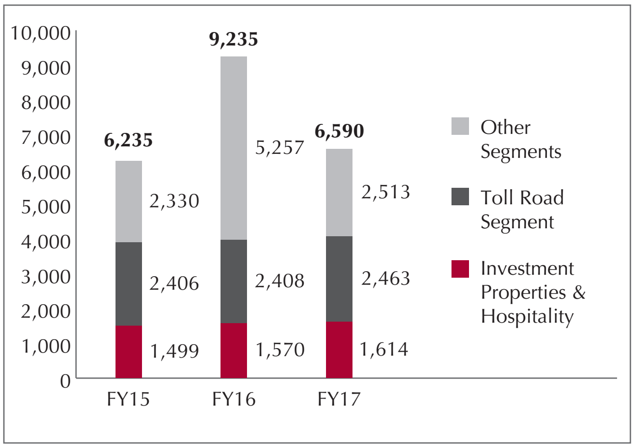
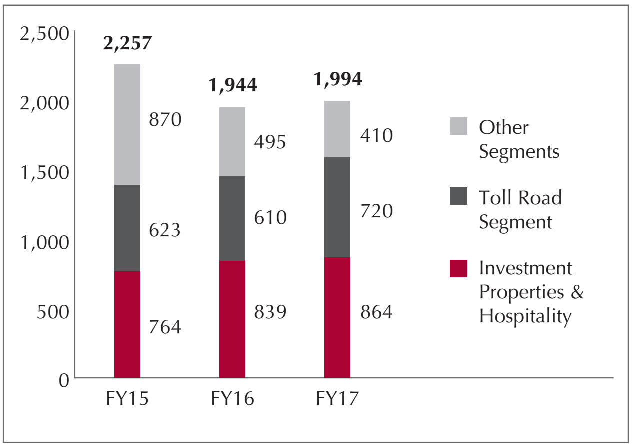
Financial Highlights

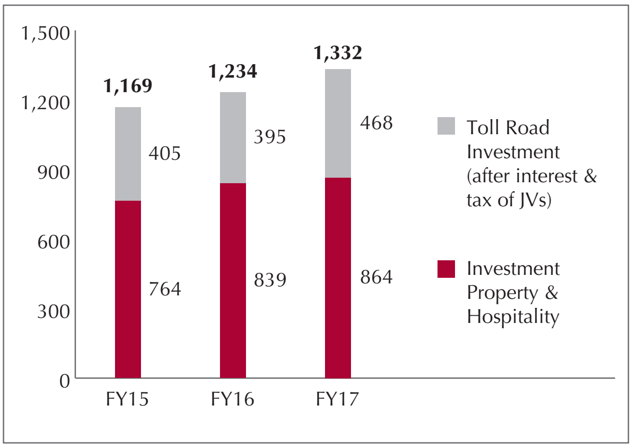
Revenue (HK$m)



Earnings before Interest and Tax (HK$m)

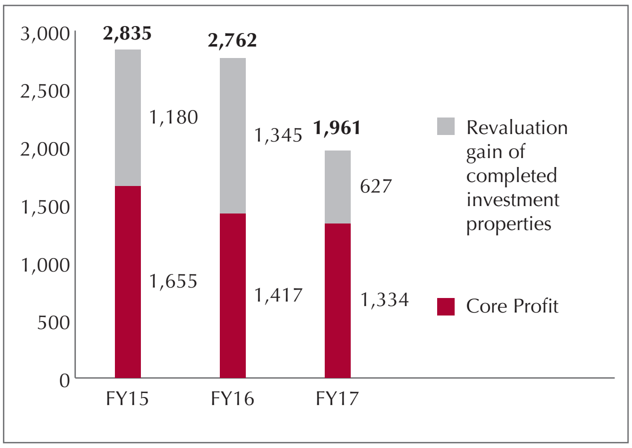


Operating Profit* from Prime-Earning Businesses (HK$m)

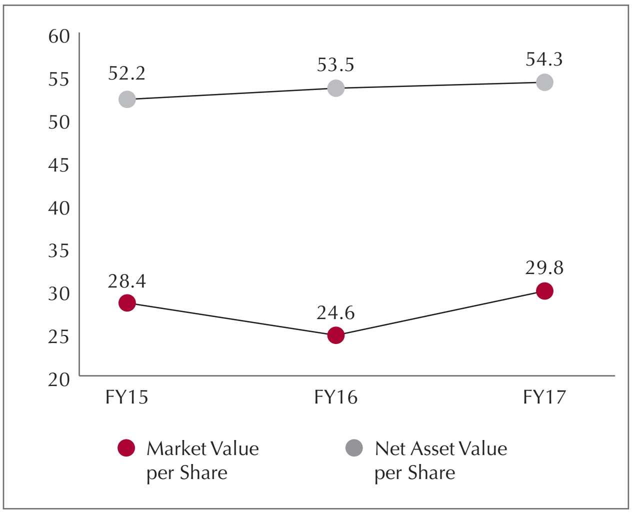


* Being the EBIT net of the proportional share by non-controlling interests

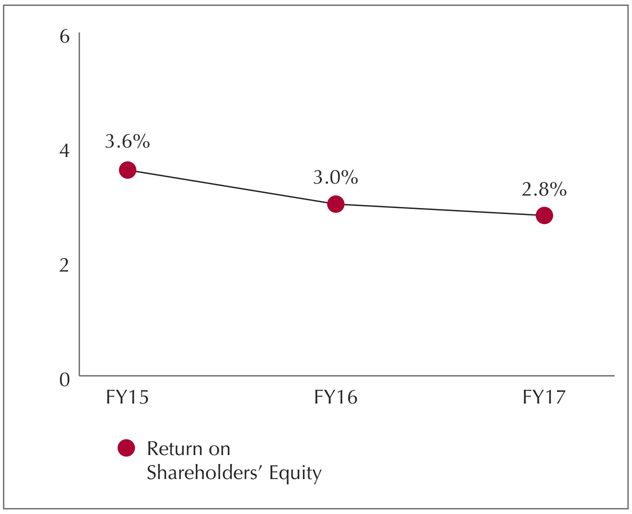
Profit Attributable to Owners of the Company (HK$m)



Net Asset vs Market Value per Share (HK$)



Return on Shareholders' Equity*



* Based on profit attributable to owners of the Company excluding revaluation gain of completed investment properties and attributable deferred tax

5-Year Financial Summary

Consolidated Results (in HK$ million)

Year ended 30 June

	2013	*2014*	*2015*	*2016*	***2017***
Revenue	6,148	5,992	6,235	9,235	**6,590**
Turnover	1,725	2,093	1,865	1,850	**2,360**
Earnings before interest and tax	4,150	1,920	2,257	1,944	**1,994**
Profit before taxation	12,768	1,945	3,347	3,230	**2,609**
Taxation	(295)	(329)	(267)	(235)	**(386)**
Profit before non-controlling interests	12,473	1,616	3,080	2,995	**2,223**
Non-controlling interests	(267)	(258)	(245)	(233)	**(262)**
Profit attributable to owners of the Company	**12,206**	**1,358**	**2,835**	**2,762**	**1,961**

Consolidated Statement of Financial Position (in HK$ million)

As at 30 June

	2013	*2014*	*2015*	*2016*	***2017***
Completed investment properties	26,320	26,839	28,196	29,639	**30,319**
Property, plant and equipment	686	740	690	660	**700**
Properties under/for development	7,393	7,877	8,380	8,527	**9,117**
Interests in JVs	9,177	8,984	9,341	9,159	**7,956**
Amounts due from JVs (non-current)	3,513	763	–	–	**–**
Other non-current assets	41	40	48	48	**47**
Properties held for sale (Hopewell New Town and Broadwood Twelve)	1,676	1,486	1,620	1,425	**725**
Amounts due from JVs (current)	690	2,251	2,070	529	**305**
Bank balances and cash	5,357	5,210	4,485	3,647	**4,576**
Other current assets	551	480	413	211	**195**
Total assets	**55,404**	**54,670**	**55,243**	**53,845**	**53,940**
Corporate bonds and bank borrowings (non-current)	4,212	3,498	4,360	2,350	**1,200**
Other non-current liabilities	505	536	554	595	**604**
Corporate bonds and bank borrowings (current)	2,965	2,625	296	200	**1,150**
Other current liabilities	1,210	1,119	1,227	1,347	**1,379**
Total liabilities	**8,892**	**7,778**	**6,437**	**4,492**	**4,333**
Non-controlling interests	**3,269**	**3,117**	**3,276**	**2,841**	**2,361**
Shareholders' equity	**43,243**	**43,775**	**45,530**	**46,512**	**47,246**

Per Share Basis	*2013*	*2014*	*2015*	*2016*	***2017***
Basic earnings per share (HK cents)	1,397	156	325	317	**225**
Dividend per share (HK cents)	100	130	120	130	**175**
— Interim	45	50	50	55	**55**
— Final	55	60	70	75	**75**
— Special	–	20#	–	–	**45**
Net asset value per share (HK$)	49.6	50.2	52.2	53.5	**54.3**

Represent distribution in specie of shares in HHI

Financial Ratios	*2013*	*2014*	*2015*	*2016*	***2017***
Net debt to shareholders' equity (excluding equity shared from HHI Group)	6%	3%	2%	Net cash	**Net cash**
Return on shareholders' equity*	8.0%**	2.8%	3.6%	3.0%	**2.8%**
Dividend payout ratio*	25%**	78%$^{\Delta}$	63%	80%	**85%#**

* Excluding revaluation gain of completed investment properties and attributable deferred tax
** Including land conversion gain of Hopewell Centre II HK$2,249 million
Δ Excluding distribution in specie of shares in HHI
Excluding special dividend

Chairman's Statement

I am pleased to report to shareholders that the Group achieved profit attributable to owners of the Company of HK$1,961 million for the financial year ended 30 June 2017. The Group's total revenue for the year amounted to HK$6,590 million, 29% less than the previous year's figure primarily due to the decrease in property sales recognition of The Avenue. The Group's core profit (excluding the fair value gain of completed investment properties) attributable to owners of the Company ("core profit") decreased to HK$1,334 million for the year under review from HK$1,417 million for the previous year. The decrease in the core profit was mainly resulted from a lower profit shared from sales of The Avenue for the year. If excluding the profit shared from sales of The Avenue, the core profit for the year increased by 32% yoy to HK$1,304 million from HK$990 million, mainly resulted from the continued healthy growth of the profits of investment properties, toll road business and property development of the Hopewell New Town project as well as a lower exchange loss from RMB depreciation.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of HK75 cents per share and a special final dividend of HK45 cents per share for the year ended 30 June 2017. Together with an interim dividend of HK55 cents per share paid on 22 February 2017, the total dividends for the year will amount to HK175 cents per share. Excluding the special final dividend of HK45 cents per share, this represents a payout ratio of 85% of the Company's core profit.

Subject to shareholders' approval at the 2017 Annual General Meeting to be held on Thursday, 26 October 2017, the proposed final dividend and special final dividend will be paid on Tuesday, 7 November 2017 to shareholders of the Company registered at the close of business on Wednesday, 1 November 2017.

Closure of Register of Members

To ascertain shareholders' eligibility to attend and vote at the 2017 Annual General Meeting to be held on Thursday, 26 October 2017, the Register of Members of the Company will be closed from Thursday, 19 October 2017 to Thursday, 26 October 2017, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the 2017 Annual General Meeting, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 18 October 2017.

To ascertain shareholders' entitlement to the proposed final dividend and special final dividend, the Register of Members of the Company will be closed for one day on Wednesday, 1 November 2017, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2017 Annual General Meeting. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the proposed final dividend and special final dividend, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 31 October 2017.

Business Review

During the year under review, global economic and political uncertainties continued to weigh on the world economy. The US interest rate hike cycle, the new presidency of the US, and Brexit have casted doubt to the recovery of global economy.

On the contrary, the PRC economy continued to grow healthily. Proactive fiscal and monetary policies were implemented by the PRC government to boost domestic consumption and large-scale infrastructure investments to support the local economy, which achieved GDP growth of 6.7% in 2016, within the government's target range of 6.5% to 7.0%. Such growth momentum carried over to the first and second quarters of 2017, with GDP growth rates both reaching 6.9%.

The Hong Kong economy continued to grow under the backdrop of low unemployment rate, stabilization of the retail sales and improvement in visitor arrivals. The weakening of RMB in 2015 to 2016 encouraged PRC firms to invest in Hong Kong which also fostered Hong Kong's economic growth.

Investment Properties and Hospitality

Total revenue from investment properties and hospitality businesses grew 3% yoy to HK$1,614 million during the year under review, recording a 6% five-year compound annual growth rate during FY13 to FY17. Despite the challenging commercial leasing environment, the Group's investment properties' performance was stable which was mainly driven by the retail assets. The hospitality business improved with overall revenue increasing slightly as room revenue of Panda Hotel grew 2% yoy.

Wanchai projects

As at 30 June 2017, 1,275 residential units of The Avenue were all sold with average selling price of HK$22,600 per sq.ft. The new high-net-worth residents from The Avenue have benefited the Group's retail tenants in the area. The Lee Tung Avenue, which is the retail portion of The Avenue, is now a famous dining and shopping rendezvous. Not only has it enlarged the Group's rental property portfolio, but also created a new retail neighborhood to realise the synergy effect with the Group's other properties in the area.

Site formation work of Hopewell Centre II is in progress. Due to the recent adoption of a new excavation and foundation scheme to improve the overall design and enhance the structural integrity of Hopewell Centre II, time to complete the site formation and foundation works for Hopewell Centre II will be prolonged. As a result, the present target opening of Hopewell Centre II will be deferred to year 2021. In August 2017, the Town Planning Board approved the 2017 Scheme of Hopewell Centre II. The new approved scheme will enhance the pedestrian connectivity in Wan Chai South. Under current planning, this will have no impact on the construction progress. A road improvement scheme and a green park which will open to the public will be completed alongside this project. The road improvement scheme will improve the area's traffic flow and enhance pedestrian safety, while the green park will provide a venue for public recreation and enjoyment.

The ongoing redevelopment in the district is expected to bring significant changes to Wan Chai. The Group has expanded the 155-167 QRE project into 153-167 QRE project through an application for compulsory sale for redevelopment (by auction) made in March 2017. The project will be developed into a commercial property and expected to commence operation in 2022.

In order to realise the redevelopment potential of Hill Side Terrace Cluster and to preserve Nam Koo Terrace, the Group proposed that the Grade I historical building at Nam Koo Terrace will be restored and preserved and a residential building with open space provision will be developed. Resubmission of the preservation cum development plan to Town Planning Board is pending.

The Group believes the assembly of such amalgamation properties into sites has the potential to generate attractive investment returns and the Group will continue to seek strategic investments in the district in order to create synergy between its existing and future development in the area.

Infrastructure

The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway increased by 6% and 8% yoy to RMB9.2 million and 99,000 vehicles respectively, indicating that growth momentum is persistent. The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route reached historical high and grew 15% and 17% yoy to RMB3.4 million and 47,000 vehicles respectively.

Corporate Sustainability

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations in Hong Kong and the PRC. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group has established a formal stakeholder engagement process and a Sustainability Steering Committee to strengthen its management's efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will continue to issue an independently verified Sustainability Report under the Global Reporting Initiative (GRI) G4 Sustainability Reporting Framework and the Environmental, Social and Governance (ESG) Reporting Guide of the Stock Exchange. The report will present its company-wide commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its JVs.

Prospects

Given the volatile global market environment, recovery of the world economy has been slower than expected. The rise of protectionism and de-globalisation around the globe, policies under the new US presidency, the pace of US interest rate hike, the unclear Brexit process, and upcoming elections across Europe will all impact the growth of global economy. The Group will closely monitor the evolving market environment and be prepared to face various challenges ahead.

In view of the unstable global economic environment, the PRC government continues to transform structurally to a consumption-driven, innovative, technology-advanced and environmentally-sustainable growth economy. In order to support its initiative to sustain GDP growth, the PRC government is striking a balance between restricting credit in speculative buying to curb "asset bubbles" while supporting the property market with domestic consumption. The government's continuous efforts towards reducing taxes and levies, deepening supply-side structural reform, liberalizing financial services and internationalizing RMB will altogether provide a healthy and steady growth driver to the PRC economic development.

The Belt and Road initiative strategically connects PRC, ASEAN, Middle East, as well as Central and Eastern European countries through international co-operation and infrastructure projects. It encourages free flows of information, finance and goods by gradually removing investment and trade barriers. In the long run, it will promote mutual trust and co-development in the areas of economic, finance, transport, tourism, technology and academy which will ultimately result in prosperity of the nations along the regions.

In addition, the strategic regional development scheme Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), which was tailor-made by the PRC government as part of the 13th Five-Year Plan, is designed to strengthen infrastructure linkages and stimulate economic cooperation among Guangdong-Hong Kong-Macao region. It is expected that the GS Superhighway and the Western Delta Route can benefit from the fostered economic development. Hong Kong can leverage on its advantage as an international and domestic financial hub to capitalize the opportunities arising from the Belt and Road and Bay Area initiatives. Furthermore, the recent admission of Hong Kong as a new member of the Asian Infrastructure Investment Bank will further reinforce its position as a premier international financial centre.

Following the setback in inbound tourism of Hong Kong in 2016, there were some signs of recovery of tourist arrivals recently. On the other hand, more PRC companies are investing in the Hong Kong property market and setting up offices in Hong Kong. These, together with the local pent-up demand for residential flats, are expected to provide support to the office and residential property markets in Hong Kong.

For investment properties, the Group will continue to pursue proactive enhancement and management of its existing portfolio. The upmarket fashion outlets on G/F of E-Max was opened in August 2016 and was well-received by the market. The Group is expanding the upmarket fashion outlets to B1/F and targets to start operation by summer 2018. The Group has been working on different plans to increase footfall in E-Max, such as the opening of food court on the 2/F. In the long run, KITEC is expected to benefit from the development of the Kai Tak New Development Area, where strong demand from property developers has been seen, that will be developed into a prime area in Kowloon East.

The Group's major pipeline projects, namely Hopewell Centre II, Hill Side Terrace Cluster and the 153-167 QRE project will generate tremendous synergies with the Group's existing properties in Wan Chai. These, together with the Group's existing projects, namely Hopewell Centre, Wu Chung House retail shops, GardenEast, QRE Plaza and Lee Tung Avenue, will form an attractive lifestyle hub drawing in visitation, spending and businesses.

Being one of Hong Kong's largest hotels once completed, Hopewell Centre II is set to take advantage of Hong Kong's limited supply of large-scale premium conference hotels in prime locations. With its comprehensive conference facilities, it is well-positioned to benefit from the lack of one-stop conference venues in Hong Kong. Moreover, when Hopewell Centre II opens, the surroundings in Wan Chai will be further upgraded, which is expected to provide synergies to the Group's property portfolio in Wan Chai. As part of the long-term growth strategy, the Group will continue to acquire land that will synergise with its existing property portfolio.

On the infrastructure front, growth momentum of the GS Superhighway and the Western Delta Route persists. The Western Delta Route is the most direct and convenient artery in the regional expressway network that covers the most prosperous and populous cities on the western bank of the PRD, including Guangzhou, Foshan, Zhongshan and Zhuhai. It offers a convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge to Hong Kong. Upon completion of the HZM Bridge, traffic flow to and fro Hong Kong and western PRD will be further stimulated. This, together with the strategic Bay Area initiative, is expected to facilitate the urbanization pace of cities in the western PRD region, which will help lift economic growth of the region and benefit the Group in the long term.

Acknowledgement

2017 marks the 45th Anniversary of the Company's listing on the Hong Kong Stock Exchange, I would like to take this opportunity to thank the Group's shareholders, customers, suppliers and business partners for their continuous support and efforts. In addition, I would also like to express my gratitude to the Managing Director, my fellow Directors, the management team and all staff members for their loyalty, support, and hard work. Their contributions have been indispensable for the Group's strong performance during the past year, and its prospects for the years to come.

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 16 August 2017

Awards & Recognition

9/2016

Family-Friendly Employer

HHL received Family-Friendly Employer 2015/16, Special Mention 2015/16 (Gold) and Award for Breastfeeding Support 2015/16 at the 2015/16 Family-Friendly Employers Award Scheme organised by Family Council in recognition of the Group's long term commitment in implementing family-friendly employment policies and practices.

11/2016

Friends of EcoPark Certificate of Appreciation

HHL received the Certificate of Appreciation at the 6th Friends of EcoPark Award organised by the Environmental Protection Department in recognition of the Group's sustaining and far-reaching support given to recycling business in EcoPark.

12/2016

Hong Kong Outstanding Corporate Citizenship Logo

The Group was awarded the Corporate Citizenship Logo (Enterprise Category) and HH Social Club received Merit Award (Volunteer Category) at the 7th Hong Kong Corporate Citizenship Program organised by the Hong Kong Productivity Council and the Committee on the Promotion of Civic Education. These honours affirm the Group's ongoing efforts in fulfilling social responsibilities and integrating corporate citizenship into its business model and operations.

3/2017

Business for Sustainability Logo

HHL was awarded the Business for Sustainability Logo 2016/17 by the Hong Kong Council of Social Service in recognition of the Group's commitment in making significant progress to integrate responsible, inclusive and sustainable practices across its core business operations.

5/2017
Caring Company Logo

HHL and ten of its subsidiaries received the Caring Company Logo 2016/17 from the Hong Kong Council of Social Service. Among these, HHL, HHI, Hopewell Property Management Company Limited and Kowloon Panda Hotel Limited have been awarded the honour for over ten consecutive years and received the accolade of 10 Years Plus Caring Company Logo. Hopewell Real Estate Agency Limited, Hopewell Centre Management Limited, KITEC Management Limited, Panda Place Management Limited and IT Catering & Services Limited have also received the honour for more than five consecutive years.

5/2017
Certificate of Excellence

HHL received the Certificate of Excellence at the HKIRA 3rd Investor Relations Awards organised by the Hong Kong Investor Relations Association in recognition of the Group's achievement in investor relations.

Profile of Directors

Executive Directors

Sir Gordon Ying Sheung WU KCMG, FICE

Aged 81, he is the Chairman of the Board of the Company since November 1996. He is also the Chairman of HHI, the listed subsidiary of the Company, and a director of various subsidiaries of the Company.

In 1958, he graduated from Princeton University with a Bachelor of Science degree in engineering, and as one of the founders of the Company, he was the Managing Director from 1972 to 2001. His responsibilities have included the Company's infrastructure projects in the PRC and South-East Asia, and he has been involved in designing and constructing numerous buildings and development projects in Hong Kong, the PRC and overseas, including the Shajiao B power plant, which received the British Construction Industry Award, as well as set a world record for completion within 22 months.

He is the husband of Lady WU, a Non-executive Director and a substantial shareholder of the Company, the father of Mr. Thomas Jefferson WU, the Managing Director of the Company and the uncle of Mr. Guy Man Guy WU, an Independent Non-executive Director of the Company.

He is very active in civic activities and community service. His civic and community positions include:

<u>In the PRC</u>

Council Member	United Nations Association of China
Advisor	China Development Bank

<u>In Hong Kong</u>

Vice President	The Real Estate Developers Association of Hong Kong

He was a member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC") from 1983 to 2013 and a Vice Chairman of the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese (Special committee of CPPCC) from 2003 to 2013.

Sir Gordon WU is a Fellow of several professional bodies, including:

- Institution of Civil Engineers, United Kingdom (Fellow)
- The Hong Kong Institution of Engineers (Honorary Fellow)
- Hong Kong Academy of Engineering Sciences (Fellow)

He also received Honorary Doctorate Degrees from the following universities:

— The Hong Kong Polytechnic University, Hong Kong (Honorary Doctor of Engineering)
— University of Strathclyde, United Kingdom (Honorary Doctor of Business Administration)
— The University of Edinburgh, United Kingdom (Doctorem honoris causa)
— Lingnan University, Hong Kong (Honorary Doctor of Laws)
— City University of Hong Kong, Hong Kong (Honorary Doctor of Social Science)
— Macau University of Science & Technology, Macau (Honorary Doctor of Business Administration)
— University of Manitoba, Canada (Honorary Degree of Doctor of Laws)
— The Hong Kong Institute of Education (retitled as "The Education University of Hong Kong"), Hong Kong (Honorary Degree of Doctor of Social Sciences)

His additional awards and honours include:

Awards and Honours	Year Awarded
The HKIE Gold Medal 2015 by The Hong Kong Institution of Engineers	2015
The Lifetime Achievement Award of 2013 Hong Kong Business Awards by the South China Morning Post and DHL	2013
The Lifetime Achievement Award of the 9th Asia Business Leaders Award by CNBC	2010
Officer de L'Ordre de la Couronne by HM Albert II, King of Belgium	2007
The Order of Croatian Danica with figure of Blaz Lorkovic by the Republic of Croatia	2007
Gold Bauhinia Star (G.B.S.) by the Hong Kong Government	2004
Leader of the Year 2003 (Business/Finance) by Sing Tao Newspaper Group	2004
Personality of the Year 2003 by the Asian Freight & Supply Chain Awards	2003
Knight Commander of the Order of St. Michael and St. George (KCMG) by the Queen of England	1997
Industry All-Star Award by Independent Energy, USA	1996
International CEO of the Year by George Washington University, USA	1996
Among "the Best Entrepreneurs" by Business Week	1994
Man of the Year by the International Road Federation, USA	1994
Business Man of the Year by the South China Morning Post and DHL	1991
Asia Corporate Leader by Asia Finance Magazine, Hong Kong	1991
Chevalier de L'Ordre de la Couronne by the King of Belgium	1985

Profile of Directors

Mr. Eddie Ping Chang HO

Aged 84, he has been the Vice Chairman of the Company since August 2003. He is the Vice Chairman of HHI, the listed subsidiary of the Company, and a director of various subsidiaries of the Company. He was previously the Deputy Managing Director of the Company since 1972 and the Managing Director of the Company from January 2002 to September 2009. He has extensive experience in implementation of property development and major infrastructure strategic development projects and has been involved in developing all of the Company's projects in the Mainland China, including highway, hotel and power station projects. He is an Honorary Citizen of the cities of Guangzhou, Foshan and Shenzhen, and the Shunde District in the PRC.

Mr. Thomas Jefferson WU JP

Aged 44, he is the Managing Director of the Company as well as the Managing Director of HHI, the listed subsidiary of the Company, and a director of various subsidiaries of the Company.

He graduated with high honours from Princeton University in 1994 with a Bachelor of Science degree in Mechanical and Aerospace Engineering. He then worked in Japan as an engineer for Mitsubishi Electric Corporation for three years before returning to full-time studies at Stanford University, where he obtained a Master of Business Administration degree in 1999. In 2015, he was conferred an honorary fellowship by Lingnan University.

Mr. WU joined the Company in 1999 as Manager of the Executive Committee Office, and was promoted to Group Controller the following year. He has been involved in the review of the Company's operational performance, strategic planning and organisational effectiveness, and has upgraded its financial and management accounting systems. An Executive Director of the Company since 2001, he was appointed Chief Operating Officer in 2002, Deputy Managing Director in 2003, Co-Managing Director in 2007, and re-designated as Managing Director in 2009.

Mr. WU is active in public service in both Hong Kong and Mainland China. He serves in a number of advisory roles at different levels of government. In Mainland China, he is a member of the Heilongjiang Provincial Committee of the 11th Chinese People's Political Consultative Conference and was a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference, among other public service capacities.

In Hong Kong, Mr. WU's major public service appointments include being a member of the Hong Kong Tourism Board, a member of the Standing Committee on Disciplined Services Salaries and Conditions of Service of the Hong Kong Government, a member of the Energy Advisory Committee of the Environment Bureau of the Hong Kong Government, a member of the Committee on Real Estate Investment Trusts of Securities and Futures Commission and a Vice Patron of the Community Chest of Hong Kong. He is also a member of the Business School Advisory Council of The Hong Kong University of Science and Technology. In addition, he is an Independent Non-executive Director of Melco Resorts & Entertainment Limited, a company listed on NASDAQ Global Select Market in USA. Previously, he was a council member of The Hong Kong Polytechnic University and the Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology and a board member of the Asian Youth Orchestra.

In addition to his professional and public service engagements, Mr. WU is mostly known for his passion for ice hockey, as well as the sport's development in Hong Kong and the region. He is the Vice President (Asia/Oceania) of the International Ice Hockey Federation, Co-founder and Chairman of the Hong Kong Amateur Hockey Club and Hong Kong Academy of Ice Hockey, as well as Chairman of the Hong Kong Ice Hockey Officials Association. He is also the Honorary President of the Hong Kong Ice Hockey Association — the national sports association of ice hockey in Hong Kong, Vice Chairman of the Chinese Ice Hockey Association, Honorary President of the Macau Ice Sports Federation and Honorary Chairman of the Ice Hockey Association of Taipei Municipal Athletics Federation.

In 2006, the World Economic Forum selected Mr. WU as a "Young Global Leader". He was also awarded the "Director of the Year Award" by the Hong Kong Institute of Directors in 2010, the "Asian Corporate Director Recognition Award" by *Corporate Governance Asia* in 2011, 2012 and 2013, and named "Asia's Best CEO (Investor Relations)" in 2012, 2013 and 2014.

Mr. WU is the son of Sir Gordon WU, the Chairman and a substantial shareholder of the Company and Lady WU, a Non-executive Director and a substantial shareholder of the Company, and the cousin of Mr. Guy Man Guy WU, an Independent Non-executive Director of the Company.

Mr. Josiah Chin Lai KWOK

Aged 65, he was appointed as Deputy Managing Director of the Company in January 2002 and is also a director of various subsidiaries of the Company. He is a solicitor by training. Previously, he worked as a consultant to the Company on various important projects such as Guangzhou-Shenzhen-Zhuhai Superhighway, Shajiao B and C Power Stations, etc. He has also worked as legal consultants to banks, Secretary for The Hong Kong Association of Banks, Legal Director of The Airport Authority, Hong Kong and Group Legal and Compliance Director of the BNP Paribas Peregrine Group.

Profile of Directors

Mr. Albert Kam Yin YEUNG

Aged 66, he was appointed as an Executive Director of the Company in November 2002 and is also a director of various subsidiaries of the Company. He is an experienced architect and now mainly responsible for the construction works of Hopewell Centre II. Prior to joining the Company, he was a director of WMKY Limited from 1986 to 1998 and acted as a consultant of the Company's development and construction projects. He holds a Bachelor of Architecture degree from the University of Hong Kong. He is a Registered Architect, an Authorised Person, and a member of The Hong Kong Institute of Architects and various professional bodies.

Mr. William Wing Lam WONG

Aged 60, he was appointed as an Executive Director of the Company in January 2007. He has a Bachelor Degree in Land Economy from Aberdeen University, United Kingdom and is a Registered Professional Surveyor, a Fellow member of the Royal Institution of Chartered Surveyors and a member of Hong Kong Institution of Surveyors. Mr. Wong is a member of Hong Kong Institute of Real Estate Administrators. He is an Executive Committee member of the Real Estate Developers Association of Hong Kong and also a member of the Federation of Hong Kong Hotel Owners. He has over 28 years of experience in property development, management, land matters and town planning. He is mainly responsible for property development planning, sales and leasing and currently a director of certain subsidiaries of the Company.

Ir. Dr. Leo Kwok Kee LEUNG

Aged 58, he was appointed as a Non-executive Director of the Company on 1 July 2009 and has been re-designated as an Executive Director of the Company on 1 October 2009. He is also a director of various subsidiaries of the Company. Ir. Dr. LEUNG joined as a director of a subsidiary of the Company in 1993. He was previously in-charge of the architecture, engineering and construction of all in-house projects of the Company for about 10 years before he was transferred to HHI as an executive director in 2003. He is an experienced multi-disciplinary engineer and an expert in designing and applying slipform and climbform techniques. He worked for Brown & Root and Ove Arup & Partners before joining the Company and had acquired a wide range of design and construction experiences in The United Kingdom, Europe, Africa and Asia in highways, bridges, buildings, dams and tunnel structures. Ir. Dr. LEUNG graduated from Imperial College of the University of London with a Master of Science degree with Distinction in Earthquake Engineering and Structural Dynamics. He was also awarded a Bachelor of Science degree with First Class Honours in 1983 from the Council for National Academic Awards (CNAA) in Civil Engineering, as well as the Institution of Civil Engineers' Prize for his outstanding undergraduate performance. He was further awarded an Honorary Doctorate of Technology from his alma mater, the University of Sunderland (England) in 2016. He also attained the PRC National Class 1 Registered Structural Engineers qualification in 2004. Ir. Dr. LEUNG served as committee members to a number of Professional Institutions and was the Chairman of the Civil Division (2011-2012) of the Hong Kong Institution of Engineers ("HKIE"), and has been a Council Member of the HKIE since 2012. He was also the Chairman of the Hong Kong Branch of the Chartered Institution of Highways and Transportation (2006-2007). He was elected as an Election Committee Member by the Engineering Subsector for the nomination and election of the Chief Executive of Hong Kong in 2012. He was an Executive Director of HHI and responsible for the planning, design, engineering and construction of projects within HHI from 2003 to 2009.

Non-executive Directors

Lady WU Ivy Sau Ping KWOK JP

Aged 68, she is a Non-executive Director of the Company and joined the Board in August 1991.

Lady WU is the Deputy Chairman of the Hong Kong Red Cross. In September 2014, she was appointed as the Honorary Consul of The Republic of Croatia in Hong Kong.

She is the wife of Sir Gordon WU, the Chairman and a substantial shareholder of the Company, the mother of Mr. Thomas Jefferson WU, the Managing Director of the Company and the auntie of Mr. Guy Man Guy WU, an Independent Non-executive Director of the Company.

Mr. Carmelo Ka Sze LEE JP

Aged 57, he was appointed as an Independent Non-executive Director of the Company in March 2001 and was re-designated as a Non-executive Director of the Company on 6 September 2004. He is a member of the Remuneration Committee of the Company and served as the Chairman of the Committee during the period from May 2011 to February 2012. Mr. LEE holds a Bachelor of Laws degree from The University of Hong Kong. He is a practicing solicitor and a partner of Messrs. Woo Kwan Lee & Lo, Solicitors & Notaries, a firm which renders professional services to the Company and receives normal remuneration for such services. Mr. LEE is a Non-executive Director of CSPC Pharmaceutical Group Limited, Yugang International Limited, Safety Godown Company, Limited and Termbray Industries International (Holdings) Limited and also an Independent Non-executive Director of KWG Property Holding Limited, Esprit Holdings Limited and China Pacific Insurance (Group) Co., Ltd., all these companies are listed on the Stock Exchange. Mr. LEE was a Non-executive Director of Y.T. Realty Group Limited from September 2004 to February 2016; and an Independent Non-executive Director of Ping An Insurance (Group) Company of China, Ltd from June 2009 to June 2015, both companies are listed on the Stock Exchange. Mr. LEE was appointed as a Convenor cum member of the Financial Reporting Review Panel of The Financial Reporting Council in July 2016. He served as the Chairman of the Listing Committee of the Stock Exchange from May 2012 to July 2015 after serving as Deputy Chairman and member of the Listing Committee of the Stock Exchange from 2009 to 2012 and from 2000 to 2003 respectively.

Profile of Directors

Independent Non-executive Directors

Mr. Guy Man Guy WU

Aged 60, he is an Independent Non-executive Director of the Company and joined the Board in 1987. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He has a Bachelor of Science degree in industrial engineering from Purdue University, U.S.A. He is also the Managing Director of the Liverton Group and Video Channel Productions Limited.

Mr. WU is the cousin of Mr. Thomas Jefferson WU, an Executive Director and Managing Director of the Company, and the nephew of Sir Gordon WU, the Chairman and a substantial shareholder of the Company and Lady WU, a Non-executive Director and a substantial shareholder of the Company.

Ms. Linda Lai Chuen LOKE

Aged 79, she is an Independent Non-executive Director of the Company and joined the Board in August 1991. She is also a member of both the Audit Committee and the Remuneration Committee of the Company. She was the Chairman of the Remuneration Committee during the period from February 2012 to January 2013. A graduate of the University of California at Berkeley, she has over 30 years of professional experience in the securities and investment field. She was the emeritus Managing Director of Dean Witter Reynolds (Hong Kong) Limited and Vice President (Private Wealth Management) at Morgan Stanley Inc.

Mr. Sunny TAN

Aged 43, he was appointed as an Independent Non-executive Director of the Company in November 2010 and the Chairman of the Audit Committee of the Company in May 2011. Mr. TAN was an Executive Director of Luen Thai Holdings Limited ("Luen Thai"), a listed public company in Hong Kong, from May 2006 to December 2012. Mr. TAN joined Luen Thai in 1999 and is currently the Executive Vice President thereof. Prior to joining Luen Thai, Mr. TAN worked at the Investment Banking Division of Merrill Lynch (Asia Pacific). Mr. TAN is currently serving as the Deputy Chairman of the Federation of Hong Kong Industries ("FHKI"), Executive Committee Member of the Hong Kong Shippers' Council, the Council Member of the Hong Kong Productivity Council and the Executive Vice Chairman of the Hong Kong General Chamber of Textiles.

In 2013, Mr. Tan was awarded "Young Industrialist Award 2013" which was organized by the FHKI. Mr. TAN also appointed as Member of the Board of Trustees of Shaw College at the Chinese University of Hong Kong, the Member of the Textiles Advisory Board on Trade and Industry Department, the Advisory Committee on the Education Development Fund of Education Bureau and the Action Committee Against Narcotics of Narcotics Division Security Bureau, the Hong Kong Government. Mr. Tan previously served as the Vice Chairman of Tung Wah Group of Hospitals and Chairman of the Board of Governors of Tung Wah College. Mr. TAN obtained a Master of Science degree from Stanford University and Bachelor of Business Administration degree from the University of Wisconsin-Madison.

Dr. Gordon YEN

Aged 47, he was appointed as an Independent Non-executive Director and a member of the Remuneration Committee of the Company in May 2012. He was further appointed as the Chairman of the Remuneration Committee of the Company since February 2013. He is currently the Partner and Responsible Officer of Radiant Tech Ventures Limited, Managing Director of Radiant Venture Capital Limited and a Non-executive Director of Fountain Set (Holdings) Limited ("Fountain Set", a public company listed on the Stock Exchange). He previously served as an Executive Director of Fountain Set, from September 2004 to May 2013 and also assumed the role of Chief Financial Officer from 2012. Dr. Yen obtained a Bachelor of Manufacturing Engineering degree from Boston University, a Master of Business Administration degree from McGill University and a Doctorate degree in Business Administration from The Hong Kong Polytechnic University.

He was an Independent Non-executive Director and a member of each of the Remuneration Committee and the Audit Committee of HHI from July 2003 to May 2012. Dr. YEN was previously employed by the Company or its subsidiaries as Project Director during 1995 to 1999.

Mr. Ahito NAKAMURA

Aged 65, he was appointed as an Independent Non-Executive Director of the Company in December 2012. Mr. NAKAMURA is the Managing Director of Legato Holdings Limited (formerly known as PIA Entertainment (H.K.) Co., Limited) and J-Macau Consulting Limited. Mr. NAKAMURA is also an Executive Board Member of The Macao-Japan Chamber of Commerce. He was previously employed by the Company as Treasurer during 1992 to 1997. Mr. NAKAMURA was awarded a Bachelor of Arts degree in Economics from Keio University, Japan in 1975.

Mr. Yuk Keung IP

Aged 65, he was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company on 10 April 2015. He is also an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of HHI. Mr. IP is an international banking and real estate professional with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and the United States. His areas of expertise are in real estate, corporate banking, risk management, transaction banking and wealth management. Mr. IP was named Managing Director of Citigroup in 2003 and Senior Credit Officer/Real Estate Specialist of Citicorp in 1990. He held senior positions at Citigroup such as North Asia Real Estate Head, Hong Kong Corporate Bank Head, Head of Transaction Banking — Hong Kong and Head of Asia Regional Investment Finance of Global Wealth Management. He was a Managing Director of Investments at Merrill Lynch (Asia Pacific).

Mr. Ip is the Executive Director and Chief Executive Officer of LHIL Manager Limited which is the trustee-manager of Langham Hospitality Investments, and Langham Hospitality Investments Limited, and a Non-executive Director of Eagle Asset Management (CP) Limited, as manager of Champion Real Estate Investment Trust. He is also an Independent Non-executive Director of TOM Group Limited, Power Assets Holdings Limited and Lifestyle International Holdings Limited. All the companies mentioned above except for LHIL Manager Limited and Eagle Asset Management (CP) Limited, are listed on the Stock Exchange, and Langham Hospitality Investments is a listed fixed single investment trust and Champion Real Estate Investment Trust is a listed real estate investment trust. In addition, he was an Independent Non-executive Director of New World China Land Limited, which was de-listed from the Stock Exchange on 4 August 2016, from December 2012 to August 2016, and AEON Credit Service (Asia) Company Limited, which is listed on the Stock Exchange, from September 2013 to September 2016.

Mr. Ip is an Honorary Professor of Business of Lingnan University, an Adjunct Professor of The Hong Kong Polytechnic University, City University of Hong Kong, University of Macau and Hang Seng Management College, an Advisory Board Member of Faculty of Business and Department of Accountancy at Lingnan University, a Council Member of The Hong Kong University of Science and Technology, a member of the International Advisory Committee at University of Macau, an Executive Fellow in Asia and a Chairman of the International Regional Cabinet in Hong Kong at Washington University in St. Louis and a Vice Chairman of the Board of Governors of World Green Organization Limited. He is a member of the Committee on Certification for Principalship under the Education Bureau of the Hong Kong Government.

Mr. IP holds a Bachelor of Science degree at Washington University in St. Louis (summa cum laude) and Master of Science degrees at Cornell University and Carnegie-Mellon University. He is an Honorary Fellow of Vocational Training of Council.

Mr. IP had been appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company and HHI on 13 August 2007 and resigned from all the aforesaid positions on 29 February 2008 due to his other business commitments. In view of his valuable experience in banking, accounting, real estate finance and hospitality industries, Mr. IP was invited to re-join the Board of HHI and the Company in July 2011 and April 2015 respectively. His professional insights and expertise are conducive to the development of Group's hospitality business.

Business Review

1. Properties

A. *Investment Properties and Hospitality*

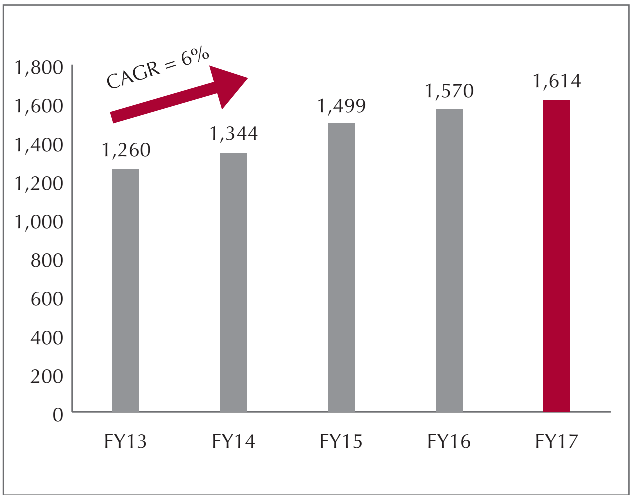
The Group's investment properties and hospitality businesses comprise its wholly-owned investment property portfolio and hotel, restaurant and catering operations. The revenue from these businesses increased 3% yoy to HK$1,614 million during the year under review.

(HK$ in million)	Revenue*		
For the year ended 30 June	2016	**2017**	yoy change
Investment Properties			
Rental income – office	415	**410**	–1%
Rental income – retail	319	**335**	+5%
Rental income – residential	75	**80**	+7%
Convention and exhibition	60	**65**	+8%
Air conditioning & management fee	158	**159**	+1%
Carpark & others	92	**100**	+9%
Investment Properties sub-total	1,119	**1,149**	+3%
Hospitality			
Room Revenue	195	**200**	+2%
Restaurants, catering operations and others	256	**265**	+4%
Hospitality sub-total	451	**465**	+3%
Total	1,570	**1,614**	+3%

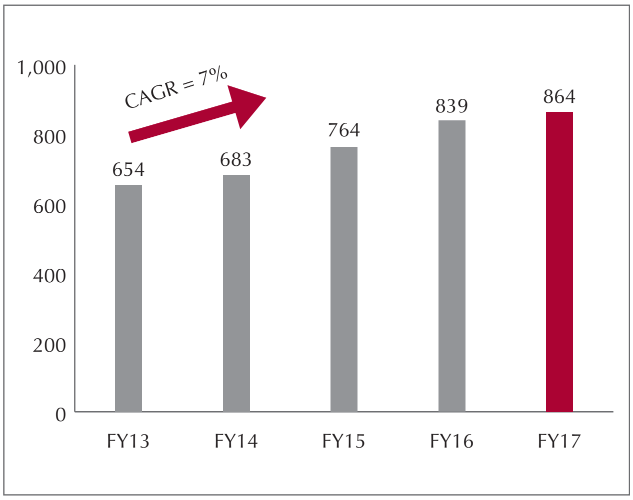
* Excluding tenancies for HHL's own use

EBIT for the Group's investment properties and hospitality businesses increased by 3% yoy to HK$864 million. The five-year compound annual growth rates of revenue and EBIT for the Group's investment properties and hospitality businesses during FY13 to FY17 were 6% and 7% respectively.

Revenue – Investment Properties & Hospitality
(HK$ in million)



EBIT – Investment Properties & Hospitality
(HK$ in million)



Investment Properties

Despite challenging commercial leasing environment, investment properties' performance was stable during the year under review. Revenues for the Group's property letting and management rose 3% yoy to HK$1,149 million during the year under review, while EBIT for these operations increased by 4% yoy to HK$768 million. The five-year compound annual growth rates of revenue and EBIT for the Group's investment properties during FY13 to FY17 were 10% and 11% respectively. EBIT margin for the year under review increased to 67% as compared to 66% in the last corresponding year, mainly due to cost control despite the fall in office rental income. Given the tenant reshuffling at Hopewell Centre and KITEC, office rental income fell slightly by 1% yoy to HK$410 million.

The Group's retail assets are neighborhood shopping centres for local shoppers, together with the full year contribution from Lee Tung Avenue, the rental income from retail properties grew 5% yoy. Given the evolution now underway at E-Max, together with Hopewell Centre II which is currently under construction, the Group expects retail segment will be the growth driver of its investment properties business in the next few years.

In view of the uncertainties in the market, the Group will adopt a defensive rental strategy for office rental business which will focus on renewing lease of existing tenants with a flexible lease term so as to increase flexibility and capture opportunities brought by the economic turnaround. Nevertheless, rental income of investment properties is expected to remain stable in FY18 given office rental income is expected to be flat due to tenant reshuffling at Hopewell Centre and KITEC office. The Group will continue to strengthen its branding by actively managing its properties and maintaining an uncompromising focus on service and quality.

Occupancy rates for the Group's investment properties remained at high levels while average rental rates for the major ones increased during the year under review.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate
	FY16	**FY17**	yoy	
Hopewell Centre	93%	**89%** N1	-4%	+3%
KITEC Office	96%	**94%**	-2%	+1%
KITEC E-Max	90%	**80%** N2	-10%	+5%
Panda Place	96%	**98%**	+2%	0%
QRE Plaza	100%	**96%**	-4%	+5%
Lee Tung Avenue	96% N3	**96%**	–	N/A N3
GardenEast (apartments)	82%	**93%**	+11%	-7%

N1: Occupancy rate was approximately 93% as at 30 June 2017
N2: Tenants in B1/F vacated by the first quarter of 2017 for renovation of E-Max's fashion outlets expansion
N3: Opened in the first quarter of 2016

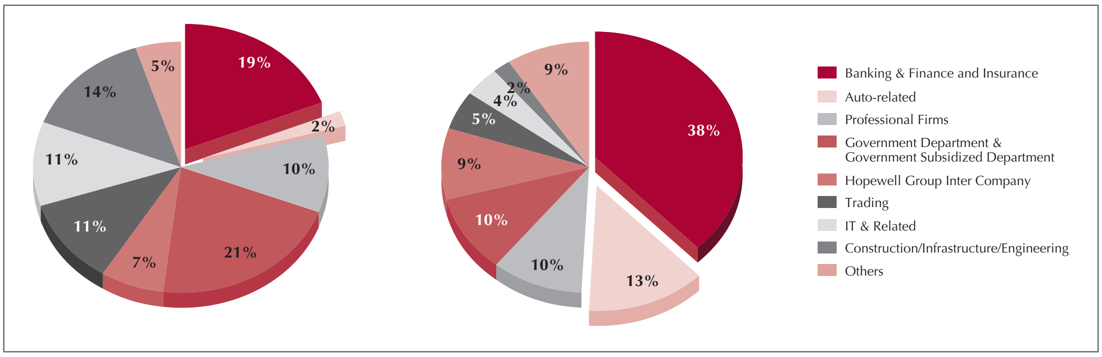
Hopewell Centre

Hopewell Centre's overall revenue (excluding tenancies for the Group's own use) for the year under review was HK$448 million. Overall average occupancy rate was at 89%.

Office

Throughout tenant mix reshuffling over the past years, the Group has successfully attracted more high-margin industries, such as banking, finance and auto-related companies, to set up offices in Hopewell Centre. This has helped to bring more high-paid employees and has benefited the rental growth for the Group's retail properties in Wanchai.

GFA leased: as of 30 June 2007 | **GFA leased: as of 30 June 2017**

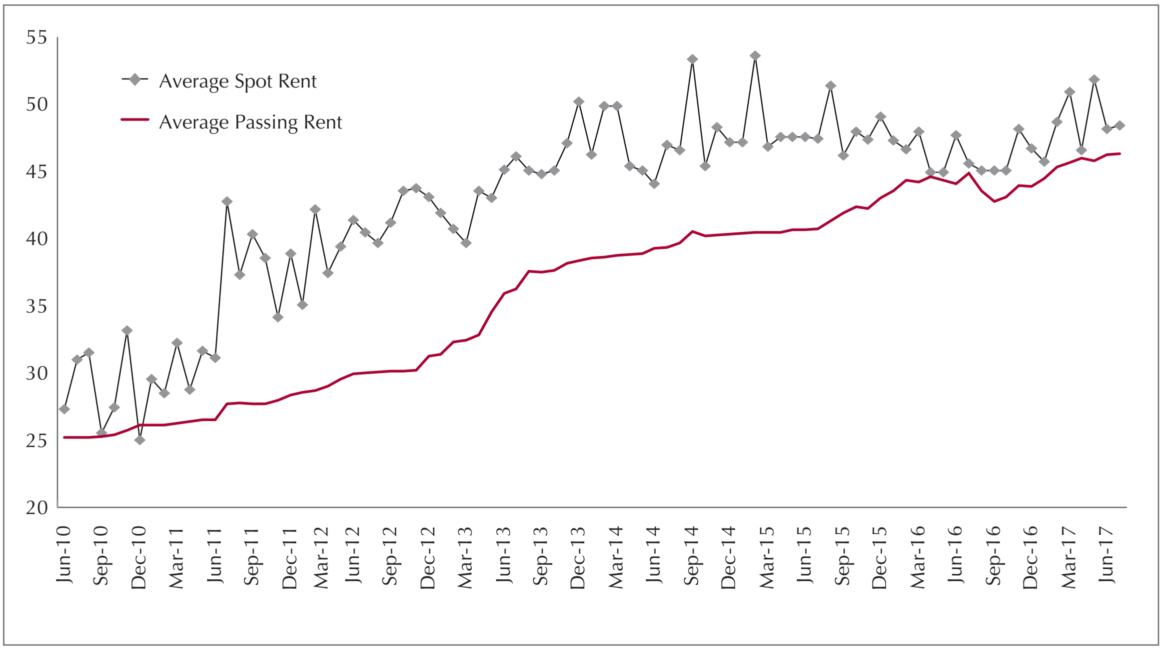


During the year under review, rental income fell 1% yoy to HK$268 million and average occupancy rate fell to 87% in the year under review from 93% in FY16 mainly due to tenant reshuffling. Despite softened demand for office space which resulted in the gap between the passing rent and spot rent narrowed compared with the previous year, the Group's continuous AEI to enhance facilities and services has led to average passing rent increased by 3% yoy to HK$45 per sq.ft. and average spot rent rising slightly to around HK$48 per sq.ft. in the year under review. In November 2016, the Group has signed the lease with a globalized FMCG company to lease approximately 20,000 sq.ft. at Hopewell Centre, which has further proven our recognised market position. As at 30 June 2017, the occupancy rate for Hopewell Centre office was approximately 92% as new leases were signed. Given the uncertainty in the market, the Group expects the spot rent will rise at a milder pace. As a result, the gap between passing rent and spot rent will continue to narrow. Nevertheless, the Group expects rental uplift for Hopewell Centre by phases when i) Hopewell Centre II's site formation and foundation works complete and ii) Hopewell Centre II opens whereby the surroundings in Wan Chai will be further upgraded.

The Group will continue to implement asset enhancement measures on facilities and services to maintain its competitiveness and to help uplift rental rates.

Hopewell Centre Office

Average Spot and Average Passing Rent (FY11 – FY17)
(HK$/sq.ft.)



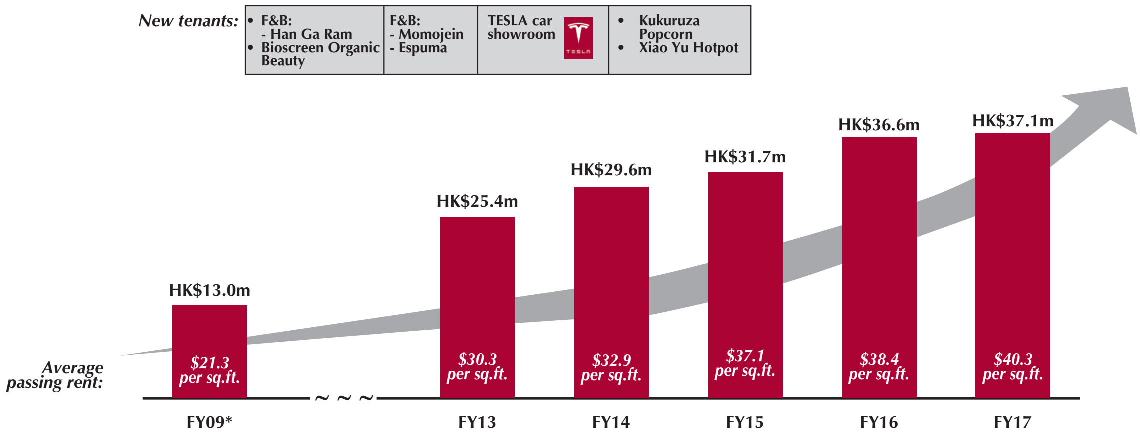
Retail

The Group has replaced some retail tenants with high quality F&B and lifestyle stores offering more diversified dining and shopping experience. Besides, an upmarket "live house" performance venue — "1563′ Live House" at 6/F which is a restaurant with live band performance during dinner with GFA of around 7,000 sq.ft., was opened in August 2016 to help promote the evening business of the tenants of "The East". New residents from around such as The Avenue have added to customers of the Group's retail tenants in Wan Chai.

QRE Plaza

Continuous efforts in refining tenant mix have helped to lift rental income of QRE Plaza. Besides, marketing and promotional activities have succeeded in attracting increased traffic and renowned retailers to "The East". QRE Plaza's rental income maintained at HK$37 million in the year under review.

Rental Income



* QRE Plaza opened in November 2007

Lee Tung Avenue

Lee Tung Avenue is a tree-lined pedestrian walkway equipped with lifestyle and dining options that perfectly complement their beautiful streetscape surroundings. It is a URA redevelopment project. Net rental income is split 40:60 between the URA and the 50:50 joint venture between the Group and Sino Land. With a total GFA of approximately 87,700 sq.ft., it opened in the first quarter of 2016 and has so far received very positive responses from tenants. The average occupancy rate of Lee Tung Avenue was around 96% and the average rent was around HK$62 per sq.ft. in the year under review.

Lee Tung Avenue has further enlarged the Group's rental property portfolio, created synergy among its existing properties such as Hopewell Centre, QRE Plaza and GardenEast and helped upgrade the image of "The East". With the eventual completion of Hopewell Centre II, the Group's cluster will be one of the Wan Chai's largest retail hubs.

Connecting Wan Chai MTR station and Lee Tung Avenue, construction of the Johnston Tunnel is underway and is targeted for completion in the fourth quarter of 2017. An additional QRE Tunnel connecting Lee Tung Avenue and Hopewell Centre is currently under planning.

Progress	2016	2017	2018 & Beyond
Johnston Tunnel (Lee Tung Avenue → MTR)	Under construction. Plan to complete construction in 4Q2017		
Queen's Road East Tunnel (Lee Tung Avenue → Hopewell Centre)	Under planning		

Wu Chung House (Retail shops)
The Group also owns several retail outlets with a total GFA of 17,670 sq.ft. at Wu Chung House. These properties all form part of "The East" and are fully let to a number of well-known retailers. The opening of Hong Kong's only Rolls-Royce car showroom here was followed by McLaren's launch of its first Asia showroom, thus measurably expanding the car showroom cluster of "The East".

GardenEast
Overall revenue rose by 5% yoy despite challenging economic environment. Average rental rates dropped by 7% yoy for serviced apartments while average occupancy of serviced apartments increased by 11% to 93%.

KITEC

Office
In its 2017 Policy Address, the Hong Kong Government will continue to take forward the "Kai Tak Fantasy", a recreational landmark on the site of the former airport runway at the Kai Tak Development Area ("The Area"). More residential flats, commercial floor areas and sport and tourism facilities will be provided in The Area. In addition, the Government will enhance pedestrian access network and construct the Central Kowloon Route which will link Yau Ma Tei with Kowloon Bay and the Kai Tai Development Area. These will create a cluster effect that will boost traffic flows into the district and further increase demand for KITEC's office space which offers top quality services. In addition, KITEC will benefit from the improved connectivity along with the completion of Shatin Central Link which will link up the area with others at Kai Tak Station as well as an environmentally friendly linkage system for Kowloon East which is currently under study.

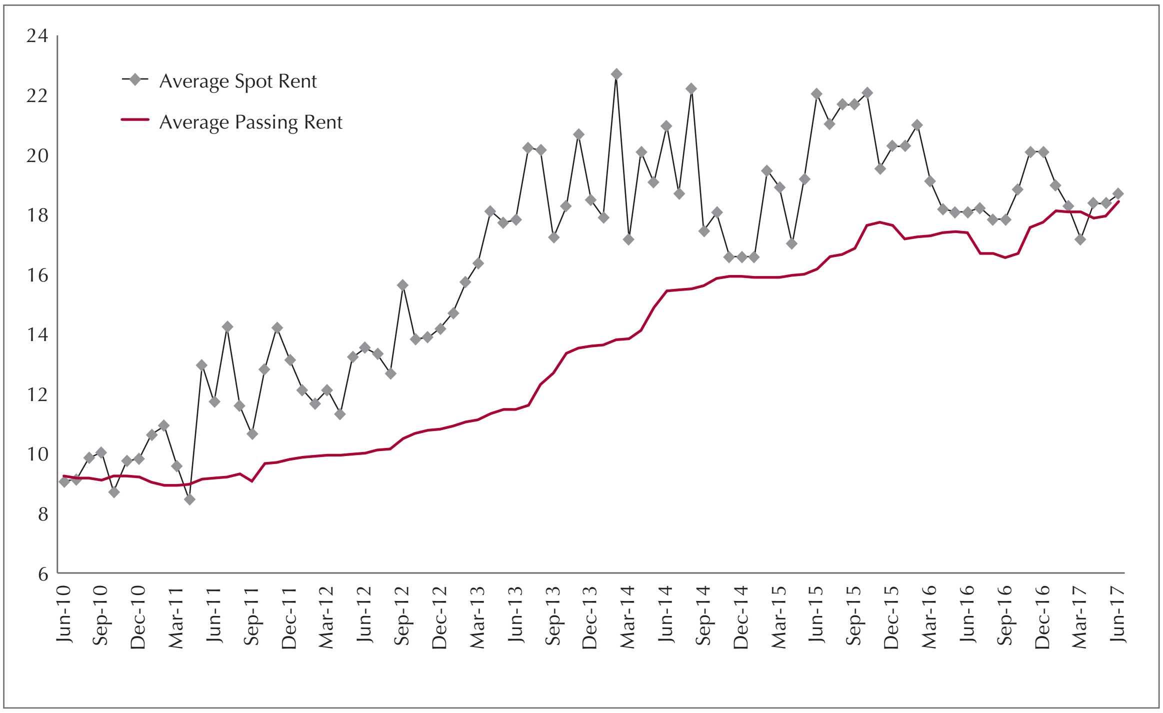
The Group remains determined to pursue a flexible marketing strategy and carry out improvement works by providing quality working environment for office tenants. KITEC is well-positioned to benefit from the relocation plan of Government offices, revitalisation and development of Kowloon East into a quality business district in the long term.

On the office front, during the year under review, rental income dropped slightly by 1% yoy to HK$142 million (FY16: HK$143 million) mainly due to tenant reshuffling. Average passing rent increased 1% yoy to HK$17.9 per sq.ft. during the year under review from HK$17.7 per sq.ft. in FY16 and average spot rent fell slightly to approximately HK$19 per sq.ft., in line with market trend, whereas average occupancy rate remained at high level of 94%. The gap between passing rent and spot rent narrowed compared with the previous year mainly due to softened demand. Nevertheless, the Group plans to initiate further AEI to upgrade services and facilities and improve the image of KITEC by phase, including revamp of corridors and toilets, set up gymnasium room for tenants and offer baby care room to cater for the need of our tenants. The Group expects KITEC office to experience the next phase of rental uplift when Kowloon East becomes more developed, as the area evolves as a quality business district into CBD2 in the longer term.

The GFAs of KITEC's office and retail portions are approximately 750,000 sq.ft. and 760,000 sq.ft. respectively. As at 30 June 2017, the Government is an anchor tenant with approximately 250,000 sq.ft. of space, which represented 33% of KITEC office's total GFA.

KITEC Office

Average Spot and Average Passing Rent (FY11 – FY17)
(HK$/sq.ft.)



E-Max

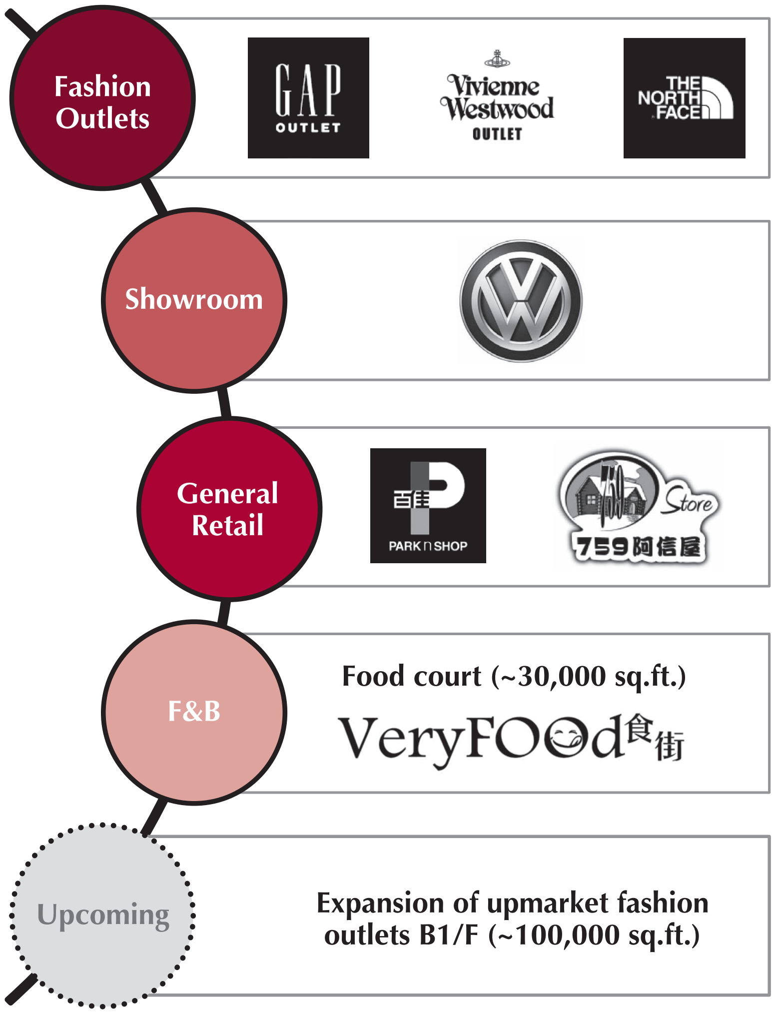
E-Max is an entertainment-driven shopping arcade that includes a live house, The Metroplex, and Star Hall. In light of The Metroplex and the Music Zone@E-Max, the tenant mix on G/F and 2/F has been refined to renowned brands and general retailers which helped to stimulate the footfall and enable E-Max to achieve higher rental rates.

Foreseeing a high traffic flow and purchasing power in Kowloon East, the Group has continued to optimize E-Max's tenant mix in the past few years. In 2014, the Group launched a multi-cinema complex, The Metroplex, at G/F and introduced a new E-Max Home concept spanning the premise's 4/F and 5/F. The refined tenant mix now tempts shoppers with lifestyle, household furniture, kitchen and home design ideas, resulting in strong uplift in rental rate which more than tripled. In 2015, the Group has succeeded in attracting a number of F&B shops near the cinema to satisfy the taste buds of moviegoers and shoppers.

As the evolution of E-Max unfolded since 2014 along with the opening of the Metroplex, success has been shown. The introduction of more popular brands to E-Max has been well-received by the market. To further refine the tenant mix on G/F and 2/F, the Group has launched an asset enhancement initiative in 2016. The world's top-3 automakers and premium auto brand "Volkswagen", opened a showroom of approximately 8,000 sq.ft. on G/F in February 2016. A supermarket was opened on 2/F in June 2016. The upmarket fashion outlets of approximately 65,000 sq.ft. was opened on G/F in August 2016, with popular brands including Gap, Vivienne Westwood and The North Face. In December 2016, the Group has renewed lease with the automall on B3/F with rental rates more than doubled. This will help E-Max to maintain its diversity in tenant mix and secure stable rental income at the same time. In addition, a new food court of approximately 30,000 sq.ft. was opened on 2/F in the first quarter of 2017.

In the second quarter of 2017, the Group started to convert B1/F of approximately 100,000 sq.ft. (previously automall and Duty Free Shop) into a retail area as an expansion of G/F's fashion outlets. This second phase of E-Max's evolution has begun with tenants being vacated for renovation which commenced in the second quarter of 2017. It is planned that new tenants of the fashion outlets' expansion will move in and start operation by summer 2018. The short term negative impact on rental revenue from the moving out of tenants on B1/F during the year under review will be partially offset by the increase in rental income from the automall on B3/F as the rental rate has more than doubled under the new rental agreement. More importantly, it will be outweighed by the benefits on the long term growth when E-Max's second phase of evolution completes. In order to capture more local consumptions, E-Max has enlarged the area for F&B to increase footfall and increase rental income from the retail tenants. As a result of the increase in footfall alongside the enlarged area for F&B, the encouraging performance of the upmarket fashion outlets on G/F together with the second phase of evolution, E-Max's rental income is targeted to grow 50% in FY19 as compared to FY16.

Introduced more popular brands and elements



Conventions, Exhibitions and Entertainment

KITEC venues are committed to provide convention, exhibition and entertainment services and offering diversified venues for customer to host concerts, exhibitions, meetings and conferences, banquets and also sports events in Hong Kong. Over 163 shows including concerts, sports, and musicals were held in the venues during the year under review.

Star Hall continues to be a preferred venue for hosting concerts, musicals, award presentations and different kinds of stage performances. 48 shows were staged in Star Hall in FY17, which include performances of international artistes such as American-talented guitar players Generation AXE, Korean pop stars Ji Chang Wook and Lee Dong Wook, Korean pop band B1A4, Korean hip-hop singers KUSH and Zion. T, Japanese pop bands w-inds, Morning Musume '17, Taiwanese singers Waa Wei, Cheer Chan and Tanya Chua. The Chinese entertainment award Huading Award was also held in Star Hall. In addition, well-known and famous musical Sesame Street Live and a theatrical extravaganza Hi-5 Fairytale musical were staged at Star Hall.

Supported by newly opened venue, The Glass Pavilion, which has successfully brought in more corporate and banquet events, the gross rental income, including equipment rental, recorded an increase of 8% yoy to HK$65 million during the year under review.

The Metroplex (multi-cinema complex)

During the year under review, The Metroplex has drawn more than 650,000 audiences to E-Max and over 16 Gala Premiers were held. The Metroplex was able to achieve 4% yoy growth in box office despite a static film market in Hong Kong.

The Metroplex remains committed to supporting the independent film culture. 12 Metro Select programs were held this year. The Metroplex presented the third annual "Sundance Film Festival: Hong Kong". For the first time, a Hong Kong film production was selected in the screening together with 12 other films from the 2016 Sundance Film Festival in Utah, USA.

This year, The Metroplex also curated a second and third season of "Arts in Cinema" which showcased films about modern masters from different artistic fields, from painting, sculpture, film, fashion to performance.

In support of the local film schools and students, The Metroplex sponsored the Hong Kong Baptist University "Final Year Project 2017 Screenings", the Hong Kong Academy for Performing Arts "Best Selected Film Screenings", and the Hong Kong International Film Festival 2016 Student Summer Program.

The Metroplex endeavors to support corporate social responsibility. The cinema has supported 7 CSR events during the year. It has won two CSR awards this year namely "Supporting Organization of Work Experience Movement" by Education Bureau and "Hong Kong Smoke-free Leading Company Awards" by HK Council on Smoking & Health.

Panda Place

Located in the heart of Tsuen Wan, Panda Place is a 229,000 sq.ft. shopping mall. Its image has been enhanced by recent renovation and refined tenant mix. The mall entices shoppers with a superb and convenient shopping experience.

Rental income at Panda Place grew by 2% yoy to HK$62 million during the year under review. The average occupancy rate was 98% during the year under review. The Group expects stable rental income contribution from Panda Place as the major tenant reshuffling had been completed.

Hospitality

Panda Hotel

During the year under review, Panda Hotel's total revenue rose 1% yoy to HK$306 million. Room revenue increased by 2% yoy to HK$200 million, mainly due to the increase in average room rate by 2% yoy and occupancy rate maintained at high level of 97%. F&B revenue dropped slightly by 3% yoy to HK$106 million, due to keen competition in the market.

Tourist arrivals to Hong Kong recorded yoy growth of 0.3% during the year under review compared to 7.3% yoy drop in the same period of the previous year. There were signs of improvement in the hotel industry of Hong Kong despite the outlook remains challenging.

Panda Hotel will continue to maintain its competitiveness by adopting flexible marketing strategy, maintaining diversification on customer mix to avoid over reliance on Mainland China's leisure visitors and renovating guestrooms. It will also expand its partner network in order to enlarge its travel agent base and various marketing programs are being deployed to sustain the business volume. Panda Hotel has mobilized the sales team to launch extensive sales blitz to capture more business.

As of 30 June 2017, the market value of hotel amounted to HK$2,950 million (equivalent to approximately HK$3.2 million per room) as estimated by DTZ Debenham Tie Leung Limited ("DTZ"). According to the general market practice, the asset value of hotel is stated at cost less accumulated depreciation in the Group's balance sheet. As of 30 June 2017, the book value of Panda Hotel amounted to HK$325 million (equivalent to HK$0.4 million per room), which implies a hidden value of approximately HK$2.6 billion compared to its market value.

Restaurant & Catering Services

The Group expanded KITEC's F&B business. It continues to provide quality food, beverage and services as well as upgrade the facilities and equipment.

Revenue from KITEC's F&B remained stable and continued to gain recognition. KITEC's new venue, The Glass Pavilion, which was opened in August 2016 has further strengthened its competitive edge by bringing in more wedding-banquet businesses and premium events including The Hong Kong Society for the Protection of Children 90th Anniversary Charity Ball and the Youth Diabetes Action Gala 2017.

Despite the keen competition of F&B business and the challenging operating environment, including the rise in food and beverage costs as well as labor costs, the performance of the business was satisfactory during the year under review with total revenue of around HK$141 million.

B. Sales

Hopewell New Town

Project Description

Location	Huadu, Guangzhou, the PRC
Total site area	Approximately 610,200 sq.m.
Total plot ratio GFA	Approximately 1.11 million sq.m.
Basement car park GFA	Approximately 0.45 million sq.m.
Nature of development	A multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities.
Status	Partly developed and partly under construction

Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. It is strategically located approximately three kilometres from Baiyun International Airport in Guangzhou and close to the highway connecting the airport with Guangzhou city centre. Approximately 472,000 sq.m. or 43% of the total GFA of the project (consisting of 175 townhouses and 3,627 apartments) were sold and booked up to 30 June 2017.

322 units or 37,500 sq.m. of apartments and 16 units or 4,600 sq.m. of townhouses were sold during the year under review and subsequently up to 4 August 2017, generated RMB636 million of sales. The average selling price for the apartments sold during the above-mentioned period increased 10% to RMB12,100 per sq.m. compared to that of FY16 mainly due to rising market demand.

During the year under review, sales of 486 units or 55,100 sq.m. of apartments and 11 units or 3,200 sq.m. of townhouse were booked and generated revenue of RMB715 million, representing a 179% yoy rise and exceeded the original booking target of RMB600 million. The Group targets to book approximately RMB500 million of sales in FY18, subject to construction progress and will continue to explore cost-effective ways to control the construction costs and increase the profitability.

	FY16	*FY17*
Sales Target	85,000 sq.m. (achieved)	

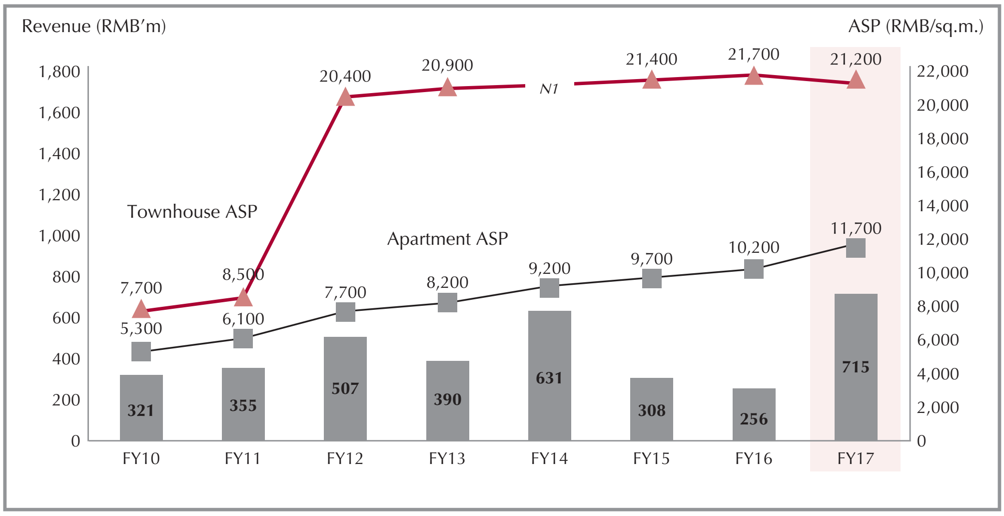
	FY16	*FY17*	*FY18*
Sales Booking	RMB256m	RMB715m (exceeded target)	Target ~RMB500m[N1]

N1: Subject to construction progress

The transition from business tax to value added tax was effective from 1 May 2016 and there was no impact on net profit during the year under review. Based on latest estimation, it is expected that there will be less than 10% negative impact on FY18 net profit.

The Group is currently studying various options for the development of a commercial strip with a permissible GFA of 150,000 sq.m. at Hopewell New Town. According to Huadu government's website, the MTR Route No.9 is currently planned to commence operation in the fourth quarter of 2017 and an MTR exit is planned to be built near the site, which will further improve the connectivity in this area.

Revenue and Average Selling Price ("ASP") Booked



GFA booked (sq.m.)								
Apartment	41,000	56,000	24,500	41,000	67,600	29,600	23,200	55,100
Townhouse	13,000	1,000	13,800	1,700	–	900	900	3,200
Units booked								
Apartment	366	574	306	333	695	252	195	486
Townhouse	43	4	48	6	–	3	3	11

N1: No sales of townhouse booked in FY14

The Avenue

Project Description

Location	Wan Chai, Hong Kong
Project Nature	URA Project
JV partner	Sino Land Company Limited
GFA and no. of units	Around 731,000 sq.ft., 1,275 units in total Phase 1: 179 units (saleable area 103,000 sq.ft.) Phase 2: 1,096 units (saleable area 554,000 sq.ft.)
Status	Completed

The Avenue consists of four towers with 1,275 residential units of a wide range of sizes and layouts. As at 30 June 2017, all residential units were sold and the average selling price was around HK$22,600 per sq.ft. of saleable area, of which 1,273 units (99% of units sold) have been handed over. By bringing in more high-net-worth residents to the area, synergies have been created, which has benefited the Group's retail tenants in the surroundings.

The Avenue Residential Sales (as of 30 June 2017)

Based on saleable area	*Phase 1*	*Phase 2*	*Total*
Units sold	179 (103,000 sq.ft.)	1,096 (554,000 sq.ft.)	1,275 (657,000 sq.ft.)
• As % of total units	100%	100%	100%
• Average selling price	HK$20,200/sq.ft.	HK$23,000/sq.ft.	HK$22,600/sq.ft.

Revenue shared (after URA's sharing) from sales of The Avenue amounted to HK$5,207 million, representing 1,274 units or 655,000 sq.ft. have been booked up to 30 June 2017, of which revenue of HK$427 million representing 31 units or 34,000 sq.ft. was booked during the year under review compared to HK$4,074 million representing 1,065 units or 520,000 sq.ft. booked in the previous year.

Broadwood Twelve

Project Description	
Location	12 Broadwood Road, Hong Kong
Total GFA	113,900 sq.ft.
Nature of project	Residential
Number of units	76 (including two penthouses)
Facilities	Fully equipped clubhouse, spacious landscaped gardens and car parks
Investment cost	Around HK$700 million
Status	Completed and partly sold since June 2010

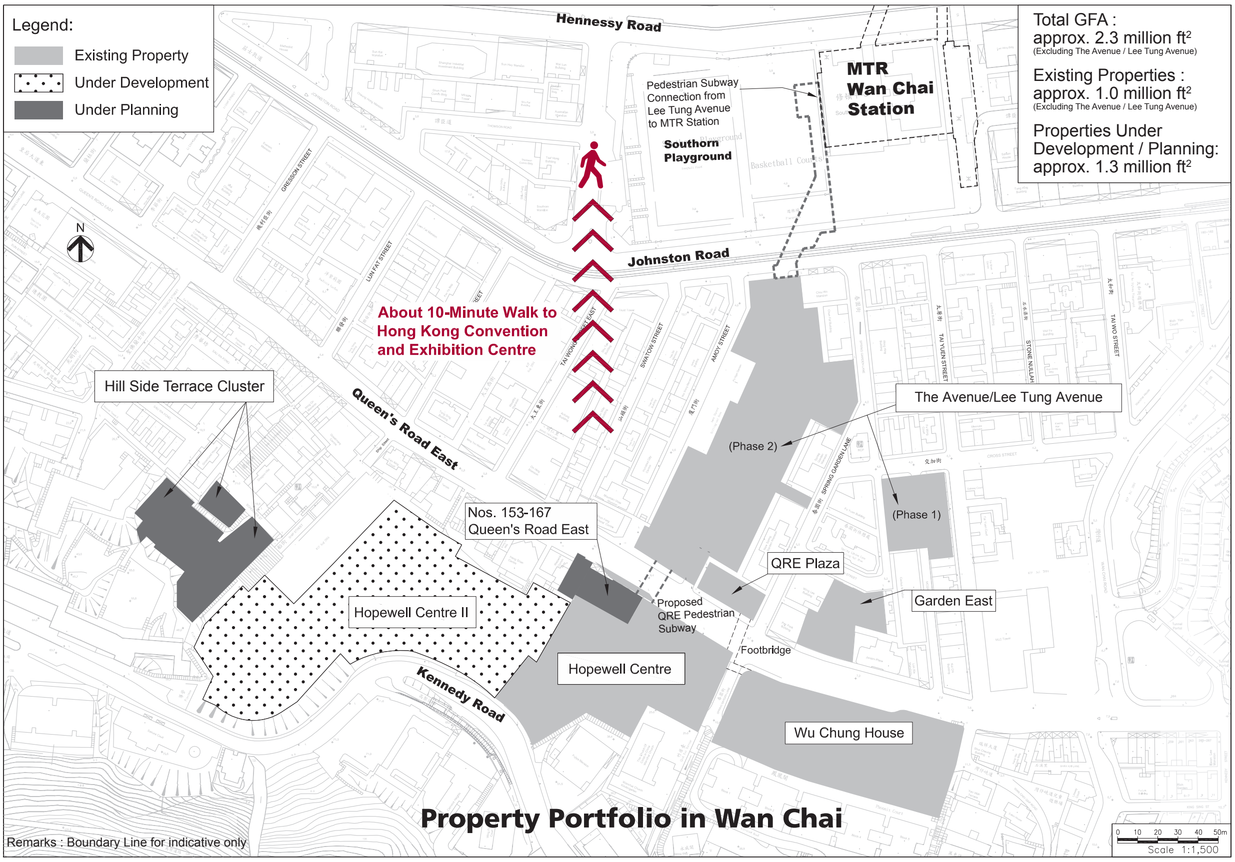
Broadwood Twelve is the Group's residential development on Broadwood Road. The top-quality finishes of its units and the stunning views they enjoy over the racecourse and Victoria Harbour have positioned them as attractive luxury residences.

As of 4 August 2017, 69 units or 91% of its 76 units had been sold, generating total gross sales proceeds (including sale of car-parking spaces) of around HK$3,207 million. The average selling price of the units sold was around HK$34,300 per sq.ft. of saleable area. During the year under review, 10 units with total saleable area of approximately 12,800 sq.ft. were sold at average selling price of HK$34,900 per sq.ft., of which 9 units with net sales revenue of approximately HK$386 million were booked in FY17. As at 30 June 2017, the book value of the 7 unsold units, 1 unit which was sold in FY17 but not yet booked, and the remaining car parking spaces was around HK$292 million.

Despite the introduction of new ad valorem stamp duty in November 2016, the luxury residential market is relatively unaffected due to the limited new supply, especially for the flats in prime locations and traditional luxury districts. The Group is confident about the long term prospects for the luxury residential property market.

Broadwood Twelve has also attracted leasing offers from large and well-known corporations, as well as individual professionals. To maximise the Group's income, 4 out of 7 unsold units were being leased at an average monthly rental rate of about HK$65 per sq.ft. of saleable area as of 4 August 2017. These units are still available for sale.

C. *Properties Under/For Development*



Timeline for Projects[N1]

Hong Kong	CY 2017	2018	2019	2020	2021	2022	>>>
Hopewell Centre II (HHL 100%)	Construction works				Opening: 2021		
153–167 Queen's Road East (HHL 100%[N2])			Demolition and construction works			Opening: 2022	
Hill Side Terrace Cluster[N3] (HHL 100%)	Pending resubmission of preservation cum development plan to Town Planning Board						

N1: Present planning, subject to change

N2: The Group has 100% ownership of 153A–167 QRE and has secured over 80% ownership of 153 QRE. Compulsory sale for redevelopment (by auction) of the latter was applied in March 2017 to achieve the 100% ownership

N3: Including 1–3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site

Hopewell Centre II

Project Description	
Location	Wan Chai, Hong Kong
Total GFA	Around 101,600 sq.m.
Nature of development	Primarily a conference hotel with approximately 1,024 guest rooms (hotel area of around 76,800 sq.m.) and a retail area of around 24,800 sq.m.
Height/No. of storeys	207 mPD/52 storeys
Estimated total investment	Around HK$9–10 billion (including land premium of HK$3,726 million and an estimated investment cost for a road improvement scheme and parks)
Status	Under construction (Site formation work in progress)

A Land Grant execution involving a land premium payment of HK$3,726 million was completed on 24 October 2012. Site formation work is in progress and construction of the hotel is advancing full steam forwards.

As announced on 13 April 2017, due to the recent adoption of a new excavation and foundation scheme to improve the overall design and enhance the structural integrity of Hopewell Centre II, time to complete the site formation and foundation works for Hopewell Centre II will be prolonged. As a result, the present target opening of Hopewell Centre II will be deferred to year 2021.

In August 2017, the Town Planning Board approved the 2017 Scheme of Hopewell Centre II. The new approved scheme will enhance the pedestrian connectivity in Wan Chai South. Under current planning, this will have no impact on the construction progress.

The estimated total investment cost (including land premiums) remains at around HK$9 to 10 billion. This will be financed by the Group's internal resources and/or external bank borrowings. Upon completion, Hopewell Centre II is expected to be one of the largest hotels in Hong Kong with comprehensive conference facilities.

Details of Hopewell Centre II's development can be found at its
website: http://www.hopewellcentre2.com/eng/

Capex Plan[N1] (HK$'m)

Up to 30 June 2017	*FY18*	*FY19*	*FY20 & Beyond*
around $4,820[N2]	$400	$570	$3,430

Planned Total Investment: remains at around HK$9b–HK$10b

N1: Present planning, subject to change
N2: Include land premium HK$3,726m

As at 30 June 2017, the market value of the hotel portion of this project amounted to HK$4,094 million (equivalent to around HK$4.0 million per room under development) as estimated by DTZ. In line with accepted market practice, the value of the hotel portion of the project is stated at a cost of around HK$2,538 million (equivalent to around HK$2.5 million per room under development) in the Group's balance sheet. This implies a hidden value of around HK$1.5 billion compared to stated market value.

A road improvement scheme will be carried out within this project which will improve the area's traffic flow and enhance pedestrian safety. The road improvement work at the junction of Queen's Road East and Kennedy Road started in December 2015.

A green park which will be open to the public will also be built within this project to provide a venue for public recreation and enjoyment.

As a key element of Wan Chai Pedestrian Walkway proposal, this project will also provide a convenient pedestrian connection between the Kennedy Road residential area in Mid-Levels, Wan Chai MTR Station and Wan Chai North. In helping to seamlessly integrate major areas of Wan Chai district, it will provide access to the Group's properties under "The East" brand. Synergising with the Group's current Wan Chai property portfolio, it will further enhance its recurrent income base.

Hill Side Terrace Cluster Development

Land Lots Owned by the Group	Acquisition Date	Site Area (sq.m.)
1–3 Hill Side Terrace	1981	516
1A Hill Side Terrace	1988	585
Nam Koo Terrace	1988	685
Miu Kang Terrace	2014*	342
Schooner Street Site	2014	270
Total		2,398

* Acquisition date of the last unit

Hill Side Terrace Cluster includes 1-3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site. As at 30 June 2017, the total book costs of these properties was around HK$600 million.

In order to realise the redevelopment potential of Hill Side Terrace Cluster and to preserve Nam Koo Terrace, the Group proposed that the Grade I historical building at Nam Koo Terrace will be restored and preserved, and a residential building with open space provision will be developed. Resubmission of the preservation cum development plan to Town Planning Board is pending.

153-167 Queen's Road East

Project Description	
Proposed use	Commercial
Estimated total investment cost	Around HK$1,200 million

The Group has expanded the 155-167 QRE project into 153-167 QRE project through an application for compulsory sale for redevelopment (by auction) made in March 2017. Under current planning, the project will be developed into a commercial property. The project is envisioned to commence operation in 2022. As a result of the enlarged development, the interface for Hopewell Holdings' property portfolio on Queen's Road East will be increased.

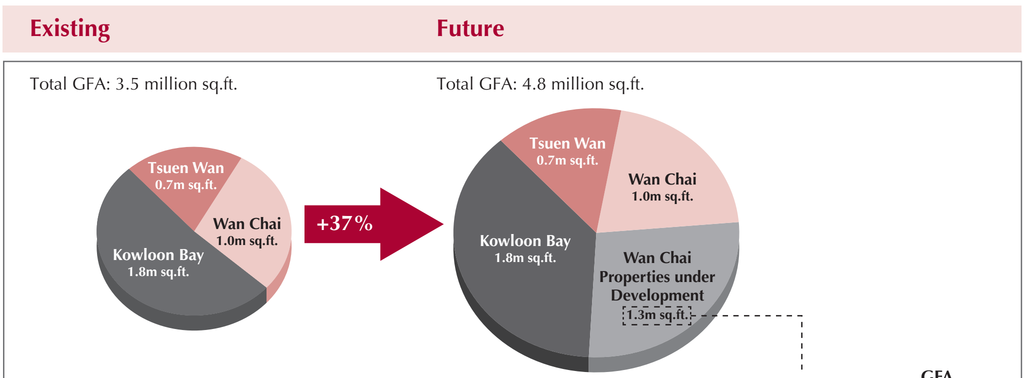
Project	155-167 QRE Before Expansion	153-167 QRE After Expansion	QRE Plaza
Site Area	5,000 sq.ft.	6,700 sq.ft.	5,000 sq.ft.
Development GFA	75,000 sq.ft.	90,000 sq.ft. (Estimate)	77,000 sq.ft.

Developments in Wan Chai

In increasing its exposure in Wan Chai, the Group aims to capture additional growth opportunities. Given that both 153-167 QRE and Hill Side Terrace Cluster are in close proximity to key properties in the Group's Wan Chai property portfolio, it will create tremendous synergy. Hopewell Centre II's retail space will also add to the Group's existing retail space to create one of Wan Chai's largest retail clusters in future. The ongoing redevelopment in the district is expected to bring significant changes to Wan Chai. The Group will continue to look for opportunities to increase land reserves in locations synergizing with its existing properties and development in Wan Chai.

Based on the Group's existing investment properties (including hotel) of approximately 3.5 million sq.ft., plus around 1.3 million sq.ft. of those under development in Wan Chai, the total attributable GFA of the Group's investment properties (including hotel) will increase 37% to approximately 4.8 million sq.ft. in future. Upon completion of these properties under development which are situated in prime locations and will provide synergy to the existing property portfolio, the Group's rental income will be increased substantially.

Investment Properties* under Development – Future Growth Driver



	Use	Target opening	GFA (sq.ft.)[N1]
Hopewell Centre II	Conference Hotel	2021	1,100,000
153–167 QRE	Commercial	2022	90,000
Hill Side Terrace Cluster	Residential	under planning	130,000
			1.3m

N1 Under current planning

* Including hotel

2. Infrastructure

A. HHI

Business Performance

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 8% yoy to RMB12.5 million and the aggregate total toll revenue amounted to RMB4,579 million.

The growth momentum of the GS Superhighway is persistent ever since the second half of FY15. During the year under review, its average daily toll revenue increased by 6% yoy to RMB9.2 million, which set a new high after the tariff cut in June 2012. Meanwhile, the average daily full-length equivalent traffic grew by 8% yoy to 99,000 vehicles and reached historical high. The growth was supported by the healthy economic environment in the PRD region.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route, amounting to RMB3.4 million and 47,000 vehicles, reached historical high with strong yoy growth of 15% and 17% respectively. The strong performance was supported by the healthy economic environment in the PRD region, and positive impacts generated from maintenance and upgrading works on National Highway 105 and local roads nearby from mid-August 2016 to the end of 2019.

Starting from FY17 annual results, information on the Western Delta Route will be disclosed as a whole. Disclosure has been simplified to reflect the full operation of the Western Delta Route, since it was fully opened in January 2013 and turned profitable since FY16.

The HHI Group's shared aggregate net toll revenue increased by 8% yoy to RMB2,159 million during the year under review, with the GS Superhighway and the Western Delta Route contributing 72% and 28% respectively, compared to 74% and 26% respectively in FY16.

Financial Year	*2016*	***2017***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue# (RMB'000)	8,682	**9,169**	+6%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	92	**99**	+8%
Western Delta Route			
Average Daily Toll Revenue# (RMB'000)	2,941	**3,377**	+15%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	40	**47**	+17%

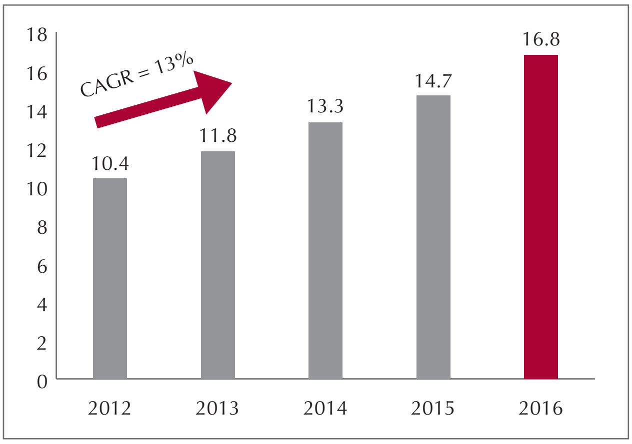
\# Including tax

* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review. It can better reflect road usage as it takes into account total travelling distance by all vehicles on the expressway and is a standard operational statistic used throughout the industry

Economic Environment

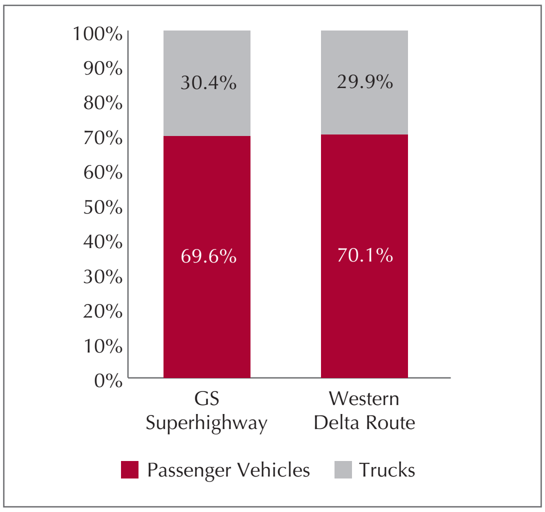
From 2012 to the end of 2016, total length of expressways in Guangdong reached 7,683 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was caused by growing registered car population, which achieved a compound annual growth of 13% during the same period and grew by 14% yoy to a record high of 16.8 million vehicles at the end of 2016. The growth rate of toll road supply is far lagging behind the demand in Guangdong. Healthy economic development and rising registered car population that generate sustainable demand for road usage will continue to support the growth of the HHI Group's expressways.

Guangdong's registered car population
(No. of vehicles in million)

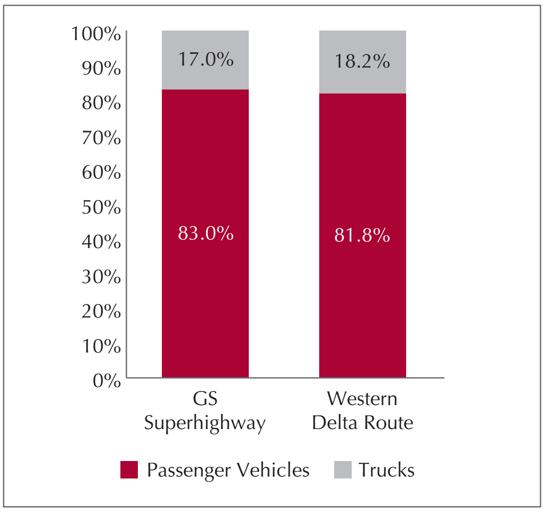


According to the China Association of Automobile Manufacturers, annual vehicle sales in Mainland China surged by 14% to a historical high of approximately 28 million units in 2016, supported by a purchase tax cut from 10% statutory rate to 5% for passenger cars with engines no larger than 1.6 litres that was implemented since 1 October 2015. Mainland China remains the largest vehicle sales market in the world for the eighth consecutive year since 2009. At the end of 2016, its registered car population had already exceeded 180 million units and the number of vehicles keeps on rising. In the first half of 2017, vehicle sales increased moderately by 4% to approximately 13 million units as the tax benefit was reduced. The purchase tax rate increases to 7.5% in 2017 from 5% in 2016, and will rise to the pre-tax cut statutory level of 10% in 2018. HHI believes that the GS Superhighway and the Western Delta Route will continue to benefit from the growth of car population in Mainland China and Guangdong, which is driven mainly by the growth of passenger car sales.

Toll Revenue Contribution (FY17)



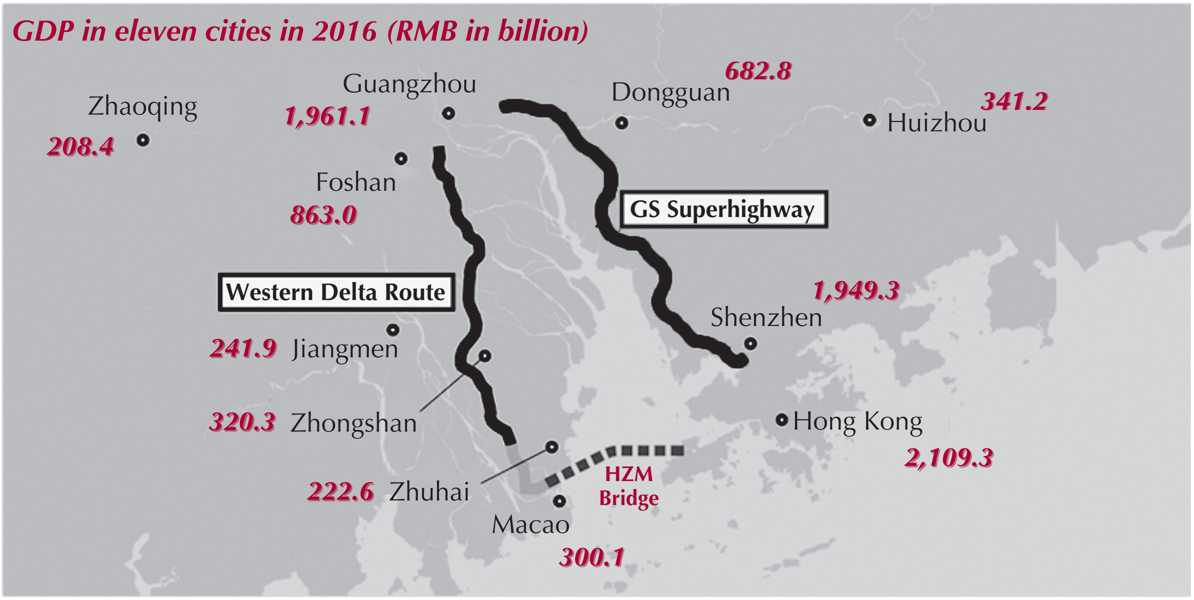
Full-Length Equivalent Traffic Contribution (FY17)



The continuation of supply-side structural reforms in Mainland China provides a sustainable environment to support its economic growth. Mainland China and Guangdong achieved GDP growth of 6.7% and 7.5% in 2016 respectively. The strong momentum carried on in the first half of 2017 with the GDP growth of Mainland China and Guangdong maintaining at 6.9% and 7.8%, which exceeded the respective targets of around 6.5% and above 7%.

The strategic regional development scheme — Guangdong-Hong Kong-Macao Bay Area ("Bay Area"), was first addressed in the 13th Five-Year Plan (2016-2020) by the PRC government. It was designed to strengthen infrastructure linkages and stimulate economic cooperation in the city cluster, which includes Hong Kong, Macao, and nine cities in Guangdong Province. The economic development in the Bay Area will be further boosted in the coming years. The GS Superhighway and the Western Delta Route, which perfectly connect most of the populous cities in the Bay Area, are expected to benefit from the fostered economic development.

Guangdong-Hong Kong-Macao Bay Area

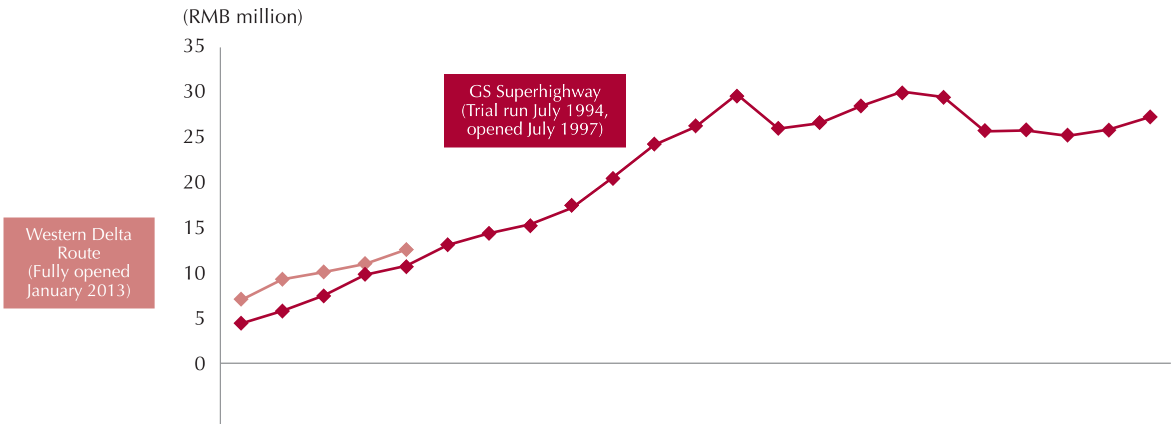


Source: PRC State Council, Statistics Bureau of Guangdong Province, HKSAR Census and Statistics Department, Government of Macao SAR Statistics and Census Service

Growth Potential of the Western Delta Route

The Western Delta Route is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers direct and convenient access to the Hengqin State-level Strategic New Zone and the forthcoming HZM Bridge through an expressway network at its southern end. It has been achieving healthy growth since opening. Given its locational advantages on the western bank of the PRD, it is well positioned to benefit from the prosperous economic development of the region.

Western Delta Route — Annual Toll Revenue* Per Km



Opening Year / RMB'm	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23
GS Superhighway (FY95)	4.4	5.8	7.5	9.8	10.8	13.1	14.4	15.4	17.2	20.6	24.2	26.2	29.8	26.0	26.6	28.5	30.1	29.5	25.7	25.8	25.2	25.9	27.3
Western Delta Route (FY13)	7.0	9.3	10.1	11.0	12.6																		

* Including tax

The Western Delta Route is located at the heart of western PRD and runs along its central axis. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with not only the forthcoming HZM Bridge, but also the Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will open to traffic by 2019, 2019 and 2024 respectively, according to the media reports) to form a comprehensive regional expressway network. In the first quarter of 2017, an expressway link between the southern end of the Western Delta Route and Second Hengqin Bridge was opened to traffic, which strengthens Western Delta Route's position as the most convenient and the only expressway artery facilitating traffic to and fro Guangzhou and Hengqin. In addition, the Zhuhai Link Road, which is connected to the southern end of Phase IV West Extension and the HZM Bridge, was partially opened to traffic on 9 September 2016. It provides a direct linkage to the city centre of Zhuhai and will further connect to the HZM Bridge after full completion. HHI believes that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

* According to media

The HZM Bridge will provide a convenient link between Hong Kong and western PRD. Upon its completion, western PRD cities will fall into a 3-hour commuting radius from Hong Kong. With an enhanced transportation network in the vicinity, the bridge will improve the surrounding cities' geographical advantages as well as competitiveness, and attract new business opportunities in the region. The cross border passenger and freight traffic between western PRD and Hong Kong will be stimulated due to a more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially reduced to approximately 30 minutes via the HZM Bridge in the future instead of spending as much as 4 hours by land or over 1 hour by sea currently. As a result, traffic flow in western PRD, in particular the related feeder traffic, will be boosted subsequent to the opening of the HZM Bridge. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border licenses for private cars has been increasing significantly to make use of the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the HZM Bridge border crossing shortly after its opening and it will provide impetus to the traffic growth of the Western Delta Route. The HZM Bridge's opening will further foster the region's economic development and integration, thereby benefiting the Western Delta Route.

Hengqin in Zhuhai is the third State-level Strategic New Zone following Shanghai's Pudong District and Tianjin's Binhai District in China. It is also being incorporated as part of the China (Guangdong) Pilot Free Trade Zone which was established in April 2015. Hengqin is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. According to the media reports, the committed total project investments in Hengqin have reached over RMB340 billion as of June 2017. Among which, Chimelong International Ocean Tourist Resort is one of the signature projects and the major contributor to tourism in Hengqin. Chimelong Ocean Kingdom, its leading theme park, welcomed approximately 8.5 million tourists in 2016 at an annual growth rate of 13%. The expansion of the resort has been actively underway with a total investment of over RMB50 billion. It is planned to accommodate approximately 50 million visitorship annually after the expansion is completed. Moreover, phase one of Lai Sun Group's Novotown, another signature project focusing on culture and recreation industries with theme hotels, targets to open in late 2018 according to the media. The project is expected to attract 5 million visitors in its first year of operation. By the end of 2016, the Macao government altogether recommended 83 local projects to the Hengqin authority for development in the Guangdong-Macao Cooperation Industrial Park. The committed project investments are expected to exceed RMB200 billion. 13 projects have started construction and will be completed from 2018 onwards as reported by the media. In addition, Zhuhai has become a premier venue for holding international events. The China International Circus Festival will be held annually instead of biennially since 2016 while Airshow China will remain a biennial event to be held in Zhuhai. The Western Delta Route will benefit from the progressive development in Hengqin which strengthens the demand for transportation in the region.

Hengqin's Developments

CY	2014	2015	2016	2017	2018	2019	2020	>>>
Projects								
Chimelong International Ocean Tourist Resort Phase 1	Opened in March 2014							
Chimelong International Ocean Tourist Resort Phase 2							Target opening in 2020*	
Phase I of Lai Sun Group's Novotown					Target opening in end-2018*			
Ferretti Yacht Asia-Pacific Center					Target opening in 2018*			
Guangdong-Macao Cooperation Industrial Park					Target completion from 2018 onwards*			
Infrastructure								
Macao Cotai-Hengqin Border Crossing 24-hour opening	Since December 2014							
Hengqin Second Bridge		Opened in December 2015						

* According to media

On the other hand, newly established gaming resorts and hotels in Macao also help to promote tourism. Since 2015, new projects in Cotai, namely Galaxy Macau Phase Two, Studio City, Wynn Palace and the Parisian Macao, help to attract more tourists and they altogether provide a total of over 7,500 guest rooms. Besides, there are other notable projects still under construction. MGM Cotai is expected to open in the fourth quarter of 2017 offering approximately 1,400 hotel rooms, while Grand Lisboa Palace will open in the second half of 2018 with a supply of approximately 2,000 rooms according to the media reports. These new landmarks will provide fresh experience of entertainment and hospitality in the region, propelling a second wave of growth in Macao's tourism. Furthermore, after the implementation of 24-hour opening of border crossing for passengers and passenger cars between Macao and Hengqin since 18 December 2014, the cross border traffic flow is boosted. The average daily cross border passenger flow and vehicular traffic between Cotai and Hengqin grew robustly by 69% and 23% to 24,000 journeys and 3,000 vehicles respectively in 2016 when compared to 2014. The Western Delta Route, being the most direct and convenient expressway from Guangzhou to Hengqin and Macao, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

Latest Update in Toll Road Industry

Toll discount for trucks in state-owned expressways

Two major state-owned toll road investors and operators in Guangdong Province, Guangdong Provincial Communication Group Company Limited and Guangdong Nanyue Transportation Investment and Construction Company Limited jointly announced on 29 June 2017 that their 43 state-owned expressways in Guangdong would offer 15% toll discount for trucks using Guangdong Unitoll Card for toll payments starting from 1 July 2017 in order to lower the cost of the logistics industry. The toll discount for trucks is not applicable to the GS Superhighway and the Western Delta Route. HHI will closely monitor the situation.

Regulation on the Administration of Toll Roads (Amendment Proposal)

On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and relevant industries. On 21 July 2015, the Ministry of Transport announced a new version of amendment and invited opinions from the public again. The major new clauses affecting the toll road companies under operation include (1) the toll collection period can be up to 30 years instead of the prevailing 25 years; (2) the operation period can be extended due to increased investment in traffic capacity expansion and (3) the local government, which launches a toll-free policy violating the legal rights of the toll road companies and resulting in any revenue loss, needs to compensate the toll road companies. HHI will closely monitor the development on this issue.

Guangzhou-Shenzhen Superhighway

Project Summary

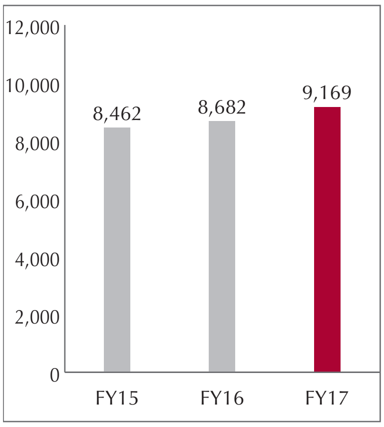
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997 – June 2027
Profit Sharing Ratio	Year 1 – 10: 50% Year 11 – 20: 48% Year 21 – 30: 45%

The GS Superhighway is the main expressway connecting the PRD region's three major cities — Guangzhou, Dongguan, Shenzhen and Hong Kong. After the full opening of the Coastal Expressway at the end of 2013, the GS Superhighway returned to positive growth ever since the second half of FY15. During the year under review, steady growth has been maintained. The average daily toll revenue increased by 6% yoy to RMB9.2 million, which set a new high after the tariff cut in June 2012. Its total toll revenue amounted to RMB3,347 million. The average daily full-length equivalent traffic on the GS Superhighway rose by 8% yoy to 99,000 vehicles and reached the historical high. When comparing with the new historical peak at 121,000 vehicles recorded on 14 September 2016, there is still 22% room for traffic growth on the GS Superhighway. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.6% and 83.0% of the GS Superhighway's toll revenue and full-length equivalent traffic volume respectively. The solid economic environment in Guangzhou, Dongguan and Shenzhen with GDP growth of 7.9%-8.8% in the first half of 2017 supported the growth of the GS Superhighway.

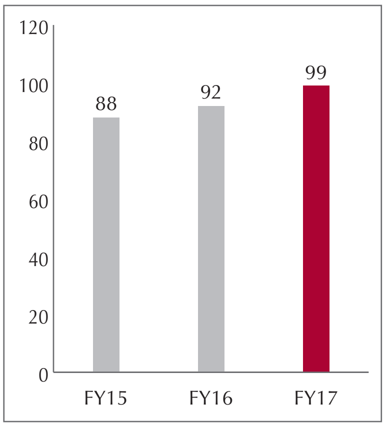
The implementation of traffic restriction measures in the peripheral area of Shenzhen Bay border crossing due to road network upgrade works since mid-October 2016 has diverted some passenger cars to travel on the GS Superhighway and the impact has been minimal so far. The construction period of the aforesaid works has been prolonged to complete in mid-October 2017 and the HHI Group will continue to monitor its impact.

Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. It generated a slight positive impact on the GS Superhighway afterwards. One year after the toll-free measures became effective, the stimulation on the yoy growth of the related sections of the GS Superhighway had diminished.

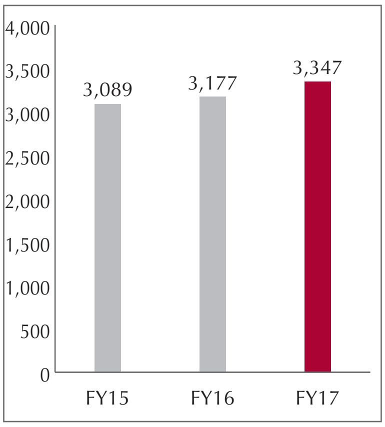
Average Daily Toll Revenue#
(RMB thousand)



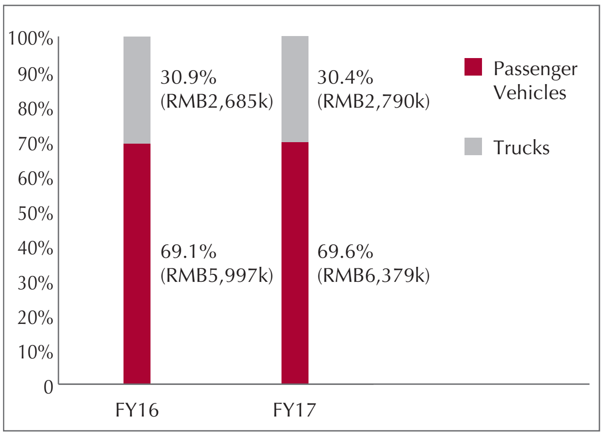
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



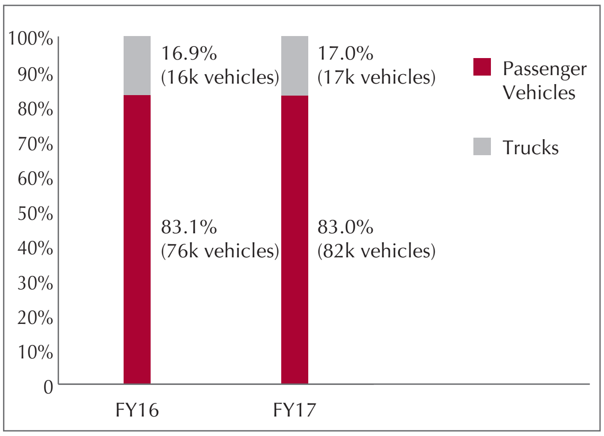
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



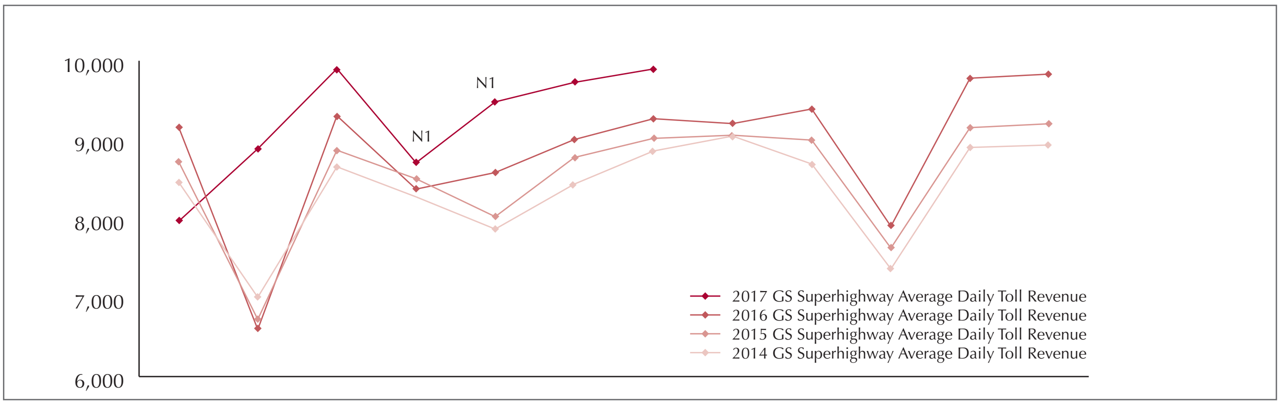
Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

GS Superhighway Average Daily Toll Revenue (Monthly)

(RMB thousand)

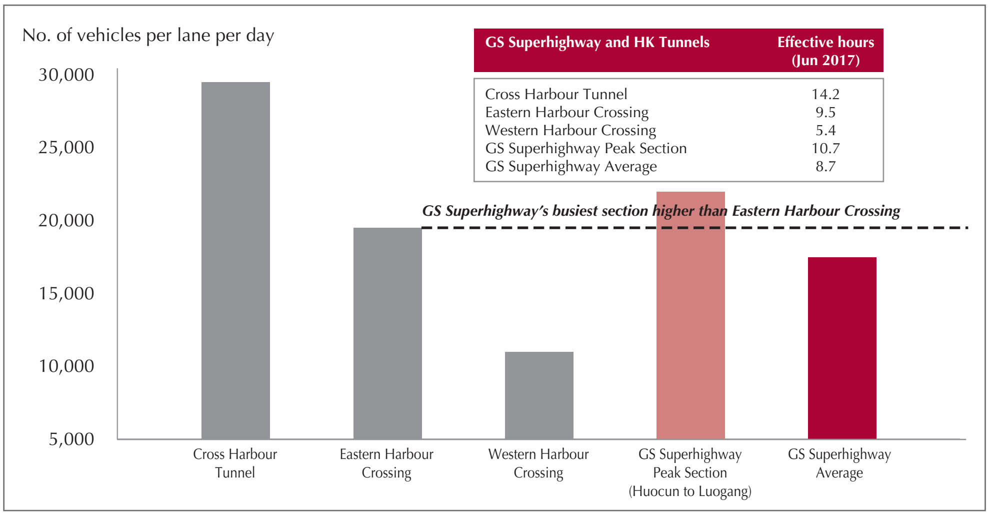


	Jan + Feb (Lunar New Year)	Mar	Apr (Ching Ming Festival)	May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	CY Yearly Average	yoy change 1HCY	yoy change 2HCY
2014	7,770	8,657	8,276	7,868	8,438	8,857	9,046	8,017	8,903	8,933	8,384	-5%	-6%
2015	7,774	8,867	8,505	8,025	8,775	9,017	9,057	8,300	9,153	9,202	8,567	+2%	+2%
2016	7,921	9,303	8,374	8,584	9,002	9,266	9,204	8,634	9,779	9,831	8,875	+3%	+4%
2017	8,402	9,899	8,708	9,479	9,726	9,896						+7%	
2016 vs 2015 yoy	+2%	+5%	–2%	+7%	+3%	+3%	+2%	+4%	+7%	+7%	+4%		
2017 vs 2016 yoy	+6%	+6%	+4%	+10%	+8%	+7%							

N1: April: one more day of toll-free holiday in 2017 compared to 2016; May: one less day of toll-free holiday in 2017 compared to 2016

With reference to the chart below, the cross sectional traffic volume (per lane) of the GS Superhighway's busiest section was higher than that of the Eastern Harbour Crossing in Hong Kong while its average of all sections was lower than that of the Eastern Harbour Crossing.

GS Superhighway — Average Daily Cross Sectional Traffic Per Lane and Effective Hour



Remarks:

(1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane

(2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway

(3) Average daily traffic of HK tunnels (May 2017): Cross Harbour Tunnel 113,000, Eastern Harbour Crossing 76,000, Western Harbour Crossing 65,000

(4) Average daily traffic of GS Superhighway (June 2017)

According to the media reports, Shenzhen has planned to start upgrading works on Baoan section of National Highway 107 in 2018 and the starting date of construction works is yet to be announced. The HHI Group will continue to monitor the situation.

The GS Superhighway officially opened to traffic in July 1997 and FY17 was the twentieth anniversary of operation. Pursuant to the joint venture agreement, the HHI Group's profit sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% starting from 1 July 2017 for the next ten years.

The GS Superhighway JV has been making incessant progress in enhancing its operational efficiency and its capability to cope with the increasing traffic by installing automated equipment at the toll lanes and entry lanes. Currently, approximately 76% of all the toll lanes at entrances to the GS Superhighway are equipped with ETC or automatic card-issuing machines. The GS Superhighway JV also completed an organizational structure review, which targeted at streamlining the workforce and improving the operational efficiency in the long term. The plan is currently under execution.

Western Delta Route

Project Summary

Location	Guangzhou to Zhuhai, Guangdong, PRC
Length	97.9 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Phase I West (September 2003 to September 2033) Phase II West (June 2010 to June 2035) Phase III West (January 2013 to January 2038)
Profit Sharing Ratio	50%

The Western Delta Route was developed in three phases and it was fully opened to traffic on 25 January 2013. It is a 97.9-km closed expressway with a total of 6 lanes in dual directions that runs from north to south along the central axis of western PRD and connects four major cities — Guangzhou, Foshan, Zhongshan and Zhuhai. It is the only main expressway artery between the city centres of Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong through its connection with Second Hengqin Bridge, the Zhuhai Link Road and the forthcoming HZM Bridge.

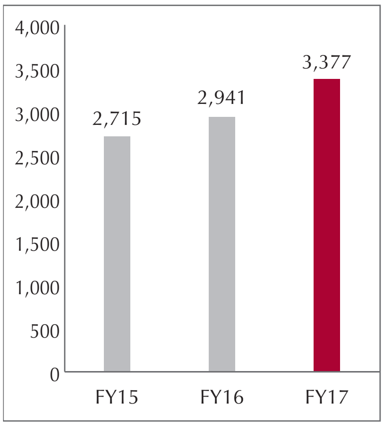
During the year under review, its average daily toll revenue and average daily full-length equivalent traffic grew strongly and achieved 15% and 17% yoy growth to RMB3.4 million and 47,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB1,233 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 70.1% and 81.8% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively. On 14 September 2016, its toll revenue recorded a new high which amounted to RMB4.3 million. The healthy economic environment of the four main cities on the western bank of the PRD region, namely Guangzhou, Foshan, Zhongshan and Zhuhai with GDP growth of 7.4%-9.2% in the first half of 2017 supported the strong growth of the Western Delta Route.

The ongoing maintenance and upgrading works on National Highway 105 and local roads nearby also generated positive impacts on its performance. Those maintenance and upgrading works are being carried out in different periods from mid-August 2016 to early September 2018. Traffic restriction measures are implemented accordingly and some vehicles have been diverted onto the Western Delta Route, thereby bringing positive impacts to it.

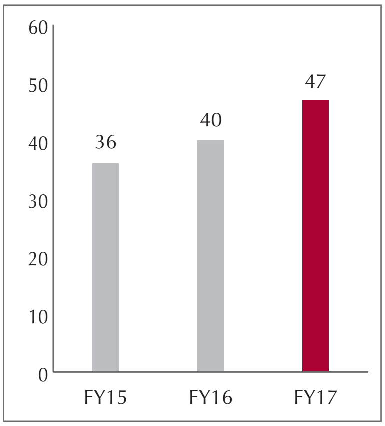
Foshan Ring Road, a major local road of Foshan city which is close to the northern end of the Western Delta Route, is scheduled to be upgraded into several toll expressways. The construction works are being carried out from late June 2017 to the end of 2019. Traffic restriction measures are implemented on some sections and all trucks are forbidden during the construction period from 1 August 2017 to 30 December 2018. Thus, traffic will be diverted onto surrounding roads, including the Western Delta Route. It is expected that traffic of the Western Delta Route will increase and HHI will keep monitoring the impact.

In addition, a main and exclusive expressway artery facilitating traffic to and fro Guangzhou and Zhuhai's Hengqin on the western bank of the PRD region, which comprises the Western Delta Route, Phase IV West and its extension and Second Hengqin Bridge, was completed after the expressway link between Phase IV West Extension and Second Hengqin Bridge opened to traffic in the first quarter of 2017. The Western Delta Route will further benefit from the development of tourism in Hengqin and Macao.

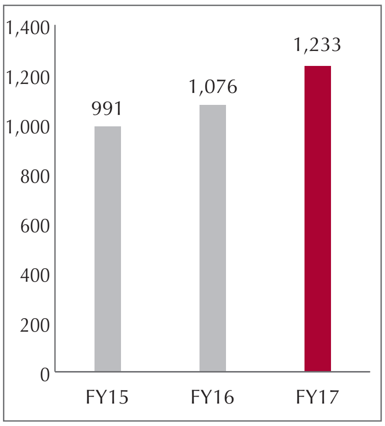
Average Daily Toll Revenue#
(RMB thousand)



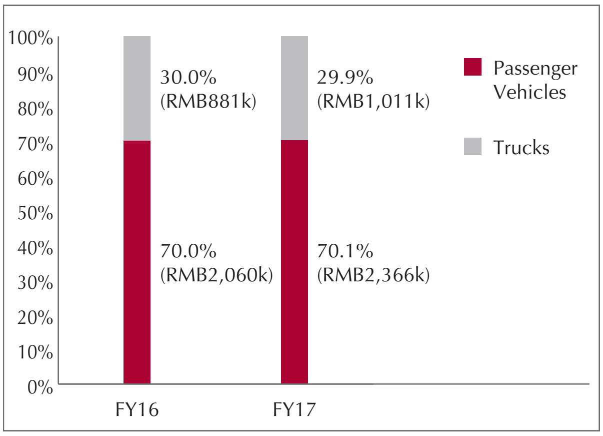
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



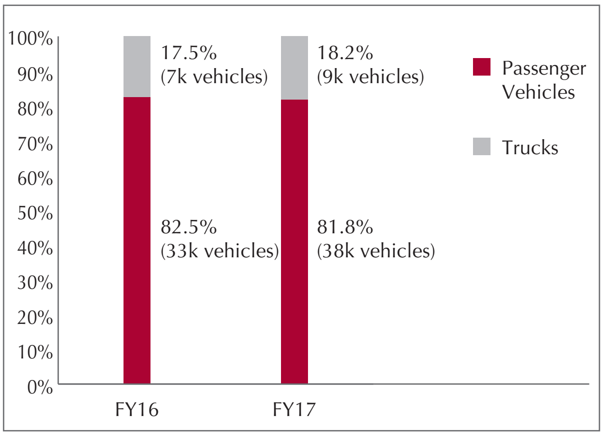
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

B. *Power*

Heyuan Power Plant Phase I

Project Description	
Location	Heyuan City, Guangdong Province, PRC
Installed Capacity	2 x 600MW
HHL's stake	35%
JV partner	Shenzhen Energy Group Company Limited
Total investment	RMB4.7 billion
Status	In operation

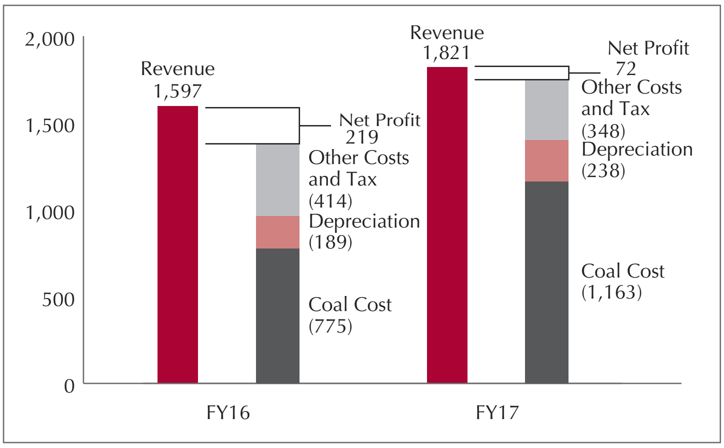
Key operating data	*FY16*	***FY17***
Gross generation	4,300GWh	**5,200GWh**
Utilisation rate[N1] (hours)	41%	**49%**
	(3,592 hours)	**(4,296 hours)**
Availability factor[N2]	66%	**73%**
Average on-grid tariff		
(with desulphurization, denitrification and dust removal)		
(excluding VAT) (RMB/MWh)	394.4	**374.2** [N3]
Approximate cost of coal (5,500 kcal/kg)		
(including transportation cost and excluding VAT)		
(RMB/ton)	475	**600**

N1: Utilisation rate $= \dfrac{\textit{Gross generation during the year under review}}{\textit{Total number of hours during the year under review x Installed capacity}}$

N2: Availability factor $= \dfrac{\textit{The number of hours for electricity generation during the year under review}}{\textit{Total number of hours during the year under review}}$

N3: With super low emission tariff:
Unit 1 — since 18 January 2017; Unit 2 — during the year under review

P&L Highlight — JV Level 100%
(RMB in million)



During the year under review, Heyuan JV's net profit decreased to RMB72 million from RMB219 million due to decrease in tariff rate, increase in cost of coal and increase in power plant depreciation (calculated based on units of production method). Net profit margin decreased from 14% to 4%. The Heyuan JV will continue to endeavor to formulate and implement suitable cost-control measures.

In July 2017, the Guangdong Provincial Development and Reform Commission announced that the on-grid tariff of coal-fired power plants in Guangdong Province would be increased by RMB2.1/MWh to RMB387.2/MWh (with desulphurization, denitrification and dust removal, excluding VAT) with effect from 1 July 2017.

The economy is subject to cycles. The continuing economic development of Guangdong Province indicates that demand for electricity will be solid in the long run on the upturn of its economic cycle. The Group expects that the power plant will continue to provide it with stable profit contributions.

Heyuan Power Plant Phase II

Depending on various criteria such as the long term power demand in Southern China, the management will continue to review the feasibility of participating in the 2 x 1,000 MW second phase of the project.

Financial Review

Group Results

Overview

The Group's revenue for the year ended 30 June 2017 ("the year under review") decreased to HK$6,590 million from HK$9,235 million for the previous year. The revenue from investment properties and toll road businesses continued to grow healthily and there was an increase in property sales recognition from Hopewell New Town and Broadwood Twelve projects. However, these positive factors were mainly offset by a decrease in property sales recognition of The Avenue.

The Group's EBIT for the year under review increased 3% yoy to HK$1,994 million from HK$1,944 million for the previous year, while the Group's core profit attributable to owners of the Company ("core profit") decreased 6% yoy to HK$1,334 million for the year under review from HK$1,417 million for the previous year. The decrease in the core profit was mainly resulted from a lower profit shared from sales of The Avenue for the year.

If excluding the profit shared from sales of The Avenue, the Group's EBIT for the year under review increased by 29% yoy to HK$1,964 million from HK$1,517 million and the core profit for the year increased by 32% yoy to HK$1,304 million from HK$990 million. These increases were mainly resulted from the continued healthy growth of the profits of investment properties, toll road business and property development of the Hopewell New Town project. In addition, a lower exchange loss from RMB depreciation was recorded. These positive factors offset the decrease in the profit shared from Heyuan Power Plant.

The Group's revenue and EBIT by activities for the year ended 30 June 2017 were as follows:

	Revenue		***EBIT****	
HK$ million	*2016*	***2017***	*2016*	***2017***
Property letting and management	1,119	**1,149**	739	**768**
Hotel, restaurant and catering operation	451	**465**	100	**96**
Investment properties and hospitality sub-total	1,570	**1,614**	839	**864**
Property development	4,364	**1,605**	463	**434**
Toll road investment	2,408	**2,463**	610	**720**
Power plant	774	**833**	105	**32**
Treasury income	119	**75**	119	**75**
Others	–	**–**	(192)	**(131)**
Revenue/EBIT (Note)	9,235	**6,590**	1,944	**1,994**

* These figures represent EBIT of the Company and its subsidiaries plus net profits (after interest and tax) shared from JVs

Note:

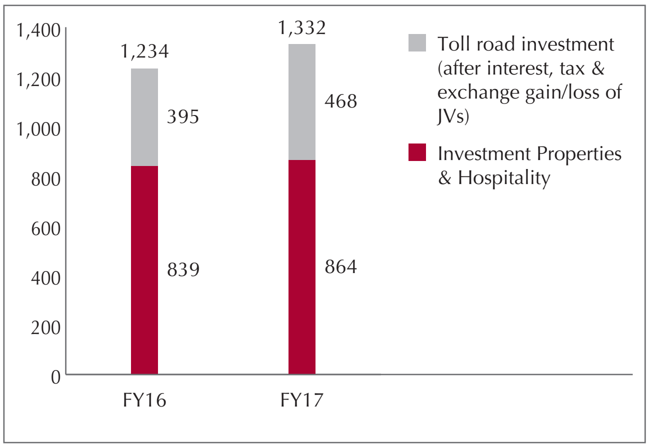
Reconciliation of Revenue, EBIT and Core Profit with Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Results	
HK$ million	*2016*	***2017***
EBIT	1,944	**1,994**
Finance costs	(59)	**(12)**
Fair value gain of completed investment properties	1,345	**627**
Profit before taxation	3,230	**2,609**
Taxation	(235)	**(386)**
Profit for the year	2,995	**2,223**
Non-controlling interests	(233)	**(262)**
Profit for the year attributable to owners of the Company	2,762	**1,961**
Exclude:		
Fair value gain of completed investment properties	(1,345)	**(627)**
Core Profit for the year attributable to owners of the Company**	1,417	**1,334**

** Core profit attributable to owners of the Company represents profit attributable to owners of the Company excluding fair value gain of the Group's completed investment properties

	Revenue	
HK$ million	*2016*	***2017***
Revenue per Financial Review	9,235	**6,590**
Less:		
Sales proceeds of Broadwood Twelve properties	–	**(404)**
Treasury income	(119)	**(75)**
Share of revenues of JVs engaged in		
— Toll road investment	(2,408)	**(2,463)**
— Power plant	(774)	**(833)**
— Property development and property investment	(4,084)	**(455)**
Turnover per Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,850	**2,360**

Operating Profit* from Prime-Earning Businesses (HK$'M)



* Being the EBIT net of the proportional share by non-controlling interests

Revenue

The Group's revenue for the year under review totalled HK$6,590 million, a 29% decrease from the HK$9,235 million recorded for the previous year. This revenue included the sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and the Group's share of revenues of JVs.

The revenue from investment properties and toll road businesses continued to grow healthily and there was an increase in property sales recognition of Hopewell New Town and Broadwood Twelve projects. However, these positive factors were offset by a decrease in property sales recognition of The Avenue.

Earnings before Interest and Tax

During the year under review, the Group's EBIT increased by 3% to HK$1,994 million from HK$1,944 million for the previous year. EBIT of investment properties, toll road business and property development of the Hopewell New Town project continued to grow healthily. In addition, a lower exchange loss from RMB depreciation was recorded. These factors offset the lower profit shared from sales of The Avenue (HK$30 million during the year under review compared to HK$427 million in FY16) and the lower profit shared from Heyuan Power Plant due to the increase in cost of coal.

If excluding the profit shared from sales of The Avenue, the Group's EBIT for the year under review increased 29% yoy to HK$1,964 million from HK$1,517 million.

The Group's management will endeavour to formulate and implement cost-control measures for the Group's corporate administrative costs to enhance shareholder's value.

Enterprise Income Tax ("EIT") of HHI joint ventures ("JVs")

The EIT rate applicable to the GS Superhighway JV is 25% since 2012 and until the expiry of its contractual operation period on 30 June 2027. No provision for PRC EIT has been made for the West Route JV as it has available tax losses to offset against its taxable profits.

Profit and Core Profit Attributable to Owners of the Company

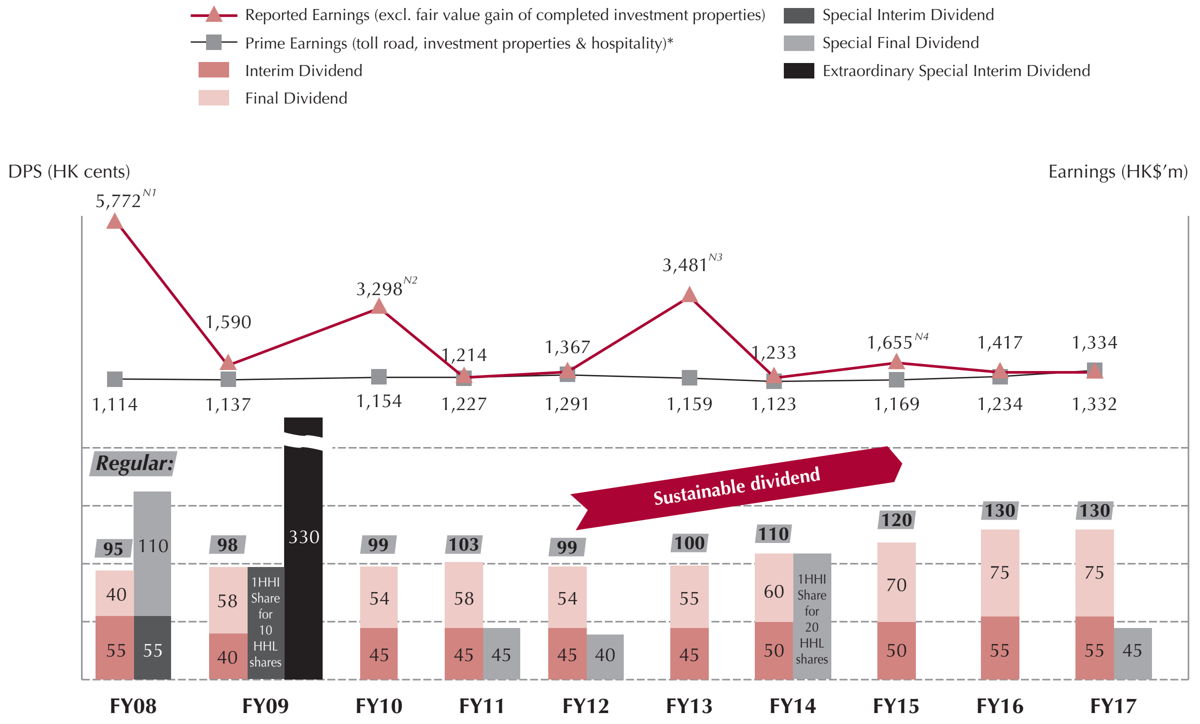
The profit attributable to owners of the Company during the year under review decreased to HK$1,961 million or HK$2.25 per share from HK$2,762 million for the previous year mainly due to a decrease in the profit shared from sales of The Avenue and the lower fair value gain of completed investment properties recorded during the year under review.

Excluding the fair value gain of the Group's completed investment properties, core profit attributable to owners of the Company during the year under review fell 6% yoy to HK$1,334 million or HK$1.53 per share from HK$1,417 million, mainly because of a decrease in the profit shared from sales of The Avenue. If excluding the profit shared from sales of The Avenue, the Group's core profit attributable to owners of the Company during the year under review increased to HK$1,304 million from HK$990 million. The core profit included exchange loss attributable to owners of the Company of HK$16 million due to RMB depreciation, which mainly consist of exchange loss shared from the GS Superhighway JV's US Dollar loan. As a result, if RMB against HK$/US Dollars depreciated by 1%, the exchange loss attributable to owners of the Company would increase by approximately HK$7 million mainly based on GS Superhighway JV's US Dollar loan.

Dividend

The Board has proposed a final dividend of HK75 cents per share and a special final dividend of HK45 cents per share for the year ended 30 June 2017. Together with the interim dividend, the total dividends for the year will amount to HK175 cents per share.

HHL's Dividend & Earnings History



* EBIT net of proportional share by non-controlling interests

N1: Including disposal gain of Nova City HK$3,948 million and Ring Road HK$793 million

N2: Including BW12 completion gain HK$2,238 million

N3: Including HCII land conversion gain HK$2,249 million

N4: Including Lee Tung Avenue completion gain HK$120 million & 155–167 QRE redevelopment gain HK$300 million

Major Assets in Balance Sheet (Adjusted Shareholders' Equity)

In order to reflect the underlying economic value of the Group's hotel properties and HHI business (which are stated on a cost basis), the following chart regarding the Group shareholders' equity ("Adjusted Shareholders' Equity") is presented on the basis that the hotel properties and HHI business were stated at market valuations as at 30 June 2017.

Balance Sheet Highlights

As at 30 June 2017 (HK$ million)	HHI Business	HHL-Other Businesses	HHL Group Total
Completed investment properties	–	30,319	**30,319**
Panda Hotel	–	325	**325**
Properties under development			
Hopewell Centre II			
– Commercial portion	–	4,646	**4,646**
– Hotel portion	–	2,538	**2,538**
155-167 Queen's Road East**	–	777	**777**
Properties for development	–	1,157	**1,157**
Interests in JVs (Toll Roads, Power Plant & The Avenue/Lee Tung Avenue)	6,150	1,806	**7,956**
Other assets/liabilities	444	1,445	**1,889**
Non-controlling interests	(2,183)	(178)	**(2,361)**
Shareholders' equity	**4,411**	**42,835**	**47,246** *(HK$54.3/share)**
Total hidden value			**8,997** *(HK$10.4/share)**
Adjusted shareholders' equity (unaudited)			**56,243** *(HK$64.7/share)**

As at 30 June 2017 (HK$)	Panda Hotel	HC II hotel portion	HHI Business
Market value	**$2,950m** $3.2m/room *DTZ valuation report*	**$4,094m** $4.0m/room under development *DTZ valuation report*	**$9,227m** *2,055m shares (HHL's 66.7% stake) x HHI's market price @HK$4.49 as of 30.6.2017*
Book value	**$325m** $0.4m/room *at cost less depreciation*	**$2,538m** $2.5m/room under development *at cost*	**$4,411m** *at cost less depreciation*
Hidden value	**$2,625m** *$3.0/share**	**$1,556m** *$1.8/share**	**$4,816m** *$5.6/share**

Total: $8,997m
*$10.4/share**

* No. of HHL shares in issue: 869.8 million (as of 30 June 2017)
** HHL has expanded the project into 153-167 Queen's Road East

Liquidity and Financial Resources

As at 30 June 2017, the cash position and available banking facilities of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK$ million	*30.6.2016*	***30.6.2017***
Cash	2,886	**4,036**
Available Banking Facilities (Note 1)	3,590	**4,790**
Cash and Available Banking Facilities	6,476	**8,826**

Note 1: As at 30 June 2017, available banking facilities included undrawn bank overdrafts and uncommitted banking facilities amounting to HK$640 million.

The gearing ratio and debt-to-total-asset ratios of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK$ million	*30.6.2016*	***30.6.2017***
Total debt	2,550	**2,350**
Net cash (Note 2)	336	**1,686**
Total assets	45,640	**47,241**
Shareholders' equity (excluding equity shared from HHI Group)	41,139	**42,835**
Total debt/total assets ratio	5.6%	**5.0%**
Net gearing ratio (Note 3)	Net Cash	**Net Cash**

Note 2: "Net cash" is defined as bank balances and cash less total debt
Note 3: "Net gearing ratio" is calculated by dividing net debt by shareholders' equity (excluding equity shared from HHI Group)

The cash balance of HK$4,036 million included RMB1,435 million (equivalent to HK$1,654 million) and HK$2,382 million. The net cash position of HK$1,686 million comprised bank balances and cash less outstanding bank loans totalling HK$2,350 million.

Debt Maturity Profile of the Group (excluding the HHI Group)

HK$ million	*30.6.2016*		***30.6.2017***	
Repayable:				
Within 1 year	200	8%	**1,150**	**49%**
Between 1 and 5 years	2,350	92%	**1,200**	**51%**
	2,550		**2,350**	

The Group expects its abundant financial resources will well cover the capital needs of existing and future projects under development. It currently plans to spend approximately HK$3.8 billion on these projects between FY18 and FY20. The Group's cash on hand remains robust. This, together with the healthy cash flow from its prime-earning businesses, property sales proceeds and the committed banking facilities of HK$2.3 billion, HK$3.2 billion and HK$1.0 billion maturing in 2018, 2020 and 2022 respectively, should provide adequate funding for the projects the Group is currently developing. Given the strong financial position, the Group will continue to seek appropriate investment opportunities.

Major Projects Plan

Projects	Target Opening	Total Investment[N1] HK$'M	Interest %	HHL's Injection FY18 to FY20[N1] HK$'M
Hong Kong				
Hopewell Centre II	2021	9,000–10,000	100%	3,680 (FY18: 400; FY19: 570; FY20: 2,710)
153–167 Queen's Road East	2022	approx. 1,200	100%[N2]	80
Total				**3,760**

N1: Present planning, subject to change
N2: The Group has 100% ownership of 153A-167 QRE and has secured over 80% ownership of 153 QRE. Compulsory sale for redevelopment (by auction) of the latter was applied in March 2017 to achieve the 100% ownership

As at 30 June 2017, HHI Group (consisting of HHI and its subsidiaries but excluding its JVs) maintained a net cash position of RMB469 million (equivalent to HK$540 million) at corporate level and it had no outstanding loan balance. HHI had available uncommitted banking facilities amounting to HK$500 million as at 30 June 2017.

The Group's financial position remains strong. With ample cash balance on hand and undrawn banking facilities, sufficient financial resources are available not only for funding all recurring operating activities but also any present and potential future investment activities.

Treasury Policies

The Group maintains prudent and conservative treasury policies that the key objective is to minimise finance costs while optimising returns on financial assets.

During the year under review, the Group did not have any arrangements to hedge its exposure to interest or exchange rates. The Group will continue to remain vigilant in monitoring such forms of risk exposure on a regular basis.

In view of the RMB's depreciation trend, the Group has adopted the strategy of reducing RMB exposure to mitigate the exchange risk. During the year under review, the Group did not invest in any accumulator, equity-linked note or other financial derivative instruments and all Group cash is placed as deposits denominated mainly in HK Dollars and RMB.

Charges on Assets

As at 30 June 2017, none of the Group's assets had been pledged to secure any loans or banking facilities.

Project Commitments

Details of the project commitments are set out in Note 34 to the consolidated financial statement.

Contingent Liabilities

Details of the contingent liabilities are set out in Note 36 to the consolidated financial statement.

Material Acquisition or Disposal

The Group made no material acquisitions or disposals during the year.

Others

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2017, the Group, excluding its JV companies, had 1,120 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group arranged birthday parties, adventure program, Christmas party, Annual Dinners and Employee Assistance Programme for employees, which were delivered by professionals who shared their experiences and methods to handle stress. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity. In collaboration with Independent Commission Against Corruption, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kind of seminars and workshops for the employees to enhance their awareness of corporate governance. We also invited professional lawyer to introduce the provisions and regulations under the Competition Ordinance in order to raise our staff and management's awareness of its enactment in the workplace.

In 2016, the Group continues to hire 4 graduates with potential under a 24-month Management Trainee Program. The graduates acquired essential business knowledge and management skills through well planned job rotations within the Group's core business units and corporate offices. Besides, 5 trainees have been recruited under our Group's brand new "Master Serve — Hospitality Trainee Program" (Formerly known as Hotel Service Elites Selection Scheme). The 24-month program is tailored to develop talents with interests and passion to serve in the hospitality industry. In addition, the Group continues to hire summer interns that provides university students with the opportunities to gain working experience in the Group.

The Group's training programs are designed to support its employees' continuous learning and development and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their career development plan in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programs, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training, educational sponsorships and examination leave.

Highlights of Sustainability Report 2016/17

Managing Director's Message

2017 marks the seventh year we present the sustainability achievements and progress made in each business sector of the Group in a standalone annual sustainability report. At Hopewell, we believe a thriving community facilitates our continuing business success, as such we strive to operate in a sustainable manner with considerations for environmental protection and the social well-being of our stakeholders in the communities where we operate. All our core businesses — properties, hospitality, highways and power — begin with sustainable design and construction and continue during their operations to enhance their environmental efficiency.

The Group's major pipeline projects in Wan Chai, namely Hopewell Centre II, Hill Side Terrace Cluster and the 153-167 QRE project are expected to bring significant changes to the Wan Chai South neighbourhood. These projects will include road works which will enhance pedestrian connectivity and improve the area's traffic flow, and the provision of a green park for public recreation and enjoyment. In Kowloon East, KITEC is well-positioned to contribute to and benefit from improved connectivity and Hong Kong Government's plans to revitalise and develop Kowloon East into a quality business district in the long term.

We are mindful of the scale and potential impact of our projects in the upcoming years particularly in Wan Chai, and will continue to actively engage with the community and our stakeholders for suggestions and comments. We will also keep abreast of developments in sustainability across all our operations and investigate best practices where appropriate.

I would like to thank our employees for their outstanding efforts and our partners and stakeholders for their feedback and support. Our Sustainability Report will further elaborate on our work, reflecting our stakeholders' expectations and what is important to us as a responsible corporation.

Our commitment to corporate sustainability guides our business decisions every day. Over the years we have strengthened our efforts to build a solid foundation by integrating ESG into our key business practices. Our ultimate goal as we move forward is to sustain our business growth whilst achieving economic, environmental and social development on a long-term basis.

Thomas Jefferson WU
Managing Director, Hopewell Holdings Limited

Our CSR Approach

At Hopewell, a sustainable, thriving community is vital to our business success. We believe long-term value for our business can be created when we integrate environmental and social considerations into our operations and business decisions and create a win-win situation for all stakeholders. As a responsible corporate citizen, and one that has deep roots in our local communities, we understand the need to build strong relationships with our communities, and minimise our environmental footprint.

With this commitment in mind, we established our four core pillars: environmental protection, community engagement, youth development and sports, arts and culture.

Core Sustainability Values

We regard the promotion of sustainable community growth to be as important as achieving long-term business growth	We believe a thriving community facilitates our continuing business success
We consider ongoing communication with our stakeholders as vitally important to upholding the well-being of the community	We will work together with our stakeholders to achieve a win-win scenario

Stakeholder Engagement

Our success directly correlates with our understanding of and ability to address the needs of our stakeholders. We identified key stakeholders who can affect and/or are affected by our operations in Hong Kong and China, which includes our employees, suppliers, business partners, local communities where we operate, NGOs, customers, tenants, investors and shareholders.

In addition to the stakeholder engagement activities we do regularly as shown below, this year, we engaged senior management from each of the four business divisions of the Group in face-to-face interviews to collect updated information and measure progress relating to social and environmental aspects of the business.

Investors and shareholders	Customers and tenants	Business partners
• Annual General Meeting • Investor briefing • Face-to-face meetings • Conference calls • Corporate website • Financial reports	• Annual customer satisfaction survey • Organising public events • Commuter satisfaction survey for highway users • Up-to-date traffic condition mobile application and website for highway users • Month-long campaign to raise service standards and maintain customer satisfaction • Guest comment card and client feedback survey at our venues • Designated customer hotline • Corporate website • Social media (e.g. Facebook)	• Face-to-face meetings • Independent interviews • Briefing sessions and seminars
Stakeholder Group & Engagement		
Suppliers	**Employees**	**Communities & NGOs**
• Face-to-face meetings • Daily work review • Supplier assessment • Independent interviews	• Training, seminars, breifing sessions • HH Social Club activities • 24-hour Employee Assistance Programme Hotline • Face-to-face meetings • Independent focus groups and interviews • Recreational and volunteering activities	• Employee volunteering activities • Participation in programmes initiated by NGOs • Organising public events • Independent interviews

During these interviews, three core areas and their relevant key materials issues were identified as important topics:

CORE AREAS	The Environment	Community Involvement and Development	Labour Practices
KEY MATERIAL ISSUES	• Pollution prevention • Sustainable resource use • Protection of the environment • Climate change adaptation	• Community involvement • Social investment • Employment creation and skills development	• Conditions of work and social protection • Health and safety at work • Employment and employment relationships

Caring for Our People

The success of HHL would not be possible without the valuable contribution and commitment of our employees. For this reason, we aim to recruit, train, and retain the best talent with the objective of not only satisfying the needs of our business, but also to allow employees to achieve their highest potential.

We operate in compliance with all relevant employment and labour laws and regulations. Internally, we outline our fair and equal employment policies, training and development allowances, supplier management and health and safety procedures within the HHL Employee Handbook and the Group-wide Code of Conduct.

As of 30 June 2017, our Group is made up of 4,873 employees across all divisions including our joint ventures.

Our Group believes the physical and mental well-being of our employees play an important role in their ability to succeed. We offer various supporting platforms for our employees to relieve emotional stress and encourage physical activities. Our Employee Assistance Programme (EAP) provides free counselling services in regard to stress management and financial distress. The 24-hour hotline is confidential and is also made available to immediate family members of our employees. This year, our HH Social Club remains active in volunteering work in our community, especially in Wan Chai district. We continued to provide opportunities for our staff to engage in environment-related activities dealing with waste management and nature conservation. Other interest group activities were also held to encourage staff to explore their hobbies related to photography and sports. Some highlights as below.

Community	Environment	Interest Group
• Heifer's Race to Feed 2016 • Wan Chai District Warmth Action 2016-17 • Happy Family Poon Choi Feast 2016-2017 • St. James' Settlement Valentine's Rose Charity Sale 2017 • Hopewell Junior Volunteers Programme • Tuen Ng Volunteer Visit 2017 • St. James' Settlement Flag Day • 2016/2017 Hong Kong and Kowloon Walk for Millions	• Mooncake Transfer Programme 2016 • Wan Chai District Book Exchange Programme • Electrical and Electronic Waste Recycling Seminar • WWF – Hong Kong Earth Hour 2017 • Hong Kong Tree Planting Day 2017 • Walk for The Green Earth – Night Walk at Tai Mo Shan • WWF – Hong Kong "Night Safari – Action in the Starlight" at Mai Po Nature Reserve	• Cake Baking Class • Ngong Ping 360 Photography Outing • McDull Charity Run 2017 • Cyanotype Workshop • HH Social Club Basketball Practice • Portrait Photography Workshop • HH Social Club Runners Training • Aromatherapy Workshop

We provided a series of seminars and training sessions for the continuous growth of our employees catering to three focus areas: professional development, compliance in the workplace and personal development. In total, 7,934 training hours were provided during the reporting period.

Professional Development	Compliance in the Workplace	Personal Development
• Coaching training • Service excellence workshop • Housekeeping training • Personality training to enhance workplace dynamics • Health and safety training	• ICAC briefing on anti-corruption laws • Personal Data (Privacy) Ordinance briefing • Equal Opportunity Commission briefing on equal opportunities • Competition Ordinance briefing	• First-aid training and certification • Application of positive psychology • MPF and financial planning

	Female	Male	Managerial	General Staff
Average Training Hours	6.88	5.34	5.90	5.96

To discover and nurture talent, we provide recruitment opportunities to attract young talent through various programmes including Management Trainee Programme, Hospitality Trainee Programme and Summer Internship Programme. These programmes allow qualified individuals to join our property and hospitality divisions to gain on-the-job training experiences.

Protecting Our Environment

At Hopewell, protecting the environment is also part of protecting our local community. With our business operations located in close proximity to existing residents, we take full consideration of the potential environmental impacts that could occur as a result of each business decision we make.

Our Environmental Guidelines issued by Hopewell Property and Facility Management Limited outlines the environmental protection measures expected to be carried out by our employees and contractors. We are committed to actively managing the environmental impacts of our business activities and operate in compliance with all environmental laws and regulations in both Hong Kong and China.

Highlights of Environmental Initiatives in 2016/17

Emission reductions: The total direct carbon dioxide emissions generated from all business operations in FY17 is estimated to be 3,929 kilo-tonnes.

- ***Property:***
  - Seven general electric vehicle (EV) chargers and 12 Tesla chargers were added to Hopewell Centre
  - We are now committed to meeting BEAM plus standards for new developments where building energy efficiency will be increased
- ***Hospitality:***
  - For our hotel guests at Panda Hotel, we continued to issue reminder cards for hotel guests to remind them to minimise energy and water consumption
- ***Highway:***
  - Six EV chargers were installed along GS Superhighway
  - Three petrol-electric hybrid vehicles and one EV were introduced to the company fleet
- ***Power Plant:***
  - We installed the new "superlow" emissions system to reduce air pollution
  - We are also now in the process of installing a steam supply system to reroute steam generated by the power plant to nearby factories

Waste management: The total direct amount of waste generated in FY17 is 12,558 tonnes from Property and Hospitality divisions; 8,379 tonnes from Highways division and 312,500 tonnes from the Power Plant. The nature and category of waste from each division differs and must require specific management measures.

- ***Property:***
  - We continued to provide reusable bag collection box at prominent location at Hopewell Centre for collecting carrier bags to be shared with others for reuse
  - We continued to participate in and apply for various recycling initiatives and permits involving NGOs and government, including:
    - E-waste recycling programme of ALBA IWS set up on behalf of the Environmental Protection Department (EPD)
    - Computer and Communication Products Recycling Programme by EPD
    - Registered as a chemical waste producer under the Waste Disposal Ordinance (Chemical Waste) (General) Regulation
- ***Hospitality:***
  - 135,337 litres of food waste were collected from Panda Hotel and ITC to produce animal feed
  - 6,528 litres of used cooking oil were collected from Panda Hotel and ITC to create bio-diesel
  - 7,063 kg of used glass bottles were collected which will be manufactured into ecobricks by recyclers
- ***Power Plant:***
  - All waste generated (fuel ash, gypsum, slag, crystalline salt, pebble coal and mud/sludge) were transformed into useful building materials such as concrete, plasterboard, bricks, industrial-grade salt, fuel and eco-bricks at 100% recovery rate

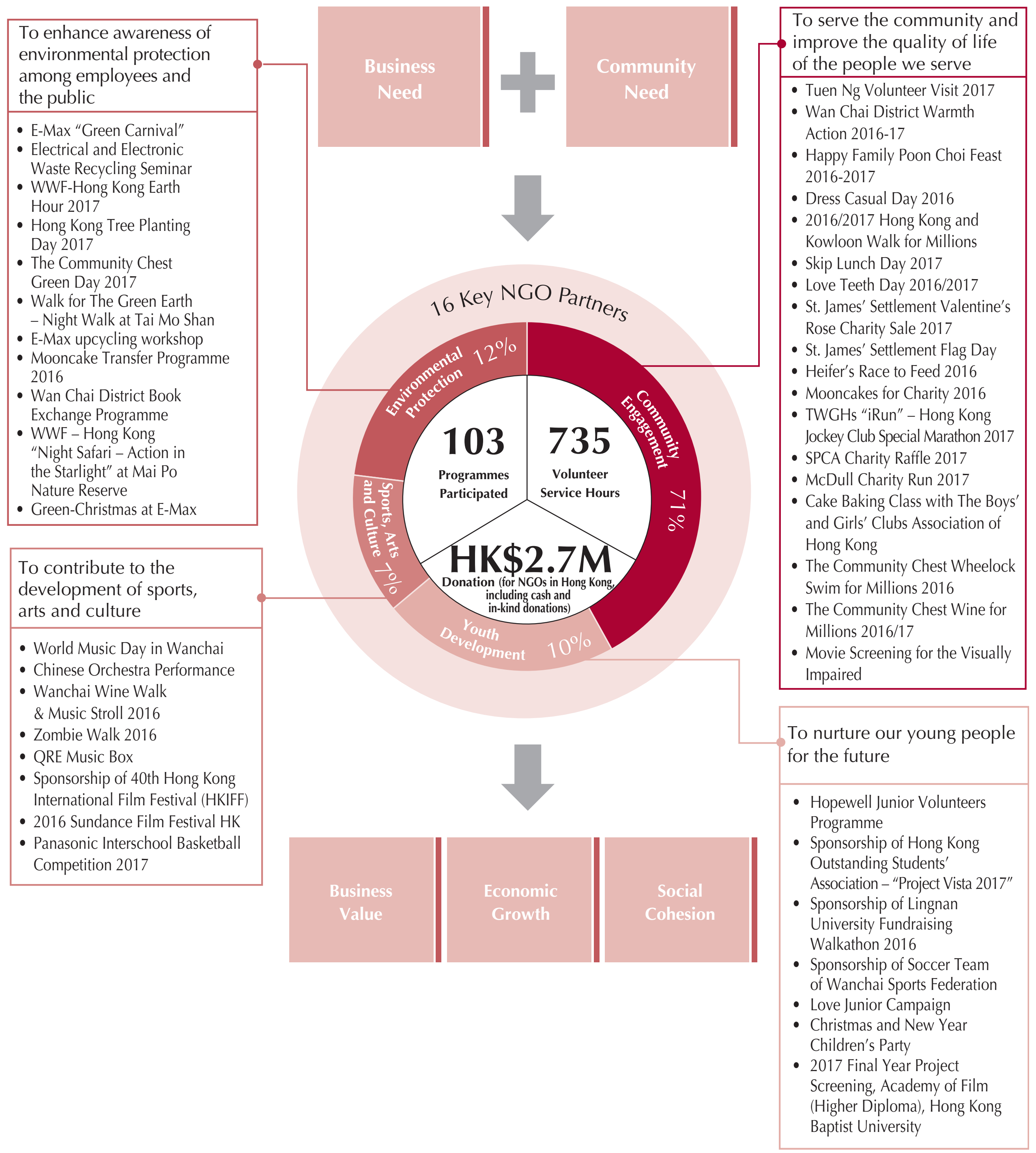
Noise & water pollution improvements: Noise and water pollution generated from our highways and power plant operation are on-going issues and we have taken different approaches to minimise the impacts.

- ***Property/Hospitality:***
  - Hopewell Centre, QRE Plaza, Panda Place, Broadwood Twelve, Wu Chung House and Villa Lotto obtained the "Waste Water Discharge Licence" from EPD to ensure that our effluent discharge meets regulatory standards prior to discharge
- ***Highway:***
  - We installed more than 6.1 km of noise barriers along sections of Western Delta Route
- ***Power Plant:***
  - We have implemented the zero-wastewater system where wastewater is treated and reused in order to achieve the target of zero discharge of wastewater

Giving Back to Our Communities

Hopewell is closely connected with the local communities where we work, live, and thrive. We acknowledge our success is correlated with support from our community, and this year, we continued to give back to our local communities by supporting NGOs, organising and hosting events or activities and providing volunteers to community groups that need an extra hand. To guide our community initiatives, we continue to support and organise events and programmes based on our four core sustainability initiatives in environmental protection, community engagement, youth development and sports, arts and culture.

Community Engagement Strategy Chart



Meeting Our Customer Needs

Our Group has a large and diverse customer base, including tenants, residents, shoppers, hotel guests, diners, audiences, road users and electricity grid company. Each of our business divisions has adopted specific strategies to provide quality customer care as well as tailored solutions for addressing customer grievances. Our approach in handling customer complaints is outlined in our Code of Conduct.

The Group strictly complies with relevant government and industry regulations to protect the rights of our customers. For property sales, all marketing materials and sales arrangements fully comply with the Residential Properties (First-hand Sales) Ordinance. We have also strictly followed the Personal Data (Privacy) (Amendment) Ordinance since it came into effect in 2013. All personal data collected is handled confidentially and kept securely. Our Privacy Policy outlines our approach and commitment to protecting our customer's information.

	Property	Hospitality	Highway	Power Plant
Types of customers	• Tenants • Residents • Shoppers	• Hotel guests • Diners • Audiences	• Road users	• Electricity grid company
Focus	• Facility enhancement • Improve service quality • Customer privacy • Customer satisfaction • Maintaining relationships	• Food safety • Customer privacy • Customer satisfaction • Facility enhancement • Maintaining relationships	• Smooth traffic • Traffic safety • Traffic efficiency • Customer satisfaction	• Reliable power supply
Grievance outlets	• Customer satisfaction surveys and interviews	• Panda Hotel website • Guest comment cards	• Customer hotline	• Direct line for electricity grid company

Customer Service Highlights in 2016/17

Customer Satisfaction:

- ***Property***
  - Elite Club was established in Hopewell Centre and KITEC as a way to better engage and communicate with our tenants
  - According to the Management Service Survey conducted at the end of 2016, all property sites reported high rate of customer satisfaction between 92%–97%
- ***Hospitality***
  - Overall guest satisfaction score was 8.8 out of a possible 10 points during the reporting year from the Guest Satisfaction Survey System

Safety and Efficiency:

- ***Highway***
  - We continued to employ a patrol and rescue team who is on standby 24-hours a day to attend to accidents
  - We continued to host our month-long safety and service campaign on our highways
  - GS Superhighway JV and the Western Delta Route JV both installed changeable message signboards along expressways to provide road users with the latest traffic conditions and safety information, keeping traffic movement smooth
- ***Hospitality***
  - We continued to conduct monthly food testing by an independent external party to ensure food hygiene and quality at Panda Hotel, Xi Shan and MENU

Maintaining Customer Relationships:

- ***Highway***
  - Our highway division staff continued to go above and beyond their required duties to help road users in need. This year, lost personal belongings were returned to owners and medical assistance was provided to those in need

Managing Our Value Chain

We engage a wide range of suppliers and third-party contractors who provide cleaning services, security, amenity suppliers, food, beverages and printing services. While cost is one consideration in selecting contractors and suppliers, we give special attention to their sustainability performance as well. In order to maintain our standards, we seek suppliers who have the same high standards in service, product quality and responsibility, environmental practice, occupational health and safety and labour practices. Our contractors and suppliers must comply with all relevant environmental laws and regulations and are required to acknowledge and follow our Environmental and CSR Policy for Contractors/Suppliers and the Environmental Guidelines. To set out the requirements and procedures for selecting contractors, we have put in place our Contractor Assessment Procedure.

A new supply chain management system for property division is currently undergoing a User Acceptance Test (UAT) and will be launched in the near future to improve procurement efficiency, ensure equity and integrity, improve management control and budget control, facilitate retrieval of past purchase records, and to be more environmentally friendly.

For the full Sustainability Report, please visit:
http://www.hopewellholdings.com/eng/hhl_sustainability_report.htm

The Report is prepared in accordance with the core option of GRI G4 Guidelines as well as The Environmental, Social and Governance Reporting Guide from Hong Kong Exchanges and Clearing Limited. The report was verified by the Hong Kong Quality Assurance Agency.

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code.

Throughout the year ended 30 June 2017, the Company complied with all the code provisions as set out in the CG Code except for the deviation from code provisions A.5.1 and A.5.6 of the CG Code which are explained below.

Code provision A.5.1

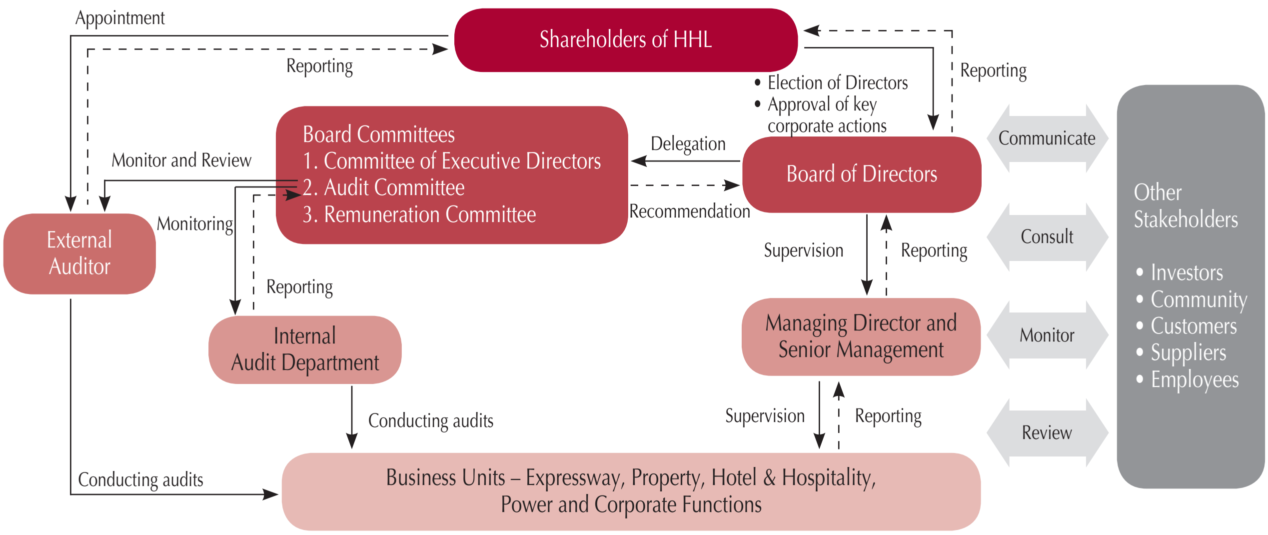
The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size, composition and diversity. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code provision A.5.6

The Company does not consider it necessary to have a policy concerning diversity of board members. Board appointments are based on merit, in the context of the skills, experience and expertise that the selected candidates will bring to the Board. While the Company is committed to equality of opportunity in all aspects of its business and endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives, the Company does not consider a formal board diversity policy will provide measurable benefits to enhance the effectiveness of the Board.

Corporate Governance Report

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises seven Executive Directors (including the Chairman), two Non-executive Directors and six Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 12 to 20 of this Annual Report. The remuneration of the Executive Directors of the Company, who are regarded as senior management of the Company, are disclosed in note 14 to the consolidated financial statements.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results, other disclosures to the public or regulators and risk managements and internal control systems are reserved by the Board and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Managing Director.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Non-executive Directors and Independent Non-executive Directors are selected with the necessary skills and experience to provide a strong independent element on the Board and to exercise independent judgement. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director a written annual confirmation of independence. The Board considers that all of the Independent Non-executive Directors are independent. Although Mr. Guy Man Guy WU is the cousin of Mr. Thomas Jefferson WU, the Managing Director of the Company, and the nephew of Sir Gordon WU, the Chairman and a substantial shareholder of the Company and Lady WU, a Non-executive Director and a substantial shareholder of the Company, the Board still considers that Mr. Guy Man Guy WU is independent as he has not carried out any managerial functions for the Company, is not financially dependent on the Company and does not have any material business dealings with the Company or with any core connected persons of the Company.

All Directors have given sufficient time and attention to the affairs of the Company during the year and have disclosed to the Company the major offices they held in public companies or organizations and other significant commitments.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Chairman and Managing Director

Sir Gordon WU served as the Chairman of the Board throughout the year and is responsible for providing leadership and management of the Board. The role of the Chairman is separated from that of the Managing Director. Mr. Thomas Jefferson WU (a son of Sir Gordon WU), the Managing Director, is responsible for the day-to-day management of the business of the Company. The division of the responsibilities between the Chairman and the Managing Director has been established and set out clearly in writing.

Appointment, Re-election and Removal

All Non-executive Directors and Independent Non-executive Directors are appointed for a specific term of three years and are subject to retirement from office and re-election at least once every three years.

In accordance with the Company's Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-elections. Every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her (i) last appointment by the Board, (ii) last election or (iii) last re-election, and shall be eligible for re-election subject to the provisions of the Company's Articles of Association.

Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws.

Board Committees

The Board established the Committee of Executive Directors since September 1991 with delegated authority for reviewing and approving the day-to-day business operations and ordinary and usual course of business of the Company. This committee comprises all the Executive Directors.

The Company also established the Audit Committee and the Remuneration Committee to deal with the specific matters as set out below in the interest of all shareholders in an objective manner. Save that one member of the Remuneration Committee is a Non-executive Director, members of these two committees currently comprise Independent Non-executive Directors.

Audit Committee

The Audit Committee comprises four Independent Non-executive Directors, namely Mr. Sunny TAN (Chairman), Ms. Linda Lai Chuen LOKE, Mr. Guy Man Guy WU and Mr. Yuk Keung IP. The company secretary of the Company, or in her absence, her representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within one year immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board have been delegated to the Audit Committee to monitor, procure and manage corporate compliance within the Group.

Major roles and functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor
- to approve the remuneration and terms of engagement of the external auditor
- to review and monitor the external auditor's independence and objectivity
- to review the Group's financial controls, risk management and internal control systems on ongoing basis
- to review the interim and annual financial statements before submission to the Board
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of Directors and senior management
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct applicable to employees and Directors
- to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report
- to review arrangements for raising concerns about possible improprieties in financial reporting, internal control or other matters

Principal works performed during the year under review included:

- to consider and approve the remuneration and terms of engagement of the external auditor
- to review the annual financial statements for the year ended 30 June 2016 and the interim financial statements for the six months ended 31 December 2016
- to review the work performed by Internal Audit Department
- to review the Group's risk management and internal control systems and the adequacy of the financial/internal auditing resources and competency
- to review the Company's policies and practices on corporate governance

The terms of reference setting out the Audit Committee's authority and its duties are available on the HHL Website and the HKEx Website.

Remuneration Committee

The Remuneration Committee comprises three Independent Non-executive Directors namely, Dr. Gordon YEN (Chairman), Ms. Linda Lai Chuen LOKE and Mr. Guy Man Guy WU and a Non-executive Director, Mr. Carmelo Ka Sze LEE. The head of Group Human Resources Department of the Company, or in his/her absence, his/her representative, serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major roles and functions of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management
- to make recommendations to the Board on the remuneration of Non-executive Directors

Principal works performed during the year under review included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year ended 30 June 2017
- to review and recommend on the remuneration packages of all Executive Directors for the year of 2017 and bonus payment for the year of 2016

The terms of reference setting out the Remuneration Committee's authority and its duties are available on the HHL Website and the HKEx Website.

Attendance at Meetings

For the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and the 2016 Annual General Meeting are as follows:

	Number of meetings attended/held			
Name of Directors	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**2016 Annual General Meeting**
Executive Directors				
Sir Gordon WU KCMG, FICE				
Chairman	3/4#	N/A	N/A	1/1
(Mr. Thomas Jefferson WU JP as alternate)	(1/1)	N/A	N/A	N/A
Mr. Eddie Ping Chang HO				
Vice Chairman	4/4	N/A	N/A	N/A
Mr. Thomas Jefferson WU JP				
Managing Director	4/4	N/A	N/A	1/1
Mr. Josiah Chin Lai KWOK				
Deputy Managing Director	4/4	N/A	N/A	1/1
Mr. Albert Kam Yin YEUNG	4/4	N/A	N/A	1/1
Mr. William Wing Lam WONG	4/4	N/A	N/A	1/1
Ir. Dr. Leo Kwok Kee LEUNG	4/4	N/A	N/A	1/1
Non-executive Directors				
Lady WU JP	3/4#	N/A	N/A	1/1
(Mr. Thomas Jefferson WU JP as alternate)	(1/1)	N/A	N/A	N/A
Mr. Carmelo Ka Sze LEE JP	4/4	N/A	1/2	0/1
Independent Non-executive Directors				
Mr. Guy Man Guy WU	4/4	4/4	2/2	1/1
Ms. Linda Lai Chuen LOKE	4/4	4/4	2/2	1/1
Mr. Sunny TAN	4/4	4/4	N/A	1/1
Dr. Gordon YEN	4/4	N/A	2/2	1/1
Mr. Ahito NAKAMURA	4/4	N/A	N/A	1/1
Mr. Yuk Keung IP	4/4	4/4	N/A	1/1

\# Excluding attendance by alternative director

In addition, the Chairman of the Board held a meeting with the Non-executive Directors and the Independent Non-executive Directors without the presence of the Executive Directors in May 2017.

Induction Programme and Training for Board Members

A comprehensive, formal and tailored induction programme on key areas of business operations and practices of the Company is given to newly appointed Board members by the management of the Company. A Guide on Directors' Duties published by the Companies Registry and/or a Guide for Independent Non-executive Directors published by The Hong Kong Institute of Directors (in case of Independent Non-executive Director(s)) has/have been sent to each Director for his/her information and ready reference.

During the year under review, Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the year under review:

Name of Directors	Corporate Governance	Legal and Regulatory	Group's Businesses
Executive Directors			
Sir Gordon WU KCMG, FICE	✓	✓	✓
Mr. Eddie Ping Chang HO	✓	✓	✓
Mr. Thomas Jefferson WU JP	✓	✓	✓
Mr. Josiah Chin Lai KWOK	✓	✓	✓
Mr. Albert Kam Yin YEUNG	✓	✓	✓
Mr. William Wing Lam WONG	✓	✓	✓
Ir. Dr. Leo Kwok Kee LEUNG	✓	✓	✓
Non-executive Directors			
Lady WU JP	✓	✓	✓
Mr. Carmelo Ka Sze LEE JP	✓	✓	✓
Independent Non-executive Directors			
Mr. Guy Man Guy WU	✓	✓	✓
Ms. Linda Lai Chuen LOKE	✓	✓	✓
Mr. Sunny TAN	✓	✓	✓
Dr. Gordon YEN	✓	✓	✓
Mr. Ahito NAKAMURA	✓	✓	✓
Mr. Yuk Keung IP	✓	✓	✓

Company Secretary

The Company Secretary is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He/She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Managing Director, plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During the year under review, Mr. Po Wah HUEN resigned as the Company Secretary of the Company with effect from 14 November 2016 and upon his resignation, Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Josiah Chin Lai KWOK, the Deputy Managing Director. Ms. KOO attended no less than 15 hours of relevant professional training during the year under review.

Accountability and Audit

Financial Reporting

The Directors recognise the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

During the year under review, all Directors have been provided, on a monthly basis, with the Group's updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

External Auditor and their Remuneration

The Company's external auditor is DTT. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 101 to 106 of this Annual Report. The independence of the external auditor is monitored by the Audit Committee which is primarily responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement and remuneration. Apart from the statutory audit of the Group's consolidated financial statements, DTT was also engaged to perform a review on the interim financial information of the Company for the six months ended 31 December 2016.

During the year ended 30 June 2017, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	5,502
Non-audit services:	
Interim review	921
Others	30
Total	**6,453**

Risk Management and Internal Controls

The Board is of the opinion that sound risk management and internal control systems will help achieve the Group's business objectives, safeguard the Group's assets and contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations. To this end, the Group commits to implement the risk management and internal control systems compatible with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss.

Roles and Responsibilities

The Board acknowledges its overall responsibility for the Group's risk management and internal control systems and for overseeing its effectiveness on an on-going basis through the Audit Committee which reports to the Board, when necessary, during the quarterly regular board meetings. Executive Directors and Management teams are delegated the roles of designing and maintaining an environment where managing risks forms the base of all activities.

Evaluation of the Group's risk management and internal control systems, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently and consistently conducted by the Internal Audit Department for principal operations.

Risk Management and Internal Control Framework

Under the Risk Management Policy approved by the Board in 2013 and updated in 2016, the Group strives to ensure that risk management and internal controls are integrated into the normal business processes and aligned with the strategic goals of the Group. This risk management and internal control framework of the Group, integrating the principles of the COSO model, is highlighted as follows:

Control Environment

The Group, committed to ethical values, believes that honesty, integrity and fair play are its important assets in doing business. Such belief is realized through the Group's Code of Conduct under which employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. To enhance the Group's internal control mechanism and the awareness of corporate justice, a Whistle-Blowing Policy has also been in force since 2012. The Policy provides a platform for employees raising serious concerns internally, without fear of reprisal or victimization, in a responsible and effective manner.

The Board, as the top strategy and policy setting body of the Group, provides oversight to the Group's management under the leadership of the Managing Director. Clear corporate governance structure (as depicted on page 72 of our Corporate Governance Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

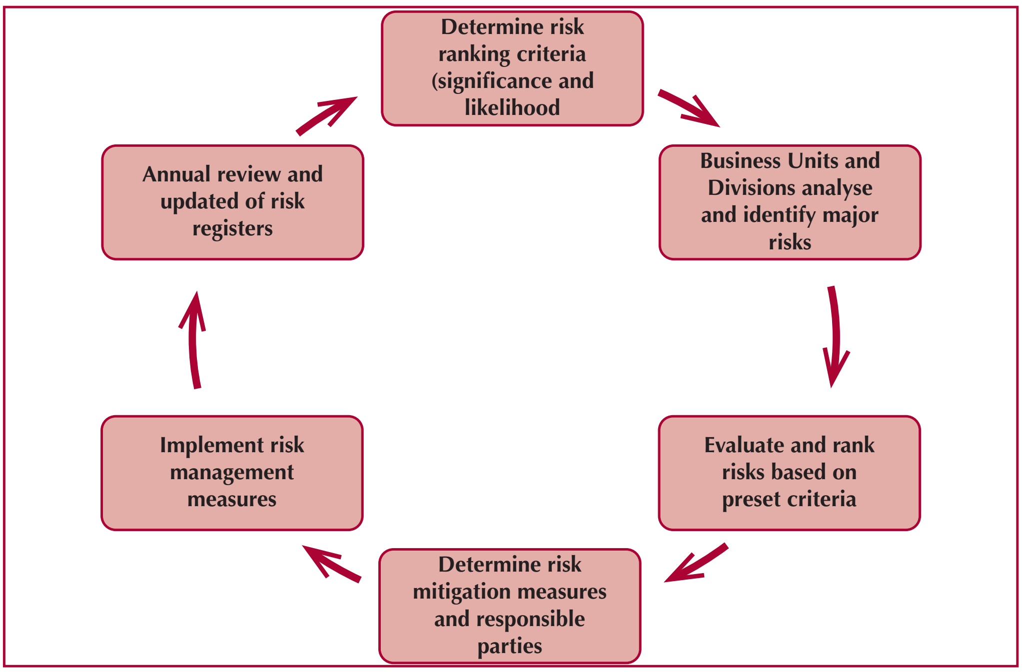
A holistic risk management framework is adopted across the Group for:

(a) Identifying, communicating, mitigating and escalating major risk issues;

(b) Incorporating risk management principles and objectives into strategic, operational and resource planning activities; and

(c) Designing and implementing an effective and efficient operation, enabling the Group to respond to a variety of risks.

The Group's ongoing risk assessment program encompasses the following key steps:



Control Activities/Information and Communication

Internal control procedures of the Group include a comprehensive budgeting, information reporting and performance monitoring system.

Business plans and budgets, taking into consideration of significant business risks, are prepared annually by the management of each business unit for the review and approval by the Executive Directors. These plans and budgets are then reviewed periodically against actual performance for validity and adjustments. Various policies and procedures have been established for the approval and control of operating expenses, capital expenditures, project investments, unbudgeted items and acquisitions.

The Executive Directors review monthly management reports and hold periodical meetings with the senior operational and finance management to discuss business performance, budget variances, forecasts, market outlooks, and to address any operation and finance related matters.

Annually, senior management of business units conducts a self-assessment on their compliance with the Group policies, relevant regulations and the fulfillment of their risk management and internal control duties. A confirmation is then completed and submitted to the Audit Committee and be reported to the Board.

Monitoring Activities

The Board, through the Audit Committee, oversee the risk management and internal controls of the Group, with assistance from external and internal auditors. External auditors inform management and the Audit Committee on the operation of financial controls reviewed as part of the statutory audits. Findings and risk concerns of internal auditors are raised to responsible management for rectification with significant items reported to the Audit Committee at least four times every year. Implementation status of audit findings would also be followed up by the Internal Audit Department and reported to the Audit Committee.

2016/17 Risk Management and Internal Control Review

During the year under review, the Board, through the Audit Committee, has consistently reviewed the effectiveness and proper functioning of the Group's internal control and risk management systems, financial reporting and rules/regulations compliance. The review also covered the adequacy of the financial/internal auditing resources and competency. No major exception was noted.

Key Risk Profile of the Group

Based on the risk assessment conducted for 2016/17, while the Group continued to face various operating risks such as construction project completion especially for HC II, talent management, labour shortage, cost increases and technological challenges, impacts from the macro environment contributed to the most highly-ranked risks of the Group's main business segments:

(a) Property — commercial, retail, residential and development projects

(b) Hospitality — hotels, catering and restaurants

(c) Infrastructure — toll roads and power plants

The key risks thus identified and their trends are further illustrated as follows:

Risk Category	**Risk Description**	**Business Segment**	**Risk Change in 2016/17**
Economic and Financial	Revenue/profit reduction due to economic downturn, negative developments in financial and property markets, credit crunch, refinancing risks, currency fluctuations and interest rate increases (in particular RMB and USD)	Property	↑
		Hospitality	↑
		Infrastructure	↔
Regulatory and Political	Political instability and unfavourable government policies	Property	↑
		Hospitality	↑
		Infrastructure	↔
Commercial	Market risks resulting from increasing global and local competition, reduced demand, heightened customer requirement and price sensitivity, unfavourable changes in the demographics of our main operating districts	Property	↑
		Hospitality	↑
		Infrastructure	↔

Remarks:

↑ *Inherent risks (risks before mitigation measures) increasing*

↔ *Inherent risks remain stable*

Business Ethics

The Company considers ethical corporate culture and employees' honesty and integrity to be important assets and endeavours to comply with the laws and regulations of the countries in which we operate. All Directors and employees are required to act responsibly to ensure that the reputation of the Company is not tarnished. To uphold a high standard of integrity in all aspects of everyday activities, the Company adopts a Code of Conduct which provides employees with a set of defined ethical standards for adherence. The Code of Conduct is posted on the Company's intranet for observance by all staff. The heads of Business Units, through the Human Resources Department, are charged with the responsibility of disseminating the Code of Conduct to the employees concerned.

Remuneration Policy

The Company recognises the need to implement a competitive remuneration policy in order to attract, retain and motivate the Directors and senior management to achieve the corporate targets. The remuneration package of the Executive Directors comprises some fixed elements: basic salary, mandatory provident fund contribution and other benefits including medical cover, as well as discretionary bonus, share options and/or share awards which are performance related elements. No Director is allowed to approve his/her own remuneration.

The fixed elements of the Executive Directors' remuneration are reviewed annually by reference to the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the current financial year were approved by the shareholders at the 2016 Annual General Meeting.

Inside Information Policy

The Board has adopted the Inside Information Policy setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors and an employees' share dealing rules (the "Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information. Having made specific enquiry with Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout the year under review.

Shareholders

Communication with Shareholders

The Company recognises the importance of communication with shareholders of the Company, both individual and institutional, as well as potential investors. The Board has adopted the Shareholders Communication Policy setting out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the shareholders to exercise their rights in an informed manner, and to allow the shareholders and potential investors to engage actively with the Company. The Shareholders Communication Policy is posted on the HHL Website.

Disclosure of Information on HHL Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at www.hopewellholdings.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Stock Exchange, the same information is made available on the HHL Website.

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee and the Remuneration Committee together with the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2016 Annual General Meeting was held at The Glass Pavilion, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 26 October 2016. The 2017 Annual General Meeting has been scheduled to be held on 26 October 2017.

Investor Relations

Committed to upholding sound corporate governance practices, the Company believes that good communications with the market and shareholders as well as transparency are of high priority.

As an important component to engage market participants, the Company's open and effective communications with the investment community is well-recognised. Proactive investor relations program was continued during the year under review. Subsequent to interim and annual results announcements, conference calls with investors, analysts and media were held with the attendance of senior management team to answer queries. To further facilitate exchange of opinions, the Company regularly attended investor meetings, roadshows, and conferences engaging both local and overseas investors and analysts. In addition, enquiries from investors and analysts were also handled in a timely manner.

Achieving a high level of transparency, the Company kept its website updated by publishing essential corporate information including company announcements, press releases and financial reports on a timely and accurate basis. As a result, investors could keep track of the latest updates of the Company's business and financial performance.

Going onward, the Company will continue to advocate its high level of corporate governance framework, aiming to enhance market confidence and maximise shareholders' value. Investors can direct any comment or enquiry to the Company's investor relations team at ir@hopewellholdings.com.

During the year under review, there was no significant change in the Company's constitutional documents.

Shareholders' Rights

The Company recognises the significance and importance of having a governance framework that protects shareholders' rights.

Voting by poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the HHL Website and HKEx Website on the same day of the poll.

Convening of an extraordinary general meeting on requisition by shareholders

In accordance with Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may request the Directors to convene an extraordinary general meeting. The written requisition must state the object of the meeting, and must be authenticated by the shareholder(s) concerned. The requisition may consist of several documents in like form, and each must be authenticated by the shareholder(s) concerned, which must be deposited at the registered office of the Company at 64th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the attention of the Company Secretary.

If the Directors do not within 21 days after the date on which they become subject to the requirement call a general meeting to be held on a date not more than 28 days after the date of the notice convening the meeting, the shareholder(s) concerned or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting, provided that such general meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a meeting.

The meeting convened by the shareholder(s) shall be called in the same manner, as nearly as possible, as that in which that general meeting is required to be called by the Directors.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department whose contact details are as follows:

Investor Relations Department
Hopewell Holdings Limited
64th Floor, Hopewell Centre,
183 Queen's Road East,
Wan Chai, Hong Kong
Email: ir@hopewellholdings.com
Tel No.: (852) 2528 4975
Fax No.: (852) 2529 8602

Company Secretarial Department, Corporate Communications Department and Investor Relations Department of the Company handle both telephone and written enquiries from shareholders from time to time.

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

Shareholders are requested to follow sections 580 and 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for putting forward proposals at general meetings. Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders having a right to vote at the general meeting, or at least 50 shareholders of the Company having a right to vote at the general meeting, may request in writing the Company to circulate resolutions which may properly be moved and is intended to be moved at the general meeting; and to circulate statements regarding resolutions proposed at the general meeting. The requisition must be authenticated by the shareholder(s) concerned and should be deposited at the registered office of the Company at 64th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the attention of the Company Secretary where, (i) in the case of a requisition for the circulation of resolutions to be moved at an annual general meeting, the requisition must be received by the Company not later than 6 weeks before the annual general meeting; or (ii) in the case of a requisition for the circulation of statements regarding resolutions proposed at a general meeting, such requisition must be received by the Company not later than 7 days before the general meeting.

Pursuant to Article 107 of the Company's Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless (a) he/she is recommended by the Board for election; or (b) a shareholder of the Company shall have given notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been given to the Company in the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as Director is posted on the HHL Website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30 June 2017.

Principal Activities

The Company is an investment holding Company. The Group is engaged in investments in toll roads and power plants, property development and investment, property management, hotel ownership and management, restaurant operations and food catering. The principal activities of the principal subsidiaries and the joint ventures are set out in notes 41 and 20 to the Consolidated Financial Statements respectively.

Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the Chairman's Statement on pages 4 to 9 and the Management Discussion and Analysis on pages 21 to 68 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 40 to the Consolidated Financial Statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 30 June 2017, if applicable, are provided in the Chairman's Statement on pages 4 to 9 and Management Discussion and Analysis on pages 21 to 68 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on page 2 and the 5-Year Financial Summary on page 3 of this Annual Report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Management Discussion and Analysis, Highlights of Sustainability Report, the Corporate Governance Report and this Report of the Directors on pages 4 to 9, pages 21 to 68, pages 69 to 70, pages 71 to 88 and pages 89 to 100 of this Annual Report respectively and in the Sustainability Report available on the Company's corporate website www.hopewellholdings.com. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the year ended 30 June 2017 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 107.

Dividends

The Directors recommend the payment of a final dividend of HK75 cents (2016: HK75 cents) per share and a special final dividend of HK45 cents (2016: Nil) per share in respect of the year ended 30 June 2017.

Together with the interim dividend of HK55 cents (2016: HK55 cents) per share paid on 22 February 2017, the total dividends for the year will amount to HK175 cents (2016: HK130 cents) per share.

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section headed "Business Review" as set out on pages 21 to 58.

Shares Issued

Details of the shares of the Company issued during the year are set out in note 31 to the consolidated financial statements.

Distributable Reserve

The Company's distributable reserve at 30 June 2017 amounted to approximately HK$16,101 million (2016: HK$13,249 million) which represented retained profits of the Company as at that date.

Donations

Donations made by the Group during the year for charitable and other purposes amounted to HK$723,000 (2016: HK$969,000).

Principal Properties

Particulars regarding the major properties and property interests of the Group are set out on pages 175 to 177.

Major Customers and Suppliers

During the year, both the aggregate amount of purchases attributable to the Group's 5 largest suppliers and the aggregate amount of turnover attributable to the Group's 5 largest customers were less than 30% of total purchases and turnover of the Group respectively.

Directors and Senior Management

The Directors and their profiles as at the date of this report are set out on pages 12 to 20 of this Annual Report.

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her last election/re-election and shall be eligible for re-election subject to the provisions of the Articles of Association of the Company. Mr. Josiah Chin Lai KWOK, Mr. Guy Man Guy WU, Lady WU, Ms. Linda Lai Chuen LOKE and Mr. Sunny TAN shall retire from office at the 2017 Annual General Meeting and, being eligible, offered themselves for re-election.

The businesses of the Group are under the direct responsibility of the Executive Directors of the Company who are regarded as members of the Group's senior management.

Directors of Subsidiaries

The persons who have served on the boards of the subsidiaries of the Company during the year ended 30 June 2017 and up to the date of this report included Mr. Alan Chi Hung CHAN, Mr. Kam Wai CHAN, Ms. Siu Hung CHONG, Mr. DENG Wei-Zhuo, Mr. Eddie Ping Cheng HO, Mr. Po Wah HUEN*, Mr. Yuk Keung IP, Ms. Ching Fan KOO, Mr. Josiah Chin Lai KWOK, Ms. Josephine Wai Fun LAM, Ir. Dr. Leo Kwok Kee LEUNG, Mr. Pei Sai LEUNG, Mr. Brian David Man Bun LI, Mr. Alexander Lanson LIN, Mr. Tai On LO, Professor Chung Kwong POON, Mr. Ontowirjo SOEWARNO, Mr. Daniel Chun Ho WONG, Mr. William Wing Lam WONG, Ms. Carol Ann WU*, Sir Gordon WU, Mr. Thomas Jefferson WU, Mr. XIE Chang-Li, Mr. Mike Hon Cheung YAU, Mr. Albert Kam Yin YEUNG, Mr. Andrew Siu Yeung YU and Mr. ZHANG Ming.

* no longer directors of the subsidiaries of the Company as at 16 August 2017

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, subject to the statutes, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Group.

Directors' Material Interests in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party or were parties and in which a Director or any entities connected with him/her had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests and short positions of the Directors and the chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) the Company

Directors	Shares(i) Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests(ii) (interests of controlled corporation)	Other interests	Total interests	Approximate % of total number of issued shares
Sir Gordon WU	75,083,240	27,073,300(iii)	111,450,000(iv)	30,680,000(v)	244,286,540(viii)	28.08
Eddie Ping Chang HO	27,691,500	–	70,000	–	27,761,500	3.19
Thomas Jefferson WU	28,900,000	–	–	–	28,900,000	3.32
Josiah Chin Lai KWOK	1,275,000	–	–	–	1,275,000	0.14
Guy Man Guy WU	2,645,650	–	–	–	2,645,650	0.30
Lady WU	27,073,300	125,343,240(vi)	61,190,000(vii)	30,680,000(v)	244,286,540(viii)	28.08
Linda Lai Chuen LOKE	–	1,308,981	–	–	1,308,981	0.15
Albert Kam Yin YEUNG	10,000	–	–	–	10,000	0.00
William Wing Lam WONG	338,000	–	–	–	338,000	0.03

Notes:

(i) All interests in the shares of the Company were long positions.

(ii) The corporate interests were beneficially owned by companies in which the relevant Directors were 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 family interests in 27,073,300 shares represented the interests of his wife Lady WU.

(iv) The corporate interests in 111,450,000 shares held by Sir Gordon WU included the corporate interests in 61,190,000 shares referred to in Note (vii).

(v) The other interests in 30,680,000 shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

(vi) The family interests in 125,343,240 shares represented the interests of Sir Gordon WU. This figure included 50,260,000 shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.

(viii) Sir Gordon WU and Lady WU were deemed under the SFO to have same interests with each other.

(B) Associated Corporation — HHI

	HHI Shares[(i)]					
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests[(ii)] (interests of controlled corporation)	Other interests	Total interests	Approximate % of total number of issued HHI Shares
Sir Gordon WU	17,471,884	6,815,920[(iii)]	27,051,498[(iv)]	7,670,000[(v)]	59,009,302[(viii)]	1.91
Eddie Ping Chang HO	6,274,075	–	17,500	–	6,291,575	0.20
Thomas Jefferson WU	18,000,000	–	–	–	18,000,000	0.58
Josiah Chin Lai KWOK	191,250	–	–	–	191,250	0.00
Guy Man Guy WU	396,847	–	–	–	396,847	0.01
Lady WU	6,815,920	29,225,885[(vi)]	15,297,497[(vii)]	7,670,000[(v)]	59,009,302[(viii)]	1.91
Linda Lai Chuen LOKE	–	196,347	–	–	196,347	0.00
Albert Kam Yin YEUNG	33,500	–	–	–	33,500	0.00
William Wing Lam WONG	31,900	–	–	–	31,900	0.00
Leo Kwok Kee LEUNG	200,000	–	–	–	200,000	0.00

Notes:

(i) All interests in HHI Shares were long positions.

(ii) The corporate interests were beneficially owned by companies in which the relevant Directors were 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 family interests in 6,815,920 HHI Shares represented the interests held by his wife Lady WU.

(iv) The corporate interests in 27,051,498 HHI Shares held by Sir Gordon WU included the corporate interests in 15,297,497 HHI Shares referred to in Note (vii).

(v) The other interests in 7,670,000 HHI Shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

(vi) The family interests in 29,225,885 HHI Shares represented the interests of Sir Gordon WU. This figure included 11,754,001 HHI Shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 15,297,497 HHI Shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.

(viii) Sir Gordon WU and Lady WU were deemed under the SFO to have same interests with each other.

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange under the Model Code.

Share Options of the Company

(A) The shareholders of the Company approved the adoption of a share option scheme effective on 22 October 2013 ("HHL Share Option Scheme"). The HHL Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the HHL Share Option Scheme is set out in (B) below.

(B) The HHL Share Option Scheme is designated to provide the Company with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

The maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding excluding options lapsed from time to time in accordance with the HHL Share Option Scheme) under the HHL Share Option Scheme and any other share option schemes of the Company will not exceed 10% in aggregate the total number of issued shares as at the date of adoption of the HHL Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the HHL Share Option Scheme in any 12-month period must not exceed 1% of the total number of issued shares of the Company. As at the date of this report, no options were granted under the HHL Share Option Scheme and 87,205,492 shares were issuable under the HHL Share Option Scheme, representing approximately 10% of the total number of issued shares of the Company.

The period within which an option may be exercised will be determined by the Board in its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for such time to be determined by the Board and specified in the offer letter. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the higher of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; and (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant.

Share Options of HHI

(A) A share option scheme was approved by both the shareholders of the Company and HHI effective on 22 October 2013 (the "HHI Share Option Scheme"). The HHI Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the HHI Share Option Scheme is set out in (B) below.

(B) The HHI Share Option Scheme is designated to provide HHI with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of HHI, directors or employees or consultants, professionals or advisers of/to each member of the HHI Group) and for such other purposes as the HHI Board may approve from time to time.

The maximum number of HHI Shares in respect of which options may be granted (together with HHI Shares issued pursuant to options exercised and HHI Shares in respect of which any option remains outstanding excluding options lapsed from time to time in accordance with HHI Share Options Scheme) under the HHI Share Option Scheme and any other share option schemes of HHI will not exceed 10% in aggregate of the total number of issued HHI Shares as at the date of adoption of the HHI Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the HHI Share Option Scheme in any 12-month period must not exceed 1% of the total number of issued HHI Shares. As at the date of this report, no options were granted under the HHI Share Option Scheme and 308,169,028 HHI Shares were issuable under the HHI Share Option Scheme, representing approximately 10% of the total number of issued HHI Shares.

The period within which an option may be exercised will be determined by the HHI Board in its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the HHI Board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for such time to be determined by the HHI Board and specified in the offer letter. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of HHI Shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the board of HHI may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the highest of (a) the closing price of HHI Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the HHI Shares as stated in the Stock Exchange's daily quotations sheet for the 5 business days immediately preceding the date of grant; and (c) the nominal value of HHI Share.

Share Awards of the Company

(A) The HHL Share Award Scheme was adopted by the Board on 25 January 2007 ("HHL Adoption Date"). Unless terminated earlier by the Board, the HHL Share Award Scheme shall be valid and effective for a period of 15 years commencing on the HHL Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHL Adoption Date. A summary of some of the principal terms of the HHL Share Award Scheme is set out in (B) below.

(B) The purpose of the HHL Share Award Scheme is to recognise the contributions by certain employees (including without limitation employees who are also Directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Under the HHL Share Award Scheme, the Board (or where the relevant selected employee is a Director, the Remuneration Committee) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the HHL Share Award Scheme and determine the number of shares to be awarded. The Board shall not grant any award of shares which would result in the number of shares which are the subject of awards granted by the Board under the HHL Share Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the total number of issued shares of the Company as at the date of such grant.

(C) During the year under review, cash dividend income amounting to HK$93,600 (2016: HK$94,528) was received in respect of the shares held upon the trust for the HHL Share Award Scheme and shall form part of the trust fund of such trust. The trustee may apply such cash or shares for the purchase of shares which shall become returned shares for the purpose of the HHL Share Award Scheme, or apply such cash or shares to defray the fees, costs and expenses in relation to the establishment and administration of such scheme, or return such cash or shares to the Company, as the trustee in its absolute discretion shall at any time determine, after having taken into consideration recommendations of the remuneration committee of the Board.

(D) There were no awarded shares granted, forfeited, vested or outstanding during the year ended 30 June 2017.

Share Awards of HHI

(A) The HHI Share Award Scheme was adopted by the HHI Board on 25 January 2007 ("HHI Adoption Date"). Unless terminated earlier by HHI Board, the HHI Share Award Scheme shall be valid and effective for a period of 15 years commencing on the HHI Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the HHI Adoption Date. A summary of some of the principal terms of the HHI Share Award Scheme is set out in (B) below.

(B) The purpose of the HHI Share Award Scheme is to recognise the contributions by certain employees (including without limitation employees who are also directors) of HHI Group and to give incentive in order to retain them for the continual operation and development of HHI Group and to attract suitable personnel for further development of HHI Group.

Under the HHI Share Award Scheme, the HHI Board (or where the relevant selected employee is a director of HHI, the remuneration committee of HHI) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the HHI Share Award Scheme and determine the number of shares to be awarded. The HHI Board shall not grant any award of shares which would result in the total number of issued HHI Shares which are the subject of awards granted by the HHI Board under the HHI Share Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the total number of issued HHI Shares as at the date of such grant.

(C) There were no awarded shares granted, forfeited, vested or outstanding during the year ended 30 June 2017 and accordingly no dividend income was received in respect of shares hold upon the trust for the HHI Share Award Scheme (2016: Nil) during the year under review.

Equity-Linked Agreements

Save as disclosed in the sections headed "Share Options of the Company" and "Share Awards of the Company", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous sections headed "Share Options of the Company", "Share Options of HHI", "Share Awards of the Company" and "Share Awards of HHI", at no time during the year ended 30 June 2017 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

The Directors' fees are approved by shareholders at the annual general meeting and the other emoluments payable to Executive Directors are determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Directors' Service Contracts

No Directors proposed for re-election at the 2017 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Non-executive Directors and Independent Non-executive Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. During the year, the Group made contributions to the schemes amounted to HK$13,694,000 (2016: HK$13,359,000).

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2017, so far as is known to the Directors, the interests or short positions of substantial shareholders and other persons of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name	Capacity	Number of shares(i)	Approximate % of total number of issued shares
Longleaf Partners Small Cap Fund	Beneficial owner	52,817,500	6.07
Southeastern Asset Management, Inc.	Investment manager	63,948,283(ii)	7.35

Notes:

(i) All interests in the shares of the Company were long positions.

(ii) Southeastern Asset Management, Inc. is the investment manager of Longleaf Partners Small Cap Fund and is therefore deemed to be interested in the shares owned by Longleaf Partners Small Cap Fund under the SFO. The interests of Southeastern Asset Management, Inc. in 63,948,283 shares included the block of shares beneficially owned by Longleaf Partners Small Cap Fund.

Save as disclosed above, as at 30 June 2017, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2017.

Report of the Directors

Disclosures under Chapter 13 of the Listing Rules

The Sino-foreign co-operative joint ventures jointly controlled by the HHI Group and the PRC joint venture partners which operate toll expressways and infrastructure projects have, following the listing of HHI on the Stock Exchange in 2003, been deemed as subsidiaries of the Company for the purpose of the disclosure requirements under Chapter 13 of the Listing Rules. Accordingly, information on advances and financial assistance to such joint ventures are no longer required under Rules 13.13, 13.16, 13.20 and 13.22 of the Listing Rules to be specifically disclosed in this Annual Report.

Connected Transactions and Continuing Connected Transactions

During the year under review, there were no connected transactions and continuing connected transactions which are required to be disclosed in accordance with the requirements of the Listing Rules. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the related party transactions as disclosed in note 38 to the Consolidated Financial Statements constitutes a connected transaction under Chapter 14A of the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2017 Annual General Meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 16 August 2017

Deloitte. 德勤

TO THE MEMBERS OF HOPEWELL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Hopewell Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 107 to 174, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment properties	
We identified the valuation of investment properties (comprising completed investment properties and investment properties under development) as a key audit matter due to significant judgement and estimation required in determining their fair values. Investment properties of the Group mainly comprise office, retail and residential properties. The fair values of completed investment properties and investment properties under development amounted to HK$30,611 million (of which HK$292 million presented in the consolidated statement of financial position as assets classified as held for sale) and HK$5,423 million respectively as at 30 June 2017, with the fair value gain of HK$627 million recognised in the profit or loss for the year then ended. As disclosed in notes 15 and 19 to the consolidated financial statements, in estimating the fair value of investment properties, the Group engaged an independent qualified external valuer (the "Valuer") to perform the valuation and worked with the Valuer to establish inputs to the valuation. The fair value of completed investment properties was arrived at by using income capitalisation method or, where appropriate, by using direct comparison method. The fair value of investment properties under development was arrived at by using direct comparison method by making reference to comparable sales transactions as available in the relevant market and have allowed for construction cost to be expended on the proposed development. The valuations are dependent on certain significant unobservable inputs that involve judgements, including capitalisation rate for completed investment properties; and estimated costs to complete construction and profit and risk margin for investment properties under development.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer; • Assessing the scope of the valuation, appropriateness of significant assumptions, critical judgements and data used in the valuation based on our knowledge of the properties market of the relevant locations; and • Checking the reasonableness of the key inputs used by the Valuer in the valuation, in particular the capitalisation rate for completed investment properties, estimated costs to complete construction and profit and risk margin for investment properties under development, on a sample basis, against market data and entity-specific information such as recent selling prices and rents, and development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs and signed construction contracts.

Key Audit Matters (continued)

Key audit matter | *How our audit addressed the key audit matter*

Interests in joint ventures ("JVs") and share of results of JVs in expressway projects — Amortisation of concession intangible assets of the JVs

We identified the amortisation of concession intangible assets of the JVs engaged in expressway projects as a key audit matter because significant judgement is required in determining the estimation of future traffic volume which has impact on the carrying value of the concession intangible assets of the JVs engaged in expressway projects as at year end and the amortisation charges for the current and future years. As set out in note 20 to the consolidated financial statements, two JVs of the Group are engaged in the development, operation and management of expressways under service concession agreements with the right to collect tolls for operating two expressways in Guangdong Province of the People's Republic of China (the "PRC"), one of which runs between Shenzhen and Guangzhou and the other links Guangzhou, Zhongshan and Zhuhai with the toll collection periods ranging from 25 years to 30 years. The Group has accounted for its interests in these JVs using the equity method of accounting.

As set out in note 4 to the consolidated financial statements, the interest in JVs engaged in expressway projects as at 30 June 2017 amounted to HK$6,150 million and the share of results of these JVs for the year then ended amounted to HK$760 million. Included in the share of results of JVs, there was an amortisation of concession intangible assets of the JVs engaged in expressway projects shared by the Group amounting to HK$676 million for the year ended 30 June 2017, which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreements.

The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in prior year taking into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Our procedures in relation to the amortisation of concession intangible assets of the two JVs engaged in expressway projects included:

- Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible assets and benchmarking with other companies in the same industry;
- Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and
- Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness of key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Yu Kin Man.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
16 August 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	NOTES	2016 HK$'000	2017 HK$'000
Turnover	5	1,850,252	**2,360,128**
Cost of sales and services		(770,970)	**(943,575)**
		1,079,282	**1,416,553**
Other income	6	155,005	**115,187**
Other gains and losses	7	(61,843)	**1,391**
Selling and distribution costs		(72,573)	**(77,862)**
Administrative expenses		(343,287)	**(339,576)**
Gain on disposal of assets classified as held for sale			
(Broadwood Twelve)	15(b)	–	**39,065**
Fair value gain of completed investment properties	15	1,344,740	**627,489**
Finance costs	8	(59,411)	**(12,132)**
Share of results of joint ventures:	9		
Expressway projects		654,518	**760,386**
Power plant project		106,483	**33,587**
Property development project			
(The Avenue and Lee Tung Avenue)		424,905	**43,448**
Share of profit of an associate		2,060	**2,084**
Profit before taxation	10	3,229,879	**2,609,620**
Income tax expense	11	(234,985)	**(386,212)**
Profit for the year		2,994,894	**2,223,408**
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial			
statements of subsidiaries and joint ventures		(865,525)	**(136,406)**
Total comprehensive income for the year		2,129,369	**2,087,002**
Profit for the year attributable to:			
Owners of the Company		2,762,145	**1,961,273**
Non-controlling interests		232,749	**262,135**
		2,994,894	**2,223,408**
Total comprehensive income attributable to:			
Owners of the Company		2,116,624	**1,865,209**
Non-controlling interests		12,745	**221,793**
		2,129,369	**2,087,002**
		HK$	**HK$**
Earnings per share	13		
Basic		3.17	**2.25**
Diluted		3.17	**N/A**

Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	2016 HK$'000	2017 HK$'000
ASSETS			
Non-current Assets			
Completed investment properties	15	29,639,276	**30,318,946**
Property, plant and equipment ("PPE")	16	660,394	**700,246**
Properties under development	19		
Commercial portion of HCII (investment properties)		4,548,835	**4,645,923**
Hotel portion of HCII (PPE)		2,409,525	**2,537,700**
QRE project (investment properties)		769,571	**776,930**
Properties for development	19	799,443	**1,156,903**
Interests in joint ventures	20		
Expressway projects		7,415,200	**6,149,912**
Power plant project		1,124,815	**1,143,386**
Property development project		618,905	**662,353**
Interest in an associate	21	38,895	**38,548**
Available-for-sale investments	22	8,585	**8,513**
		48,033,444	**48,139,360**
Current Assets			
Inventories	23	7,879	**8,070**
Stock of properties	24		
Under development		418,320	**304,766**
Completed		368,822	**128,455**
Trade and other receivables	25	58,987	**37,132**
Deposits and prepayments		143,550	**149,303**
Amount due from a joint venture	26	528,806	**305,306**
Bank balances and cash held by:	27		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,885,757	**4,035,537**
HHI Group		761,392	**540,365**
		5,173,513	**5,508,934**
Assets classified as held for sale (Broadwood Twelve)	15(b)	638,000	**292,100**
		5,811,513	**5,801,034**
Total Assets		53,844,957	**53,940,394**

	NOTES	2016 HK$'000	**2017** **HK$'000**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	31	11,197,829	**11,197,829**
Reserves	32	35,313,723	**36,048,235**
Equity attributable to owners of the Company		46,511,552	**47,246,064**
Non-controlling interests		2,840,949	**2,360,763**
Total Equity		49,352,501	**49,606,827**
Non-current Liabilities			
Deferred tax liabilities	33	541,670	**549,897**
Other liabilities		53,966	**53,966**
Bank borrowings	30	2,350,000	**1,200,000**
		2,945,636	**1,803,863**
Current Liabilities			
Trade and other payables	28	543,471	**511,957**
Rental and other deposits		542,774	**546,299**
Tax liabilities		260,575	**317,148**
Bank borrowings	30	200,000	**1,150,000**
		1,546,820	**2,525,404**
Liabilities associated with assets classified as held for sale	15(b)	–	**4,300**
		1,546,820	**2,529,704**
Total Liabilities		4,492,456	**4,333,567**
Total Equity and Liabilities		53,844,957	**53,940,394**

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Company									*Attributable to non-controlling interests*			
	Share capital	*Capital reserve*	*Translation reserve*	*PRC statutory reserves*	*Property revaluation reserve*	*Share option reserve*	*Shares held for share award scheme*	*Retained profits*	*Sub-total*	*Share option reserve of HHI*	*Share of net assets of subsidiaries*	*Sub-total*	*Total*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2015	11,192,132	10,010	1,103,981	151,879	452,391	2,957	(2,178)	32,618,345	45,529,517	151	3,275,577	3,275,728	48,805,245
Profit for the year	–	–	–	–	–	–	–	2,762,145	2,762,145	–	232,749	232,749	2,994,894
Other comprehensive expense for the year	–	–	(645,521)	–	–	–	–	–	(645,521)	–	(220,004)	(220,004)	(865,525)
Total comprehensive (expense) income for the year	–	–	(645,521)	–	–	–	–	2,762,145	2,116,624	–	12,745	12,745	2,129,369
Shares issued	5,697	–	–	–	–	(1,147)	–	–	4,550	–	–	–	4,550
Shares bought back and cancelled (note 31)	–	–	–	–	–	–	–	(50,803)	(50,803)	–	–	–	(50,803)
Lapse of vested share options	–	–	–	–	–	(1,810)	–	1,961	151	(151)	–	(151)	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(447,373)	(447,373)	(447,373)
Dividends recognised as distribution during the year (note 12)	–	–	–	–	–	–	–	(1,088,487)	(1,088,487)	–	–	–	(1,088,487)
At 30 June 2016	11,197,829	10,010	458,460	151,879	452,391	–	(2,178)	34,243,161	46,511,552	–	2,840,949	2,840,949	49,352,501
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,961,273**	**1,961,273**	**–**	**262,135**	**262,135**	**2,223,408**
Other comprehensive expense for the year	**–**	**–**	**(96,064)**	**–**	**–**	**–**	**–**	**–**	**(96,064)**	**–**	**(40,342)**	**(40,342)**	**(136,406)**
Total comprehensive (expense) income for the year	**–**	**–**	**(96,064)**	**–**	**–**	**–**	**–**	**1,961,273**	**1,865,209**	**–**	**221,793**	**221,793**	**2,087,002**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(701,979)**	**(701,979)**	**(701,979)**
Dividends recognised as distribution during the year (note 12)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,130,697)**	**(1,130,697)**	**–**	**–**	**–**	**(1,130,697)**
At 30 June 2017	**11,197,829**	**10,010**	**362,396**	**151,879**	**452,391**	**–**	**(2,178)**	**35,073,737**	**47,246,064**	**–**	**2,360,763**	**2,360,763**	**49,606,827**

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2016 HK$'000	**2017** **HK$'000**
OPERATING ACTIVITIES		
Profit before taxation	3,229,879	**2,609,620**
Adjustments for:		
Depreciation of property, plant and equipment	68,452	**70,115**
Exchange loss (gain), net	61,843	**(1,391)**
Fair value gain of completed investment properties	(1,344,740)	**(627,489)**
Finance costs	59,411	**12,132**
Gain on disposal of assets classified as held for sales (Broadwood Twelve)	–	**(39,065)**
Interest income	(118,813)	**(75,355)**
Loss on disposal of property, plant and equipment	162	**75**
Share of results of joint ventures:		
Expressway projects	(654,518)	**(760,386)**
Power plant project	(106,483)	**(33,587)**
Property development project (The Avenue and Lee Tung Avenue)	(424,905)	**(43,448)**
Share of profit of an associate	(2,060)	**(2,084)**
Operating cash flows before movements in working capital	768,228	**1,109,137**
Increase in inventories	(780)	**(191)**
Decrease in stock of properties	132,789	**340,161**
Decrease in trade and other receivables, and deposits and prepayments	127,689	**13,213**
Increase (decrease) in trade and other payables, and rental and other deposits	194,388	**(25,989)**
Cash generated from operations	1,222,314	**1,436,331**
Tax paid		
Hong Kong Profits Tax	(71,411)	**(64,467)**
Taxation elsewhere	(67,324)	**(143,779)**
NET CASH FROM OPERATING ACTIVITIES	1,083,579	**1,228,085**

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	2016 HK$'000	2017 HK$'000
INVESTING ACTIVITIES		
Placement of time deposits with original maturity over three months	(719,534)	–
Withdrawal of time deposits with original maturity over three months	1,083,409	–
Interest received	139,901	**69,447**
Dividends received from joint ventures (net of PRC withholding tax) and an associate	1,064,576	**1,879,653**
Additions to completed investment properties	(87,473)	**(155,949)**
Additions to properties for/under development	(190,688)	**(558,913)**
Additions to property, plant and equipment	(39,547)	**(24,075)**
Net proceeds from disposal of property, plant and equipment	123	**32**
Investment in a joint venture	(261,502)	–
Repayment from joint ventures:		
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV")	965,288	–
Property development project	224,000	**223,500**
Power plant project	290,600	–
Net proceeds and deposit received from disposal of assets classified as held for sale	–	**396,233**
Other investing cash flows	(7,689)	**(12,570)**
NET CASH FROM INVESTING ACTIVITIES	2,461,464	**1,817,358**
FINANCING ACTIVITIES		
New bank borrowings raised	2,995,000	–
Repayment of bank borrowings	(5,088,300)	**(200,000)**
Dividends and distributions paid to:		
Owners of the Company	(1,088,487)	**(1,130,697)**
Non-controlling interests	(447,373)	**(701,979)**
Net proceeds from issue of shares by the Company	4,550	–
Buy-back of shares	(50,803)	–
Repayment to a minority shareholder of a subsidiary	(8,378)	–
Finance costs paid	(93,599)	**(52,969)**
NET CASH USED IN FINANCING ACTIVITIES	(3,777,390)	**(2,085,645)**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(232,347)	**959,798**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,086,953	**3,647,149**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(207,457)	**(31,045)**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,647,149	**4,575,902**

Notes to the Consolidated Financial Statements — Company's Statement of Financial Position

At 30 June 2017

	NOTES	2016 HK$'000	**2017** **HK$'000**
ASSETS			
Non-current Assets			
Investments in subsidiaries	17	1,171,256	**1,169,340**
Amounts due from subsidiaries	18	36,120,648	**35,135,919**
Investment in an associate	21	–	**–**
Available-for-sale investments	22	3,000	**3,000**
		37,294,904	**36,308,259**
Current Assets			
Other receivables		117	**1,220**
Deposits and prepayments		337	**367**
Amounts due from subsidiaries	29	76,589	**75,055**
Bank balances and cash	27	668,937	**2,283,281**
		745,980	**2,359,923**
Total Assets		38,040,884	**38,668,182**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	31	11,197,829	**11,197,829**
Reserves	32	13,256,529	**16,108,507**
Total Equity		24,454,358	**27,306,336**
Current Liabilities			
Other payables		8,810	**9,866**
Amounts due to subsidiaries	29	13,577,716	**11,351,980**
Total Liabilities		13,586,526	**11,361,846**
Total Equity and Liabilities		38,040,884	**38,668,182**

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

1. General

The Company is a public limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is 64th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The principal activities of the Group are investments in toll roads and power plant, property development and investment, property management, hotel ownership and management, restaurant operations and food catering.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants

Amendments to HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Amendments to HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (continued)

In addition, the amendments also clarify that in choosing an appropriate amortisation method an entity could determine the predominant limiting factor that is inherent in the intangible asset.

The Group has applied the amendments prospectively in the current year. The amendments have had no material impact on the financial performance or position of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

Other than disclosed above, the application of other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[2]
HKFRS 16	Leases[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[4]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to HKAS 40	Transfers of Investment Property[2]

1 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for annual periods beginning on or after 1 January 2017

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements of using an expected credit loss model for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments.

HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and, based on the Group's financial assets and financial liabilities as at 30 June 2017, the application of HKFRS 9 is not expected to have significant impact on amounts reported in the consolidated financial statements.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Under HKFRS 15, revenue is recognised in accordance with the core principle by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the performance obligation is satisfied. HKFRS 15 also includes a cohesive set of disclosure requirements that would result in providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 *Leases*

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

In respect of the lessee accounting, the application of HKFRS 16 is not expected to have significant impact on amounts reported in the consolidated financial statements.

Other than disclosed above, the Directors anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance (the "HKCO").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of an associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint ventures exceeds the Group's interest in that associate or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Significant Accounting Policies (continued)

Investments in an associate and joint ventures (continued)

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the joint ventures, which were not accounted for by those entities. Such costs are included in additional cost of investments in joint ventures and are amortised over the joint venture period on the same basis as that adopted by the relevant joint venture in respect of amortisation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a joint venture, the attributable amount of the unamortised additional cost of investments is included in the determination of the profit or loss on disposal.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Properties for development in which their future use have not been determined are regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. In circumstances where the fair value of an investment property under development is not reliably measurable, such investment properties under development are measured at cost less impairment, if any, until its fair value becomes reliably determinable or construction is completed, whichever is the earlier. Properties for development of which the fair value cannot be reliably measured are measured under cost model. Once the fair value of an investment property for/under development that has previously been measured at cost is able to be measured reliably, the property is measured at fair value. Any difference between the fair value of the property at that time and its previous carrying amount is recognised in profit or loss. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs, development expenditure, other direct attributable expenses incurred and borrowing cost, where appropriate, are capitalised as part of the carrying amount of the investment properties for/under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. Significant Accounting Policies (continued)

Investment properties (continued)

If an investment property becomes a property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the changes, the property is stated at deemed cost, equivalent to the fair value at the date of transfer, less subsequent accumulated depreciation and accumulated impairment losses.

If an investment property becomes a stock of properties because its use has changed as evidenced by the commencement of development with a view to sale, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the changes, the property is stated at the lower of deemed cost, equivalent to the fair value at the date of transfer, and net realisable value.

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance lease) and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost or deemed cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost or deemed cost of assets over their estimated useful lives, using the straight-line method, from the date on which they become fully operational and after taking into account of their estimated residual value. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Properties under development in the course of construction for production or for administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

3. Significant Accounting Policies (continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An extension of the period required to complete the sale does not preclude the assets from being classified as held for sale when the delay is caused by events or circumstances beyond the Group's control and the Group remains committed to its plan to sell the assets. Such assets continue to be classified as held for sale if the criteria for held for sale classification are still met.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal, except for investment properties which are measured at fair value.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a joint venture, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 15 to 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debts and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Buy-back of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Where the shares of the Company are acquired under the share award schemes by the share award scheme trust, the consideration paid, including any directly attributable incremental costs, is presented as "shares held for share award scheme" and deducted from total equity.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Stock of properties

Completed properties and properties under development for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other directly attributable expenses. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, determined by management based on prevailing market conditions.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor
Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. The aggregate cost of incentives is recognised as a reduction of rental income on a straight-line basis over the term of the relevant lease.

The Group as lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building
When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

For interest in leasehold land that is accounted for as an operating lease whilst the building element is classified as finance lease, interest in leasehold land is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment or properties under development.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Significant Accounting Policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary, interest in an associate and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the general principles set out in HKAS 12 *Income Taxes* (i.e. based on the expected manner as to how the properties will be recovered).

Other than deferred liabilities related to investment properties which are presumed to be recovered from sale, the measurement of other deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. Significant Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. Significant Accounting Policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Lease of properties

Rental income in respect of properties under operating leases is recognised on a straight-line basis over the respective lease term.

Property management

Revenue from the provision of property management services is recognised when the relevant services are provided.

Property development

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed at which the relevant completion certificates are issued by the respective government authorities and the properties are delivered to the purchasers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Hotel ownership and management

Revenue from hotel ownership and management is recognised when the relevant services are provided.

Restaurant operations and food catering

Revenue from restaurant operations and food catering services is recognised when goods are delivered and services are provided.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Valuation of investment properties

The Group's investment properties are measured at fair value for financial reporting purposes. The Directors has appointed accounting officers to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified external valuer to perform the valuation. The accounting officers work closely with the independent qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The accounting officers report the findings to the Directors to explain the cause of fluctuations in the fair value of the assets.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value. Notes 15 and 19 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value.

Completed investment properties (including assets classified as held for sale) of HK$30,611 million (2016: HK$30,277 million) and investment properties under development of HK$5,423 million (2016: HK$5,318 million) are stated at fair value based on the valuation performed by independent qualified external valuer. In determining the fair value, the independent qualified external valuer has based on valuation methods which involve certain estimates of market conditions. In relying on the valuation report, the Directors have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss.

4. Key Sources of Estimation Uncertainty (continued)

Amortisation of concession intangible assets of the joint ventures

Amortisation of concession intangible assets of the joint ventures of the Group is calculated based on the units-of-usage basis, i.e. the ratio of the actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in prior year taking into consideration of various factors, such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC. As part of the established policy of the Group, the management has reviewed the total expected traffic volume at the end of the reporting periods. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between the total expected traffic volume and the actual results.

As at 30 June 2017, the interests in joint ventures engaged in expressway projects amounted to HK$6,150 million (2016: HK$7,415 million) and the share of results of these joint ventures for the year then ended amounted to HK$760 million (2016: HK$655 million). Included in the share of results of joint ventures was an amount of HK$676 million (2016: HK$627 million), which represented the share of amortisation of concession intangible assets of the joint ventures of the Group. The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in future. The current year amortisation of concession intangible assets is more (2016: less) than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years and the effect on share of results of joint ventures is approximately HK$13 million (2016: HK$20 million).

5. Turnover and Segment Information

Turnover comprises mainly income from property letting and management, property development and service fee income from hotel ownership and management, restaurant operations and food catering.

The Group is organised into certain business units according to the nature of goods sold or services provided. The Group determines its operating segments based on these units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker (i.e. the executive directors of the Company). Certain operating segments that do not meet the quantitative thresholds are aggregated in "Other operations".

The Group's reportable segments, based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment, are as follows:

Property investment	–	property letting and management
Hotel, restaurant and catering operation	–	hotel ownership and management, restaurant operations and food catering
Property development	–	development and/or sale of properties, property under development and project management
Toll road investment	–	investments in expressway projects
Power plant	–	power plant investments and operation
Treasury income	–	interest income from bank balances and amounts due from joint ventures

Information regarding the above segments is reported below.

5. Turnover and Segment Information (continued)

Segment revenue

	2016			**2017**		
	External HK$'000	Inter-segment HK$'000	Combined HK$'000	**External HK$'000**	**Inter-segment HK$'000**	**Combined HK$'000**
Property investment	1,119,330	68,017	1,187,347	**1,148,809**	**71,885**	**1,220,694**
Hotel, restaurant and catering operation	451,045	194	451,239	**465,358**	**209**	**465,567**
Property development	4,364,393	–	4,364,393	**1,605,315**	**–**	**1,605,315**
Toll road investment	2,407,450	–	2,407,450	**2,462,407**	**–**	**2,462,407**
Power plant	773,873	–	773,873	**832,619**	**–**	**832,619**
Treasury income	118,813	–	118,813	**75,355**	**–**	**75,355**
Other operations	–	126,800	126,800	**–**	**123,000**	**123,000**
Total segment revenue	9,234,904	195,011	9,429,915	**6,589,863**	**195,094**	**6,784,957**

Segment revenue includes the turnover as presented in consolidated statement of profit or loss and other comprehensive income, sale of assets classified as held for sale and treasury income of the Group, and the Group's attributable share of revenue of joint ventures.

Inter-segment revenue was charged at prices determined by the management with reference to market prices.

The total segment revenue can be reconciled to the turnover as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK$'000	**2017 HK$'000**
Total segment revenue from external customers	9,234,904	**6,589,863**
Less:		
Sale of assets classified as held for sale included in the segment revenue of property development	–	**(404,266)**
Treasury income	(118,813)	**(75,355)**
Share of revenue of joint ventures engaged in:		
Toll road investment	(2,407,450)	**(2,462,407)**
Power plant	(773,873)	**(832,619)**
Property development and property investment	(4,084,516)	**(455,088)**
Turnover as presented in consolidated statement of profit or loss and other comprehensive income	1,850,252	**2,360,128**

5. Turnover and Segment Information (continued)

Segment results

	2016				2017			
	The Company and subsidiaries HK$'000	Joint ventures HK$'000	Associate HK$'000	Total HK$'000	**The Company and subsidiaries HK$'000**	**Joint ventures HK$'000**	**Associate HK$'000**	**Total HK$'000**
Property investment	739,168	(2,095)	2,060	739,133	**752,869**	**13,377**	**2,084**	**768,330**
Hotel, restaurant and catering operation	100,190	–	–	100,190	**95,839**	**–**	**–**	**95,839**
Property development	36,223	427,000	–	463,223	**403,874**	**30,071**	**–**	**433,945**
Toll road investment	(44,444)	654,518	–	610,074	**(40,384)**	**760,386**	**–**	**720,002**
Power plant	(1,588)	106,483	–	104,895	**(1,519)**	**33,587**	**–**	**32,068**
Treasury income	118,813	–	–	118,813	**75,355**	**–**	**–**	**75,355**
Other operations	(191,778)	–	–	(191,778)	**(131,276)**	**–**	**–**	**(131,276)**
Total segment results	756,584	1,185,906	2,060	1,944,550	**1,154,758**	**837,421**	**2,084**	**1,994,263**

Segment results represent the profit earned by each segment without allocation of fair value gain of completed investment properties and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	2016 HK$'000	**2017 HK$'000**
Segment results	1,944,550	1,994,263
Fair value gain of completed investment properties	1,344,740	627,489
Finance costs	(59,411)	(12,132)
Profit before taxation	3,229,879	2,609,620

Segment assets and liabilities

Segment assets and liabilities are not presented in the consolidated financial statements as they are not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. Turnover and Segment Information (continued)

Geographical information

The Group's hotel operations, restaurant and catering activities are mainly carried out in Hong Kong. The Group's property investment and development activities are carried out in Hong Kong and the PRC. The Group's toll roads and power plant investments are located in the PRC. The Group's segment revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers *(Note a)*		***Non-current assets*** *(Note b)*	
	2016 HK$'000	***2017 HK$'000***	*2016 HK$'000*	***2017 HK$'000***
Hong Kong	5,677,319	**2,461,559**	39,436,409	**40,792,655**
The PRC	3,557,585	**4,128,304**	8,588,450	**7,338,192**
	9,234,904	**6,589,863**	48,024,859	**48,130,847**

Notes:

(a) Revenue from external customers include sales of assets classified as held for sale, treasury income, and the Group's share of revenue of joint ventures amounting to HK$875,950,000 (2016: HK$4,118,393,000) and HK$3,353,785,000 (2016: HK$3,266,259,000) from Hong Kong and the PRC respectively, which are excluded from the turnover as presented in consolidated statement of profit or loss and other comprehensive income.

(b) Non-current assets exclude financial instruments.

6. Other Income

	2016 HK$'000	***2017 HK$'000***
Included in other income are:		
Interest income from bank deposits	101,433	**75,355**
Interest income from amounts due from joint ventures	17,380	**–**

7. Other Gains and Losses

	2016 HK$'000	***2017 HK$'000***
Exchange (loss) gain, net	(61,843)	**1,391**

Share of exchange difference of joint ventures is included in share of results of joint ventures.

8. Finance Costs

	2016 HK$'000	**2017 HK$'000**
Interests on bank borrowings	56,445	**32,818**
Loan commitment fees and others	33,579	**19,860**
	90,024	**52,678**
Less: Finance costs capitalised in properties under development	(30,613)	**(40,546)**
	59,411	**12,132**

The capitalisation rate on funds borrowed generally is 1.4% (2016: 1.3%) per annum.

9. Share of Results of Joint Ventures

	2016 HK$'000	**2017 HK$'000**
Expressway projects in the PRC		
Share of results of joint ventures before amortisation of additional cost of investments in joint ventures	766,064	**875,955**
Amortisation of additional cost of investments in joint ventures	(111,546)	**(115,569)**
	654,518	**760,386**
Power plant project in the PRC		
Share of result of a joint venture	106,483	**33,587**
Property development project (The Avenue and Lee Tung Avenue)		
Share of results of joint ventures from sales and leasing of properties	424,905	**43,448**
	1,185,906	**837,421**

10. Profit Before Taxation

	2016 HK$'000	**2017 HK$'000**
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	5,502	**5,502**
Depreciation of property, plant and equipment	68,452	**70,115**
Loss on disposal of property, plant and equipment	162	**75**
Rental expense in respect of properties under operating leases	652	**746**
Rental and other related income from investment properties, less direct attributable outgoings of HK$297,577,000 (2016: HK$297,885,000)	(759,531)	**(770,079)**
Charitable donations	969	**723**
Share of tax of an associate (included in share of profit of an associate)	396	**446**
Share of tax of joint ventures (included in share of results of joint ventures)	333,545	**292,328**
Staff costs (including Directors' emoluments)	471,324	**481,759**

11. Income Tax Expense

	2016 HK$'000	**2017 HK$'000**
Hong Kong Profits Tax		
Current year	68,077	**77,940**
Overprovision in respect of prior years	(4,191)	**(145)**
	63,886	**77,795**
Taxation elsewhere — current year		
PRC Enterprise Income Tax ("EIT")	79,377	**176,502**
PRC Land Appreciation Tax ("LAT")	39,072	**122,832**
	118,449	**299,334**
Deferred tax (note 33)	52,650	**9,083**
	234,985	**386,212**

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

PRC EIT for the year includes PRC withholding tax on dividends declared during the year by the Group's joint ventures amounting to approximately HK$98 million (2016: HK$52 million).

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Details of deferred taxation are set out in note 33.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK$'000	**2017 HK$'000**
Profit before taxation	3,229,879	**2,609,620**
Tax at Hong Kong Profits Tax rate of 16.5%	532,930	**430,587**
PRC LAT (net of tax effect on deduction of EIT)	29,304	**92,124**
Tax effect of expenses not deductible for tax purposes	52,028	**13,045**
Tax effect of income not taxable for tax purposes	(238,925)	**(115,767)**
Tax effect of tax losses not recognised	5,047	**8,920**
Tax effect of utilisation of tax losses not previously recognised	(3,136)	**(4,405)**
Tax effect of share of results of joint ventures and profit of an associate	(196,014)	**(138,518)**
Overprovision in respect of prior years	(4,191)	**(145)**
Effect of different tax rates of subsidiaries operating in other jurisdictions	13,460	**46,076**
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	43,741	**54,353**
Others	741	**(58)**
Income tax expense for the year	234,985	**386,212**

12. Dividends

	2016 HK$'000	2017 HK$'000
Dividends recognised as distribution during the year:		
Final cash dividend for the year ended 30 June 2016 of HK75 cents per share (2016: for the year ended 30 June 2015 of HK70 cents per share)	610,155	**652,379**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 31)	(50)	**(54)**
	610,105	**652,325**
Interim cash dividend for the year ended 30 June 2017 of HK55 cents per share (2016: for the year ended 30 June 2016 of HK55 cents per share)	478,422	**478,412**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 31)	(40)	**(40)**
	478,382	**478,372**
	1,088,487	**1,130,697**
Dividends proposed:		
Final cash dividend for the year ended 30 June 2017 of HK75 cents per share (2016: for the year ended 30 June 2016 of HK75 cents per share)	652,379	**652,379**
Special final cash dividend for the year ended 30 June 2017 of HK45 cents per share (2016: nil)	–	**391,428**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 31)	(54)	**(86)**
	652,325	**1,043,721**

The proposed final cash dividend and special final cash dividend of HK75 cents per share and HK45 cents per share respectively have been proposed by the Board and are subject to approval by the shareholders of the Company at the 2017 Annual General Meeting.

The proposed final cash dividend and special final cash dividend are calculated based on the total number of issued shares, less the dividends for shares held by HHL Employees' Share Award Scheme Trust, at the date of approval of these consolidated financial statements.

13. Earnings Per Share

	2016 HK$'000	2017 HK$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic and diluted earnings per share	2,762,145	**1,961,273**

13. Earnings Per Share (continued)

	2016 Number of shares	**2017 Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	870,893,736	**869,839,121**
Effect of dilutive potential ordinary shares in respect of share options	20,962	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	870,914,698	

No diluted earnings per share have been presented for the year ended 30 June 2017 as there was no potential ordinary shares in issue during the year.

14. Emoluments of Directors and Highest Paid Employees

(a) Directors' emoluments

The emoluments paid or payable by the Group, other than by the HHI Group, to the Company's directors are as follows:

	Year ended 30 June 2017				
	Directors' fees HK$'000	*Salaries, bonus and other benefits HK$'000*	*Discretionary bonus HK$'000*	*Contributions to provident fund schemes HK$'000*	*Total HK$'000*
Sir Gordon Ying Sheung WU*	**300**	**3,657**	**–**	**–**	**3,957**
Mr. Eddie Ping Chang HO*	**250**	**2,926**	**926**	**–**	**4,102**
Mr. Thomas Jefferson WU*	**200**	**4,313**	**3,981**	**18**	**8,512**
Mr. Josiah Chin Lai KWOK*	**200**	**3,657**	**1,158**	**6**	**5,021**
Mr. Guy Man Guy WU	**390**	**–**	**–**	**–**	**390**
Lady WU Ivy Sau Ping KWOK	**350**	**–**	**–**	**–**	**350**
Ms. Linda Lai Chuen LOKE	**390**	**–**	**–**	**–**	**390**
Mr. Albert Kam Yin YEUNG*	**200**	**3,803**	**1,112**	**–**	**5,115**
Mr. Sunny TAN	**400**	**–**	**–**	**–**	**400**
Mr. Carmelo Ka Sze LEE	**370**	**–**	**–**	**–**	**370**
Mr. William Wing Lam WONG*	**200**	**3,486**	**1,019**	**18**	**4,723**
Ir. Dr. Leo Kwok Kee LEUNG*	**200**	**3,486**	**1,019**	**18**	**4,723**
Dr. Gordon YEN	**400**	**–**	**–**	**–**	**400**
Mr. Ahito NAKAMURA	**350**	**–**	**–**	**–**	**350**
Mr. Yuk Keung IP	**370**	**–**	**–**	**–**	**370**
	4,570	**25,328**	**9,215**	**60**	**39,173**

14. Emoluments of Directors and Highest Paid Employees (continued)

(a) Directors' emoluments (continued)

	Year ended 30 June 2016				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU*	300	3,657	–	–	3,957
Mr. Eddie Ping Chang HO*	250	2,926	926	–	4,102
Mr. Thomas Jefferson WU*	200	4,312	1,261	18	5,791
Mr. Josiah Chin Lai KWOK*	200	3,657	1,158	18	5,033
Mr. Guy Man Guy WU	390	–	–	–	390
Lady WU Ivy Sau Ping KWOK	350	–	–	–	350
Ms. Linda Lai Chuen LOKE	390	–	–	–	390
Mr. Albert Kam Yin YEUNG*	200	3,803	1,112	15	5,130
Mr. Sunny TAN	400	–	–	–	400
Mr. Carmelo Ka Sze LEE	370	–	–	–	370
Mr. William Wing Lam WONG*	200	3,486	1,019	18	4,723
Ir. Dr. Leo Kwok Kee LEUNG*	200	3,486	1,019	18	4,723
Dr. Gordon YEN	400	–	–	–	400
Mr. Ahito NAKAMURA	350	–	–	–	350
Mr. Yuk Keung IP	370	–	–	–	370
	4,570	25,327	6,495	87	36,479

Certain Directors are also directors of HHI. The emoluments paid or payable by HHI Group to those directors are as follows:

	Year ended 30 June 2017				
	Directors' fees HK$'000	**Salaries, bonus and other benefits HK$'000**	**Discretionary bonus HK$'000**	**Contributions to provident fund schemes HK$'000**	**Total HK$'000**
Sir Gordon Ying Sheung WU*	**300**	**1,829**	**–**	**–**	**2,129**
Mr. Eddie Ping Chang HO*	**250**	**1,463**	**475**	**–**	**2,188**
Mr. Thomas Jefferson WU*	**200**	**4,313**	**2,023**	**18**	**6,554**
Mr. Yuk Keung IP	**420**	**–**	**–**	**–**	**420**
	1,170	**7,605**	**2,498**	**18**	**11,291**

14. Emoluments of Directors and Highest Paid Employees (continued)

(a) Directors' emoluments (continued)

	Year ended 30 June 2016				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU*	300	1,828	–	–	2,128
Mr. Eddie Ping Chang HO*	250	1,463	475	–	2,188
Mr. Thomas Jefferson WU*	200	4,313	1,327	18	5,858
Mr. Yuk Keung IP	420	–	–	–	420
	1,170	7,604	1,802	18	10,594

The emoluments paid or payable by the Group, including the HHI Group, to the Company's directors are as follows:

	Year ended 30 June 2017				
	Directors' fees HK$'000	**Salaries, bonus and other benefits HK$'000**	**Discretionary bonus HK$'000**	**Contributions to provident fund schemes HK$'000**	**Total HK$'000**
Sir Gordon Ying Sheung WU*	**600**	**5,486**	**–**	**–**	**6,086**
Mr. Eddie Ping Chang HO*	**500**	**4,389**	**1,401**	**–**	**6,290**
Mr. Thomas Jefferson WU*	**400**	**8,626**	**6,004**	**36**	**15,066**
Mr. Josiah Chin Lai KWOK*	**200**	**3,657**	**1,158**	**6**	**5,021**
Mr. Guy Man Guy WU	**390**	**–**	**–**	**–**	**390**
Lady WU Ivy Sau Ping KWOK	**350**	**–**	**–**	**–**	**350**
Ms. Linda Lai Chuen LOKE	**390**	**–**	**–**	**–**	**390**
Mr. Albert Kam Yin YEUNG*	**200**	**3,803**	**1,112**	**–**	**5,115**
Mr. Sunny TAN	**400**	**–**	**–**	**–**	**400**
Mr. Carmelo Ka Sze LEE	**370**	**–**	**–**	**–**	**370**
Mr. William Wing Lam WONG*	**200**	**3,486**	**1,019**	**18**	**4,723**
Ir. Dr. Leo Kwok Kee LEUNG*	**200**	**3,486**	**1,019**	**18**	**4,723**
Dr. Gordon YEN	**400**	**–**	**–**	**–**	**400**
Mr. Ahito NAKAMURA	**350**	**–**	**–**	**–**	**350**
Mr. Yuk Keung IP	**790**	**–**	**–**	**–**	**790**
	5,740	**32,933**	**11,713**	**78**	**50,464**

14. Emoluments of Directors and Highest Paid Employees (continued)

(a) Directors' emoluments (continued)

	Year ended 30 June 2016				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU*	600	5,485	–	–	6,085
Mr. Eddie Ping Chang HO*	500	4,389	1,401	–	6,290
Mr. Thomas Jefferson WU*	400	8,625	2,588	36	11,649
Mr. Josiah Chin Lai KWOK*	200	3,657	1,158	18	5,033
Mr. Guy Man Guy WU	390	–	–	–	390
Lady WU Ivy Sau Ping KWOK	350	–	–	–	350
Ms. Linda Lai Chuen LOKE	390	–	–	–	390
Mr. Albert Kam Yin YEUNG*	200	3,803	1,112	15	5,130
Mr. Sunny TAN	400	–	–	–	400
Mr. Carmelo Ka Sze LEE	370	–	–	–	370
Mr. William Wing Lam WONG*	200	3,486	1,019	18	4,723
Ir. Dr. Leo Kwok Kee LEUNG*	200	3,486	1,019	18	4,723
Dr. Gordon YEN	400	–	–	–	400
Mr. Ahito NAKAMURA	350	–	–	–	350
Mr. Yuk Keung IP	790	–	–	–	790
	5,740	32,931	8,297	105	47,073

* Executive director of the Company

Other than fees and emoluments of HK$2,720,000 (2016: HK$2,720,000) paid or payable to the independent non-executive directors which have been included above, no other remuneration was paid or is payable to such directors.

(b) Highest paid employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2016: four) were directors whose emoluments are disclosed above.

The emoluments of the remaining one individual (2016: one) was a director of HHI whose emoluments are as follows:

	2016 HK$'000	**2017 HK$'000**
Directors' fees	133	**200**
Salaries, bonus and other benefits	4,843	**3,685**
Discretionary bonus	2,900	**1,121**
Contributions to retirement benefits plans	–	**18**
	7,876	**5,024**

15. Completed Investment Properties

	2016 HK$'000	**2017** **HK$'000**
Completed investment properties at fair value:		
At beginning of the year	28,830,538	**30,277,276**
Additions on subsequent expenditure	101,998	**139,881**
Disposal of assets classified as held for sale	–	**(345,900)**
Transfer to property, plant and equipment	–	**(87,700)**
Fair value gain of completed investment properties	1,344,740	**627,489**
At end of the year	30,277,276	**30,611,046**
Included in assets classified as held for sale (Note b)	(638,000)	**(292,100)**
	29,639,276	**30,318,946**

Notes:

(a) All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

(b) On 24 May 2010, the Group decided to sell Broadwood Twelve instead of holding them for rental as originally planned. The Group had initiated active marketing plan for sale of such properties. Accordingly, the Group had reclassified Broadwood Twelve as "Assets classified as held for sale" for the compliance of the relevant accounting standard, namely HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. After the reclassification, the measurement of Broadwood Twelve will continue to follow the fair value model in accordance with HKAS 40 *Investment Property*. Deposits received of such properties amounting to HK$4,300,000 (2016: nil) have been classified as "Liabilities associated with assets classified as held for sale" at the end of the reporting period.

During the year ended 30 June 2017, a gain on disposal of assets classified as held for sale amounting to HK$39 million (2016: nil) has been recognised in profit or loss. Such gain is included in the segment result of property development in note 5.

The Group remains committed to its plan to sell those units but it depends on the market situation. The management considers the sale is highly probable.

Valuation of investment properties

The fair value of the Group's investment properties at the end of each reporting period and at date of transfer have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited (''DTZ"), an independent qualified external valuer, registered professional surveyor not connected to the Group. For investment properties, mainly comprising office, retail and residential properties, the valuation is arrived at, using income capitalisation method, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties or, where appropriate, by using direct comparison method by making reference to comparable sales transactions as available in the relevant market. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Significant unobservable inputs used to determine fair value of the Group's investment properties, which are categorised in Level 3 throughout the year, include capitalisation rate, that ranges from 3% to 4% (2016: 3% to 4%). The valuation of completed investment properties is negatively correlated to the capitalisation rate.

16. Property, Plant and Equipment

	Land and buildings in Hong Kong				
	Hotel property *HK$'000*	***Other properties*** *HK$'000*	***Other hotel assets*** *HK$'000*	***Other assets*** *HK$'000*	***Total*** *HK$'000*
COST					
At 1 July 2015	474,872	350,271	289,803	442,647	1,557,593
Additions	–	154	28,965	10,422	39,541
Disposals	–	–	(340)	(23,172)	(23,512)
At 30 June 2016	474,872	350,425	318,428	429,897	1,573,622
Additions	–	2,939	8,096	11,339	22,374
Transfer from investment properties	–	87,700	–	–	87,700
Disposals	–	–	(471)	(1,547)	(2,018)
At 30 June 2017	**474,872**	**441,064**	**326,053**	**439,689**	**1,681,678**
DEPRECIATION					
At 1 July 2015	222,525	100,978	194,968	349,532	868,003
Provided for the year	9,272	13,657	20,581	24,942	68,452
Eliminated on disposals	–	–	(239)	(22,988)	(23,227)
At 30 June 2016	231,797	114,635	215,310	351,486	913,228
Provided for the year	9,271	18,925	20,176	21,743	70,115
Eliminated on disposals	–	–	(372)	(1,539)	(1,911)
At 30 June 2017	**241,068**	**133,560**	**235,114**	**371,690**	**981,432**
CARRYING VALUES					
At 30 June 2017	**233,804**	**307,504**	**90,939**	**67,999**	**700,246**
At 30 June 2016	243,075	235,790	103,118	78,411	660,394

Other assets include leasehold improvements and furniture, fixtures and equipment.

The above items of property, plant and equipment are depreciated over their estimated useful lives from the date on which they become available for their intended use using the straight-line method, as follows:

Category of assets	*Estimated useful lives*
Land	Over the remaining term of the lease
Buildings	50 years or the remaining term of the lease of the land on which the buildings are located, whichever is shorter
Others	3 to 10 years

17. Investments in Subsidiaries

	The Company	
	2016	***2017***
	HK$'000	***HK$'000***
Unlisted shares, at cost less impairment	126	**126**
Deemed capital contribution	1,171,130	**1,169,214**
	1,171,256	**1,169,340**

Particulars of the principal subsidiaries are set out in note 41.

18. Amounts due from Subsidiaries

The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly these amounts are classified as non-current. The effective interest rate on the amounts due from subsidiaries in respect of the year is 2.2% (2016: 2.2%) per annum, representing the borrowing rates of the relevant subsidiaries.

19. Properties for Development and Properties under Development

Properties for development

	2016	***2017***
	HK$'000	***HK$'000***
COST		
At beginning of the year	832,810	**799,443**
Additions	15,928	**357,460**
Disposals	(49,295)	**–**
At end of the year	799,443	**1,156,903**

Properties for development represents properties acquired for future development of which the development plan is yet to be fixed. The development cost cannot be determined at the end of the reporting period. The fair value of these properties cannot be reliably measured due to inactive transaction for comparable properties and alternative measurement of fair value are not available.

19. Properties for Development and Properties under Development (continued)

Properties under development

	Commercial portion of HCII (investment properties)	*Hotel portion of HCII (PPE)*	*QRE project (investment properties)*	*Total*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2015	4,476,413	2,314,751	756,000	7,547,164
Additions	72,422	94,774	13,571	180,767
At 30 June 2016	4,548,835	2,409,525	769,571	7,727,931
Additions	97,088	128,175	7,359	232,622
At 30 June 2017	**4,645,923**	**2,537,700**	**776,930**	**7,960,553**

The carrying amount of QRE project as shown above represents the fair value of 155-167 QRE. The Group is expanding the 155-167 QRE project into 153-167 QRE project through an application for compulsory sale for redevelopment (by auction) made in March 2017. The existing costs of 153 and 153A QRE paid by the Group remain as properties for development of the Group until the expansion plan is approved.

In August 2017, the Town Planning Board approved the revised development plan of Hopewell Centre II.

Included in the carrying amount of properties under development is interest capitalised totalling HK$192 million (2016: HK$152 million).

Valuation of investment properties under development

The fair value of the Group's investment properties under development at the end of the reporting period has been arrived at on the basis of a valuation carried out on that date by DTZ. For investment properties under development, mainly comprising office and retail properties, the valuation is arrived at by using direct comparison method by making reference to comparable sales transactions as available in the relevant market and have allowed for construction cost to be expended on the proposed development. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Estimated costs to complete construction and profit and risk margin are estimated by the independent qualified external valuer based on market conditions at the end of the reporting period. The estimates are largely consistent with the development budgets prepared by the Group based on management's experience and knowledge of market conditions. The valuation of investment properties under development, which are categorised in Level 3 throughout the year, is correlated to the construction cost and the profit and risk margin.

20. Interests in Joint Ventures

Details of the Group's investments in joint ventures are as follows:

	2016 HK$'000	**2017 HK$'000**
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	2,766,500	**2,766,500**
Additional cost of investments	2,764,528	**2,764,528**
	5,531,028	**5,531,028**
Share of post-acquisition profits and other comprehensive income, net of dividends received	3,072,966	**1,923,247**
Less: Accumulated amortisation	(1,188,794)	**(1,304,363)**
	7,415,200	**6,149,912**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	**631,867**
Share of post-acquisition profits and other comprehensive income, net of dividends received	492,948	**511,519**
	1,124,815	**1,143,386**
Property development project in Hong Kong		
Share of post-acquisition profits and other comprehensive income	618,905	**662,353**
	9,158,920	**7,955,651**

Particulars of the Group's principal joint ventures at 30 June 2016 and 30 June 2017 are as follows:

Name of company	*Fully paid registered capital*	*Proportion of issued/ registered capital held by the Group* 2016	***2017***	*Principal activities*
Incorporated in Hong Kong:				
Grand Site Development Limited ("Grand Site")	HK$2	50%	**50%**	Development and property investment
Established in the PRC:				
Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV")	Nil (Note (a))	Not applicable	**Not applicable**	Development, operation and management of an expressway
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV")	RMB4,899,000,000 (Note (b))	50%	**50%**	Development, operation and management of an expressway
Shenzhen Energy Hopewell Power (Heyuan) Co., Ltd. ("Heyuan JV") (Note (c))	RMB1,560,000,000	40%	**40%**	Development and operation of a power plant

20. Interests in Joint Ventures (continued)

Details of the principal joint ventures at the end of the reporting period are as follows:

(a) GS Superhighway JV

GS Superhighway JV is established to undertake the development, operation and management of an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou ("GS Superhighway"). The operation period is 30 years from the official opening date on 1 July 1997. At the end of the operation period, all the immovable assets and facilities of GS Superhighway JV will revert to the PRC joint venture partner without compensation.

The Group's entitlement to the profit of the toll operations of GS Superhighway JV is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period.

The registered capital amounting to HK$702 million previously injected by the Group to GS Superhighway JV had been repaid to the Group by GS Superhighway JV during the year ended 30 June 2008.

(b) West Route JV

West Route JV is established to undertake the development, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai ("Western Delta Route") and was built in three phases.

Phase I West

The total investment for the Phase I West is RMB1,680 million, 35% of which was funded by the registered capital of West Route JV amounting to RMB588 million which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294 million). The operation period for Phase I West is 30 years commencing from 17 September 2003.

Phase II West

The initial estimated total investment for the Phase II West was RMB4,900 million, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,715 million in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB858 million).

During the year ended 30 June 2015, the Group entered into the two amendment agreements with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB1,210 million in aggregate to RMB6,110 million. 35% of the increase in total investment was funded by additional registered capital of West Route JV by RMB424 million in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB212 million (approximately HK$263 million)).

20. Interests in Joint Ventures (continued)

(b) West Route JV (continued)

Phase II West (continued)

During the year ended 30 June 2016, the Group entered into the third amendment agreement with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West by RMB605 million to RMB6,715 million. 35% of the increase in total investment was funded by additional registered capital of West Route JV amounting to RMB212 million which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB106 million (approximately HK$129 million)).

The toll collection period for Phase II West is 25 years commencing from 25 June 2010.

Phase III West

The total investment for the Phase III West is RMB5,600 million, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,960 million in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980 million). The toll collection period for Phase III West is 25 years commencing from 25 January 2013.

As at 30 June 2016 and 30 June 2017, the fully paid registered capital of West Route JV was RMB4,899 million.

The Group is entitled to 50% of the distributable profits from operation of West Route JV. At the end of the respective operation/toll collection periods of Phase I West, Phase II West and Phase III West, all the immovable assets and facilities of each phase will be reverted to relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and the PRC joint venture partner. The repayments are required to be approved by the board of directors of West Route JV.

(c) Power plant project in Heyuan City of Guangdong Province, the PRC

Pursuant to a co-operation agreement entered into between the Group and a PRC enterprise, a joint venture company, Heyuan JV, was established in the PRC during the year ended 30 June 2008 for the joint development of a 2X600 MW power plant in Heyuan City of Guangdong Province, the PRC. The operation period of Heyuan JV is 30 years from 14 September 2007, the date of its establishment, and the Group is entitled to 40% of the results from the operation of the power plant. The Company has 35% effective interest in Heyuan JV.

Summarised financial information of material joint ventures (Expressway projects in PRC)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

20. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (Expressway projects in PRC) (continued)

	2016			2017		
	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000	**GS Superhighway JV HK$'000**	**West Route JV HK$'000**	**Total HK$'000**
Non-current Assets						
Property and equipment	516,597	591,613		**499,471**	**517,460**	
Concession intangible assets	10,138,303	14,833,505		**9,378,859**	**14,271,270**	
	10,654,900	15,425,118		**9,878,330**	**14,788,730**	
Current Assets						
Bank balance and cash						
— Cash and cash equivalents	456,352	116,875		**852,578**	**141,424**	
— Time deposits with original maturity over three months	58,350	–		**57,600**	**–**	
Others	90,065	35,390		**49,049**	**23,566**	
	604,767	152,265		**959,227**	**164,990**	
Non-current Liabilities						
Resurfacing obligations	(315,256)	(98,097)		**(378,205)**	**(102,514)**	
Non-current financial liabilities						
— Bank and other loans	(3,306,697)	(9,368,454)		**(5,080,888)**	**(8,566,411)**	
Others	(399,306)	(130,513)		**(342,431)**	**(161,252)**	
	(4,021,259)	(9,597,064)		**(5,801,524)**	**(8,830,177)**	
Current Liabilities						
Current financial liabilities						
— Bank loans	(123,474)	(33,260)		**(412,251)**	**–**	
— Dividend payable	(46,680)	–		**–**	**–**	
— Interest payable	(1,378)	(12,473)		**(4,645)**	**(10,570)**	
Others	(638,441)	(348,092)		**(691,535)**	**(344,519)**	
	(809,973)	(393,825)		**(1,108,431)**	**(355,089)**	
Net assets of the joint ventures	6,428,435	5,586,494		**3,927,602**	**5,768,454**	
Proportion of the Group's ownership interest	48%	50%		**48%**	**50%**	
Net assets shared by HHI Group	3,085,649	2,793,247	5,878,896	**1,885,249**	**2,884,227**	**4,769,476**
Effect for change in profit-sharing ratio of a joint venture over the operation period	(41,022)	–	(41,022)	**(62,700)**	**–**	**(62,700)**
Net assets contributable to HHI Group	3,044,627	2,793,247	5,837,874	**1,822,549**	**2,884,227**	**4,706,776**
Carrying amount of additional cost of investments and related exchange realignment	1,325,604	43,943	1,369,547	**1,208,494**	**42,784**	**1,251,278**
Carrying amount of the HHI Group's interests in the joint ventures	4,370,231	2,837,190	7,207,421	**3,031,043**	**2,927,011**	**5,958,054**
Carrying amount of other additional cost of investments	190,132	17,647	207,779	**174,787**	**17,071**	**191,858**
Carrying amount of the Group's interests in the joint ventures	4,560,363	2,854,837	7,415,200	**3,205,830**	**2,944,082**	**6,149,912**

20. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (Expressway projects in PRC) (continued)

	2016			2017		
	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000
Revenue	3,750,222	1,259,246		3,844,850	1,380,304	
Interest income	6,471	3,070		4,810	1,642	
Depreciation and amortisation charges	(837,254)	(435,127)		(887,543)	(477,883)	
Finance costs	(40,535)	(532,857)		(148,241)	(409,697)	
Income tax expenses (Note)	(507,855)	–		(521,806)	(37,733)	
Profit for the year	1,494,656	97,258		1,562,507	251,903	
Proportion of the Group's interest	48%	50%		48%	50%	
Profit shared by the Group	717,435	48,629	766,064	750,003	125,952	875,955

Note: The amount of income tax expenses for West Route JV represents deferred tax expenses.

Aggregate information of joint ventures that are not individually material

	2016 HK$'000	2017 HK$'000
The Group's share of profit for the year	531,388	77,035

Currency risk and interest rate risk exposures associated with the joint ventures of the Group

As at 30 June 2017 and 30 June 2016, certain joint ventures of the Group had outstanding bank loans denominated in HK$ and US$ that are not the functional currency of those joint ventures (i.e. RMB). The foreign currency risk associated with foreign currency borrowings exposed by the joint ventures is reflected in the share of results of joint ventures. Therefore, if exchange rate of RMB against HK$/US$ had been strengthened/weakened by 5%, the profit attributable to owners of the Company for the current year would increase/decrease by HK$37.8 million (2016: increase/decrease by HK$39.1 million).

As at 30 June 2017 and 30 June 2016, certain joint ventures of the Group are exposed to interest rate risk in relation to the variable rate bank loans, bank balances and deposits of these joint ventures. If interest rate had been 100 (2016: 100) basis points higher/lower, the profit attributable to owners of the Company for the current year would decrease/increase by HK$36.1 million (2016: decrease/increase by HK$34.2 million).

The above sensitivity analyses assumed the amounts outstanding at the end of the reporting period were outstanding for the whole year and held constant throughout the financial year.

21. Interest in an Associate

	The Group 2016 HK$'000	***The Group* 2017 HK$'000**
Cost of investments, unlisted	–	**–**
Share of post-acquisition profit and other comprehensive income, net of dividends received	38,895	**38,548**
	38,895	**38,548**

	The Company 2016 HK$'000	***The Company* 2017 HK$'000**
Unlisted shares, at cost	–	**–**

Particulars regarding the associate at 30 June 2016 and 30 June 2017, which is incorporated and operating in Hong Kong and is not material to the Group, are as follows:

Name of company	*Proportion of nominal value of issued capital held by the Group* 2016 %	***Proportion of nominal value of issued capital held by the Group* 2017 %**	*Principal activities*
Granlai Company Limited	46	**46**	Property investment

The associate is accounted for using the equity method in these consolidated financial statements.

22. Available-For-Sale Investments

	The Group 2016 HK$'000	***The Group* 2017 HK$'000**
Unlisted equity investments, at cost	8,585	**8,513**

	The Company 2016 HK$'000	***The Company* 2017 HK$'000**
Unlisted equity investments, at cost	3,000	**3,000**

The unlisted equity investments are measured at cost because the Directors are of the opinion that their fair value cannot be measured reliably.

23. Inventories

	2016 HK$'000	2017 HK$'000
Hotel and restaurant inventories	7,879	**8,070**

The cost of inventories recognised as an expense during the year amounted to HK$74,439,000 (2016: HK$75,951,000).

24. Stock of Properties

The cost of properties recognised as an expense during the year amounted to HK$352,464,000 (2016: HK$149,532,000).

At 30 June 2017, the stock of properties under development of HK$260 million (2016: HK$304 million) included in the consolidated statement of financial position are expected to be realised beyond one year from the end of the reporting period.

25. Trade and Other Receivables

Other than rentals receivable, which are payable upon presentation of invoices, the Group allows a credit period of 15 to 60 days to its trade customers.

The following is an analysis of trade receivables net of allowances for doubtful debts by age, presented based on the invoice date:

	2016 HK$'000	2017 HK$'000
Receivables aged		
0 to 30 days	16,150	**19,122**
31 to 60 days	3,484	**3,738**
Over 60 days	11,080	**8,236**
	30,714	**31,096**
Less: Allowance for doubtful debts	(2,253)	**(3,610)**
	28,461	**27,486**
Interest receivable on bank deposits	8,120	**9,646**
Dividend receivable from joint ventures	22,406	**–**
	58,987	**37,132**

The Group has provided for all trade receivables where, based on historical experience, it is not probable that such receivables are recoverable.

Included in the Group's trade receivable balance are debtors with carrying amount of HK$11,205,000 (2016: HK$14,611,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

25. Trade and Other Receivables (continued)

Aging of trade receivables which are past due but not impaired:

	2016 HK$'000	**2017** **HK$'000**
0 to 30 days	7,997	**8,315**
31 to 60 days	1,878	**1,764**
Over 60 days	4,736	**1,126**
Total	14,611	**11,205**

Movement in the allowance for doubtful debts:

	2016 HK$'000	**2017** **HK$'000**
Balance at beginning of the year	818	**2,253**
Recognition of impairment losses	1,435	**1,357**
Balance at end of the year	2,253	**3,610**

26. Amount due from a Joint Venture

The amount due from Grand Site, a joint venture, is unsecured, interest-free and repayable on demand.

27. Bank Balances and Cash

The Group

Bank balances and cash comprise cash held by the Group and bank balances which carry interest at market rates ranged from 0.005% to 10.36% (2016: 0.005% to 6.07%) per annum during the year.

Included in the bank balances and cash are restricted bank balances of HK$447 million (2016: HK$315 million) which can be applied in the construction and tax payments of designated property development projects in the ordinary course of business.

Included in bank balances and cash are bank balances amounting to approximately RMB4 million (2016: RMB10 million) and HK$6 million (2016: HK$353 million) which are denominated in currencies other than the functional currencies of the respective group companies.

The Company

Bank balances and cash comprise cash held by the Company and bank balances with maturity of three months or less which carry interest at market rates ranged from 0.005% to 6.0% (2016: 0.005% to 6.07%) per annum during the year.

Included in bank balances and cash are bank deposit amounting to approximately RMB3 million (2016: RMB7 million) which is denominated in currency other than the functional currency of the Company.

28. Trade and Other Payables

The following is an analysis of trade payables outstanding by age, presented based on the invoice date:

	2016 HK$'000	2017 HK$'000
Payables aged		
0 to 30 days	69,720	**76,532**
31 to 60 days	2,012	**1,489**
Over 60 days	23,568	**22,603**
	95,300	**100,624**
Retentions payable	37,112	**26,329**
Amount due to a minority shareholder of a subsidiary	28,091	**28,091**
Amount due to an associate	612	**1,088**
Accrued construction and other costs	331,011	**300,001**
Accrued staff costs	49,853	**55,450**
Accrued interest on bank borrowings	1,492	**374**
	543,471	**511,957**

The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Of the retentions payable, an amount of HK$13,094,000 (2016: HK$17,589,000) is due beyond twelve months from the end of the reporting period.

The amounts due to a minority shareholder of a subsidiary and an associate are unsecured, interest-free and repayable on demand.

29. Amounts due from/to Subsidiaries

The amounts due from subsidiaries classified under current assets and the amounts due to subsidiaries are both unsecured, interest-free and repayable on demand.

30. Bank Borrowings

	2016 HK$'000	**2017** **HK$'000**
Bank borrowings, unsecured	2,550,000	**2,350,000**
Carrying amount repayable:		
Within one year	200,000	**1,150,000**
More than one year, but not exceeding two years	1,150,000	**–**
More than two years, but not more than five years	1,200,000	**1,200,000**
	2,550,000	**2,350,000**
Less: Amounts due for settlement within one year under current liabilities	(200,000)	**(1,150,000)**
Amounts due for settlement after one year	2,350,000	**1,200,000**

As at 30 June 2017, all bank borrowings carry interest at floating rates ranging from 1.16% to 1.92% (2016: 1.14% to 1.69%) per annum during the year.

No bank borrowings are denominated in currencies other than the functional currencies of the respective group companies.

31. Share Capital

	Number of shares		*Share capital*	
	2016 '000	**2017** **'000**	2016 HK$'000	**2017** **HK$'000**
The Group and the Company				
Ordinary shares issued and fully paid				
At beginning of the year	871,637	**869,839**	11,192,132	**11,197,829**
Issued during the year	203	**–**	5,697	**–**
Bought back during the year	(2,001)	**–**	–	**–**
At end of the year	869,839	**869,839**	11,197,829	**11,197,829**

During the year ended 30 June 2016, the Company issued a total of 203,000 ordinary shares at the subscription price of HK$21.45 each for 163,000 ordinary shares and HK$26.35 each for 40,000 ordinary shares for a total cash consideration of approximately HK$4.6 million upon the exercise of the share options previously granted. These shares rank *pari passu* in all respects with the existing ordinary shares.

During the year ended 30 June 2016, the Company bought back and cancelled a total of 2,000,500 ordinary shares of the Company on the Stock Exchange for a total consideration of approximately HK$51 million (including transaction costs). These buy-backs were made for the benefit of the shareholders with a view to enhance the earnings per share of the Company.

At 30 June 2017, the Company's 72,000 (2016: 72,000) issued shares were held by HHL Employees' Share Award Scheme Trust (see note on share award scheme below). In accordance with the trust deed of the HHL Employees' Share Award Scheme Trust, the relevant trustee shall not exercise the voting rights attached to such shares.

31. Share Capital (continued)

Share option schemes

(a) The Company

A share option scheme ("HHL 2003 Scheme") was approved by the shareholders of the Company effective on 1 November 2003 and terminated with effect from the adoption of the new share option scheme of the Company by the shareholders on 21 October 2013. The principal purpose of this scheme is to provide incentives to Directors and any eligible persons as the Board may approve from time to time. The Board is authorised under the HHL 2003 Scheme to grant options to executive directors and employees of the Company or any of its subsidiaries and any eligible persons specified in the scheme document to subscribe for shares in the Company.

Under the HHL 2003 Scheme, options granted must be taken up within 14 days from the date of the offer letter upon the payment of HK$1 per each grant of option, payable as consideration on acceptance, which is recognised as income when received.

No further options will be granted under the HHL 2003 Scheme but in all other respects the provisions of the HHL 2003 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any option granted under the HHL 2003 Scheme prior to its termination, or otherwise as may be required in accordance with the provisions of the HHL 2003 Scheme.

The following table discloses details of share options under the HHL 2003 Scheme which were granted by the Company at nominal consideration and movements in such holdings:

		Number of shares under options granted						
			Movements during the year			At 30 June 2016		
Date of grant	Subscription price per share HK$	Outstanding at 1 July 2015	Granted	Exercised	Lapsed	Outstanding	Exercisable	Weighted average share price at the date of exercise HK$
Employees								
24 July 2008	26.35	278,000	–	(40,000)	(238,000)	–	–	26.80
11 March 2009	21.45	163,000	–	(163,000)	–	–	–	24.33
		441,000	–	(203,000)	(238,000)	–	–	
Weighted average exercise price		HK$24.54	N/A	HK$22.42	HK$26.35	N/A	N/A	

The dates of grant of options referred to above represent the dates on which the options were accepted by the grantees.

No share options of the Company were granted, vested, lapsed or outstanding during the year ended 30 June 2017 under the HHL 2003 Scheme.

31. Share Capital (continued)

Share option schemes (continued)

(a) The Company (continued)

A new share option scheme ("HHL 2013 Scheme") was approved for adoption by the shareholders of the Company effective on 22 October 2013. The HHL 2013 Scheme shall be valid and effective for a period of 10 years. The principal purpose of this scheme is to provide incentives to the Directors and any eligible persons as the Board may approve from time to time. The Board is authorised under the HHL 2013 Scheme to grant options to executive directors and employees of the Company or any of its subsidiaries and any eligible persons specified in the scheme document to subscribe for shares in the Company. During the years ended 30 June 2016 and 30 June 2017, no options were granted under the HHL 2013 Scheme.

No expense was recognised by the Group in relation to share options granted by the Company in both years presented.

(b) HHI

A share option scheme ("HHI 2003 Scheme") was approved by the written resolutions of the then sole shareholder of HHI passed on 16 July 2003 and approved by the shareholders of the Company at an extraordinary general meeting held on 16 July 2003. The HHI 2003 Scheme expired on 15 July 2013. The principal purpose of this scheme is to provide incentives to HHI directors and any eligible persons as the Board of HHI may approve from time to time. The Board of HHI is authorised under the HHI 2003 Scheme to grant options to executive directors and employees of the Company and HHI or any of its subsidiaries and any eligible persons specified in the scheme document to subscribe for shares in HHI.

Under the HHI 2003 Scheme, options granted must be taken up within 28 days from the date of the offer letter upon the payment of HK$1 per each grant of option, payable as consideration on acceptance, which is recognised as income when received.

No further options will be granted under the HHI 2003 Scheme but in all other respects the provisions of the HHI 2003 Scheme shall remain in full force and effect, and options which were granted during the life of HHI 2003 Scheme may continue to be exercisable in accordance with their respective term of issue.

31. Share Capital (continued)

Share option schemes (continued)

(b) HHI (continued)

The following table discloses the details of share options granted under the HHI 2003 Scheme by HHI to its directors and employees, who are not directors of the Company, at nominal consideration:

Date of grant	Subscription price per share HK$	Number of shares under options granted: Outstanding at 1 July 2015	Movements during the year: Granted	Movements during the year: Exercised	Movements during the year: Lapsed	At 30 June 2016: Outstanding	At 30 June 2016: Exercisable	Weighted average share price at the date of exercise HK$
24 July 2008	5.800	400,000	–	–	(400,000)	–	–	N/A
Weighted average exercise price		HK$5.800	N/A	N/A	HK$5.800	N/A	N/A	

No share options of HHI were granted, vested, lapsed or outstanding during the year ended 30 June 2017 under the HHI 2003 Scheme.

A new share option scheme ("HHI 2013 Scheme") was approved for adoption by both the shareholders of the Company and HHI effective on 22 October 2013. The HHI 2013 Scheme shall be valid and effective for a period of 10 years. The principal purpose of this scheme is to provide incentives to HHI directors and any eligible persons as the Board of HHI may approve from time to time. The Board of HHI is authorised under the HHI 2013 Scheme to grant options to executive directors and employees of the Company and HHI or any of its subsidiaries and any eligible persons specified in the scheme document to subscribe for shares in HHI. During the years ended 30 June 2016 and 30 June 2017, no options were granted under the HHI 2013 Scheme.

No expense was recognised by the Group in relation to share options granted by HHI in both years presented.

Share award scheme

(a) The Company

On 25 January 2007, an employees' share award scheme ("HHL Share Award Scheme") was adopted by the Company. The HHL Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHL Share Award Scheme, the Group has set up a trust, HHL Employees' Share Award Scheme Trust, for the purpose of administering the HHL Share Award Scheme and holding the awarded shares before they are vested.

For awarded shares granted on 25 January 2007 according to the HHL Share Award Scheme, the awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof.

No awarded shares were granted, forfeited, vested or outstanding in both years presented.

31. Share Capital (continued)

Share award scheme (continued)

(b) HHI

On 25 January 2007, an employees' share award scheme ("HHI Share Award Scheme") was adopted by HHI. The HHI Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHI Share Award Scheme, HHI has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the HHI Share Award Scheme and holding the awarded shares before they are vested.

For awarded shares granted on 25 January 2007 according to the HHI Share Award Scheme, the awardees shall not dispose of, nor enter into any agreement to dispose of the relevant awarded shares in the 12-month period commencing on the vesting date thereof.

No HHI awarded shares were granted, forfeited, vested or outstanding in both years presented.

32. Reserves

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Translation reserve

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the translation reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in note 3.

PRC statutory reserves

Pursuant to the relevant laws and regulations, a portion of the profits of the Group's subsidiaries and jointly ventures which are established in the PRC are required to be transferred to the PRC statutory reserves.

Property revaluation reserve

Property revaluation reserve arises on the revaluation of office premises included in other properties. Where other properties are reclassified to investment property, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant properties.

Share option reserve

The share option reserve comprises the fair value of share options granted and vested which are yet to be exercised. The reserve is dealt with in accordance with the accounting policy of equity-settled share-based payment transactions set out in note 3.

32. Reserves (continued)

The Company

	Capital reserve HK$'000	Share option reserve HK$'000	Shares held for share award scheme HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2015	9,872	2,957	(2,178)	10,697,499	10,708,150
Profit for the year and total comprehensive income for the year	–	–	–	3,688,816	3,688,816
Shares issued	–	(1,147)	–	–	(1,147)
Share bought back and cancelled (note 31)	–	–	–	(50,803)	(50,803)
Lapse of vested share options	–	(1,810)	–	1,810	–
Dividends recognised as distribution during the year (note 12)	–	–	–	(1,088,487)	(1,088,487)
At 30 June 2016	9,872	–	(2,178)	13,248,835	13,256,529
Profit for the year and total comprehensive income for the year	–	–	–	3,982,675	3,982,675
Dividends recognised as distribution during the year (note 12)	–	–	–	(1,130,697)	(1,130,697)
At 30 June 2017	**9,872**	**–**	**(2,178)**	**16,100,813**	**16,108,507**

33. Deferred Tax Liabilities

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Fair value adjustments on investment properties HK$'000	Undistributed earnings of PRC subsidiaries and joint ventures HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 July 2015	403,532	3,581	229,263	(135,026)	(1,608)	499,742
Exchange realignment	–	–	(10,722)	–	–	(10,722)
Charge (credit) to profit or loss	52,246	536	43,741	7,893	(67)	104,349
Release to profit or loss upon payment of withholding tax	–	–	(51,699)	–	–	(51,699)
At 30 June 2016	455,778	4,117	210,583	(127,133)	(1,675)	541,670
Exchange realignment	–	–	(856)	–	–	(856)
Charge (credit) to profit or loss	40,811	(2,409)	54,353	14,333	(303)	106,785
Release to profit or loss upon payment of withholding tax	–	–	(97,702)	–	–	(97,702)
At 30 June 2017	**496,589**	**1,708**	**166,378**	**(112,800)**	**(1,978)**	**549,897**

33. Deferred Tax Liabilities (continued)

The deferred tax assets and liabilities have been offset for the purposes of presentation in the consolidated statement of financial position.

At the end of the reporting period, the Group had available unused tax losses of HK$1,640 million (2016: HK$1,703 million) to offset against future profits. A deferred tax asset of HK$113 million (2016: HK$127 million) in respect of tax losses of HK$684 million (2016: HK$771 million) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$956 million (2016: HK$932 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

34. Project Commitments

(a) Hopewell Centre II

As at 30 June 2017, the Group's commitment in respect of development costs of this project, which has been contracted for but not provided, was approximately HK$153 million (2016: HK$196 million).

(b) Hopewell New Town

	2016 *HK$'000*	***2017*** ***HK$'000***
Contracted for but not provided	34,260	**121,625**

(c) Heyuan Power Plant Project

The Group's share of the commitments of the joint venture company in respect of the existing development of the power plant is as follows:

	2016 *HK$'000*	***2017*** ***HK$'000***
Contracted for but not provided	55,203	**61,391**

(d) Property renovation

	2016 *HK$'000*	***2017*** ***HK$'000***
Contracted for but not provided	17,379	**58,859**

(e) Other property for/under development

	2016 *HK$'000*	***2017*** ***HK$'000***
Contracted for but not provided	41,257	**18,662**

35. Operating Lease Commitments

The Group as lessor

Rental and other related income from investment properties earned during the year is approximately HK$1,068 million (2016: HK$1,057 million). These properties have committed tenants for the next one to eight years without termination options granted to the tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum payments under non-cancellable operating leases:

	2016 *HK$'000*	***2017*** ***HK$'000***
Within one year	651,765	**691,888**
In the second to fifth years inclusive	788,748	**794,164**
After five years	75,597	**45,424**
	1,516,110	**1,531,476**

36. Contingent Liabilities

A subsidiary of the Company has acted as the guarantor for the repayment of mortgage bank loans amounting to HK$266 million as of 30 June 2017 (2016: HK$376 million) granted to purchasers of the subsidiary's properties.

As at 30 June 2016, the Company acted as the guarantor of bank loan facilities of Grand Site, a joint venture, to the extent of HK$2,500 million. In June 2014, Grand Site fully repaid the bank loan and the facilities were terminated accordingly, while the retention period for such guarantee was expired in July 2016. In addition, the Company acted as guarantor of certain performance bonds issued by banks in respect of the project of the Group to the extent of HK$119 million as at 30 June 2017 (2016: HK$119 million).

In the opinion of the Directors, the fair values of such financial guarantee contracts are insignificant at initial recognition. Accordingly, no financial guarantee contract has been recognised in the consolidated statement of financial position.

37. Retirement Benefit Scheme

The Group has established a Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000 per month.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total costs recognised as expense for the year of HK$13,694,000 (2016: HK$13,359,000) represent contributions paid or payable to the schemes by the Group in respect of the current accounting period. At the end of the reporting period, there were no forfeited contributions available to reduce future obligations.

38. Related Party Transactions

In addition to the balances of the Group and transactions with related parties disclosed above, the Group has the following transactions with related parties:

The registered capital amounting to HK$702 million previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK$702 million when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Compensation of key management personnel

The remuneration of key management personnel, who are all executive directors of the Company, is disclosed in note 14.

39. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure periodically. As part of this review, the Directors assess budgets of major projects taking into account of the provision of funding. Based on the operating budgets, the Directors consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues as well as the issue of debts.

40. Financial Instruments

(a) Categories of financial instruments

	2016 *HK$'000*	***2017*** ***HK$'000***
Financial assets		
Loans and receivables at amortised cost (including bank balances and cash)	4,234,942	**4,918,340**
Available-for-sale investments	8,585	**8,513**
	4,243,527	**4,926,853**
Financial liabilities		
Liabilities at amortised cost	2,711,115	**2,506,132**

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include amount due from a joint venture, available-for-sale investments, trade and other receivables, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

The main risks arising from the Group's financial instruments are market risks (including currency risk and interest rate risk), credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below:

Market risks

(i) Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange fluctuations arise. Certain of the Group's financial assets and liabilities are denominated in HK$, RMB or US$ which are currencies other than the functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		*Liabilities*	
	2016 HK$'000	***2017 HK$'000***	*2016 HK$'000*	***2017 HK$'000***
HK$	352,988	**5,592**	–	**–**
RMB	11,427	**4,882**	–	**–**
US$	510	**503**	–	**–**

Currency risk sensitivity analysis

As HK$ are pegged to US$, it is assumed that there would be no material currency risk exposure on between these two currencies. The Group's foreign currency risk is mainly concentrated on the fluctuations of RMB against HK$. The sensitivity analysis below includes only currency risk related to RMB and HK$ denominated monetary items of group entities whose functional currencies are HK$ and RMB respectively.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items as disclosed above and adjusts their translation at the end of the reporting period for a 5% (2016: 5%) change in foreign currency rates.

At the end of the reporting period, if the exchange rate of RMB against HK$ had been strengthened/weakened by 5% (2016: 5%), the Group's profit for the year attributable to owners of the Company (excluding the impact on the Group's share of results of joint ventures) would have minimal impact for the years ended 30 June 2017 and 30 June 2016.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risks (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to certain bank deposits and amount due from a joint venture which are interest-free or carry fixed interest rates. It is the Group's policy to keep certain amount of bank deposits and bank borrowings at fixed interest rate.

The Group is exposed to cash flow interest rate risk in relation to certain bank deposits and bank borrowings which are subject to changes in prevailing floating interest rates. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market interest rate.

Interest rate risk sensitivity analysis

As the net cash position of the Group (excluding its joint ventures) was not significant, the Directors are of the opinion that the Group's exposure to cash flow interest rate risk is minimal. Accordingly, no sensitivity analysis is presented.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the statements of financial positions and the amount of financial guarantees issued by the Group is disclosed in note 36.

The Group's credit risk is primarily attributable to its trade and other receivables, amount due from a joint venture, bank deposits and bank balances. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The management of the Group considers that the credit quality of the Group's financial assets that are neither past due nor impaired at the end of the reporting period is good.

The management of the Group is responsible to exercise joint control on the financial and operating activities of the joint venture with the joint venture partners to ensure the joint ventures maintaining favourable financial position in order to reduce such credit risk.

Other than the amount due from a joint venture and dividend receivable from a joint venture, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

The Group's total assets less current liabilities and the Group's net current assets at 30 June 2017 amounted to HK$51,411 million (2016: HK$52,298 million) and HK$3,271 million (2016: HK$4,265 million) respectively.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of the available banking facilities and ensures compliance with loan covenants. As at 30 June 2017, the Group has unutilised committed and uncommitted banking facilities of HK$4,150 million (2016: HK$3,150 million) and HK$1,140 million (2016: HK$940 million), respectively.

The following tables detail the contractual maturity of the Group for its financial liabilities. Financial guarantee contracts, which represent the maximum amount of the guarantee in which the guarantee could be called, are shown separately. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity risk tables

	Weighted average interest rate	*Repayable on demand or less than 1 month*	*Over 1 month but not more than 1 year*	*1-5 years*	*Over 5 years*	*Total undiscounted cash flows*	*Carrying amount at 30.6.2017*
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2017							
Trade and other payables	**–**	**128,467**	**13,998**	**13,175**	**492**	**156,132**	**156,132**
Rental and other deposits	**–**	**12,980**	**90,145**	**150,922**	**7,122**	**261,169**	**261,169**
Bank borrowings	**1.4**	**2,763**	**1,174,393**	**1,218,167**	**–**	**2,395,323**	**2,350,000**
		144,210	**1,278,536**	**1,382,264**	**7,614**	**2,812,624**	**2,767,301**
2016							
Trade and other payables	–	125,792	17,716	16,910	697	161,115	161,115
Rental and other deposits	–	26,582	42,092	189,451	6,358	264,483	264,483
Bank borrowings	1.4	202,693	28,944	2,383,284	–	2,614,921	2,550,000
		355,067	88,752	2,589,645	7,055	3,040,519	2,975,598

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity risk tables (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

In addition, as mentioned in note 36, the Group has, at the end of the reporting period, given financial guarantees to banks in respect of banking facilities granted to purchasers of its properties of HK$266 million (2016: HK$376 million), of which no financial liability was recognised in the consolidated statement of financial position as financial guarantee contracts. In accordance with the guarantee documents, the Company may be required to settle the maximum guaranteed amounts upon demand by the counterparties to the financial guarantee contracts. The management expected that claims from the counterparties to the financial guarantee contracts are not probable.

As at 30 June 2016, the Company also acted as the guarantor of bank loan facilities granted to Grand Site to the extent of HK$2,500 million, of which no financial liability was recognised in the consolidated statement of financial position as financial guarantee contracts. In June 2014, Grand Site fully repaid the bank loan and the facilities were terminated accordingly, while the retention period for such guarantee was expired in July 2016.

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

41. Principal Subsidiaries

The following list contains only the details of the subsidiaries at 30 June 2016 and 30 June 2017 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. Except as otherwise indicated, all the subsidiaries are private companies incorporated and are operating principally in the place of incorporation and all issued shares are ordinary shares.

Name of company	*Paid up issued/ registered capital*	*Proportion of issued/ registered capital held by the Company* Directly 2016 %	**2017 %**	Indirectly 2016 %	**2017 %**	*Principal activities*
Incorporated in Hong Kong:						
Banbury Investments Limited	HK$2	–	**–**	100	**100**	Property investment
Broadwood Twelve Management Limited	HK$1	–	**–**	100	**100**	Property management
Chee Shing Company Limited	HK$968,000	100	**100**	–	**–**	Provision of corporate management services
Cineplex Asia Limited	HK$1	–	**–**	100	**100**	Cinema
Eldridge Investments Limited	HK$1	–	**–**	100	**100**	Property investment
Exgratia Company Limited	HK$2	–	**–**	100	**100**	Property investment
GardenEast Limited	HK$1,000,000	–	**–**	100	**100**	Property investment
GardenEast Management Limited	HK$300,000	–	**–**	100	**100**	Property management
HH Finance Limited	HK$1,000,000	100	**100**	–	**–**	Loan financing
HHI Finance Limited	HK$1	–	**–**	66.69	**66.69**	Loan financing
HHP Finance Limited	HK$1	–	**–**	100	**100**	Loan financing
HHP Management Services Limited	HK$1	–	**–**	100	**100**	Provision of corporate management services
Hopewell Centre Management Limited	HK$20,920,000	–	**–**	100	**100**	Property management
Hopewell China Development (Superhighway) Limited (i)	Ordinary shares HK$2 and non-voting deferred shares HK$4	–	**–**	65.02	**65.02**	Investment in expressway project
Hopewell Construction Company, Limited	HK$20,000,000	–	**–**	100	**100**	Project management
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (i)	Ordinary shares HK$2 and non-voting deferred shares HK$2	–	**–**	66.69	**66.69**	Investment in expressway project

41. Principal Subsidiaries (continued)

Name of company	*Paid up issued/ registered capital*	*Proportion of issued/ registered capital held by the Company* Directly 2016 %	***2017 %***	Indirectly 2016 %	***2017 %***	*Principal activities*
Incorporated in Hong Kong: (continued)						
Hopewell Hotels Management Limited	HK$3,000,000	–	**–**	100	**100**	Hotel management
Hopewell Project Development Limited	HK$1	–	**–**	100	**100**	Project development and investment holding
Hopewell Promotion and Entertainment Limited	HK$600,000	–	**–**	100	**100**	Event organisers and restaurant operations
Hopewell Property and Facility Management Limited	HK$1	–	**–**	100	**100**	Property management
Hopewell Property Management Company Limited	HK$200	–	**–**	100	**100**	Property management
Hopewell Real Estate Agency Limited	HK$3,000,000	–	**–**	100	**100**	Leasing and marketing services
H-Power Investor (HK) Limited	HK$1	–	**–**	87.5	**87.5**	Investment in a power station project
International Trademart Company Limited	Ordinary shares HK$2 and non-voting deferred shares of HK$10,000	–	**–**	100	**100**	Property investment and investment holding
IT Catering and Services Limited	HK$2	–	**–**	100	**100**	Restaurant operations and provision of catering and services
Kingline Enterprise Limited	HK$1	–	**–**	100	**100**	Property investment
KITEC Management Limited	HK$300,000	–	**–**	100	**100**	Property management
Kowloon Panda Hotel Limited	Ordinary shares HK$200 and non-voting deferred shares of HK$2,000,000	–	**–**	100	**100**	Property investment, hotel ownership and operation
Panda Place Management Limited	HK$300,000	–	**–**	100	**100**	Property management
QRE Plaza Limited	HK$100,000	–	**–**	100	**100**	Property investment
QRE Plaza Management Limited	HK$300,000	–	**–**	100	**100**	Property management
Wetherall Investments Limited	Ordinary shares HK$2 and non-voting deferred shares HK$2	–	**–**	100	**100**	Property investment and investment holding
Yuba Company Limited	HK$10,000	–	**–**	100	**100**	Property investment

41. Principal Subsidiaries (continued)

Name of company	*Paid up issued/ registered capital*	*Proportion of issued/ registered capital held by the Company* Directly 2016 %	Directly **2017** %	Indirectly 2016 %	Indirectly **2017** %	*Principal activities*
Established in the PRC:						
廣州市合和(花都)置業發展有限公司 (ii)	RMB124,000,000 (registered capital)	–	**–**	95	**95**	Property development
廣州市冠暉物業管理有限公司 (iii)	RMB3,000,000 (registered capital)	–	**–**	91.84	**91.84**	Property management
廣州誠滿物業管理有限公司 (iv)	RMB10,000,000 (registered capital)	–	**–**	100	**100**	Property management
Incorporated in the British Virgin Islands and operated in Hong Kong:						
Anber Investments Limited	US$1	–	**–**	100	**100**	Investment holding
Boyen Investments Limited	US$1	–	**–**	100	**100**	Investment holding
Hopewell (Huadu) Estate Investment Company Limited	US$1	100	**100**	–	**–**	Investment holding
Procelain Properties Ltd. (v)	US$1	–	**–**	100	**100**	Property investment
Singway (B.V.I.) Company Limited (v)	US$1	–	**–**	100	**100**	Property investment
Incorporated in the Cayman Islands:						
Hopewell Highway Infrastructure Limited (vi)	HK$308,169,028	–	**–**	66.69	**66.69**	Investment holding
Hopewell Hong Kong Properties Limited (v)	HK$100,000,000	–	**–**	100	**100**	Investment holding

Notes:

(i) Operating principally in the PRC
(ii) A co-operative joint venture enterprise operating in the PRC
(iii) An equity joint venture enterprise operating in the PRC
(iv) A wholly foreign owned enterprise operating in the PRC
(v) Operating principally in Hong Kong
(vi) Hopewell Highway Infrastructure Limited, a company listed on the Stock Exchange, is operating in Hong Kong and the PRC through its subsidiaries and joint ventures.

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

41. Principal Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of company	*Place of establishment/ operation*	*Proportion of ownership interests and voting rights held by non-controlling interests*		*Profit allocated to non-controlling interests*		*Accumulated non-controlling interests*	
		2016	***2017***	*2016 HK$'000*	***2017 HK$'000***	*2016 HK$'000*	***2017 HK$'000***
HHI Group*	PRC	33.31%	**33.31%**	216,087	**246,799**	2,674,771	**2,182,799**
Individually immaterial subsidiaries with non-controlling interests				16,662	**15,336**	166,178	**177,964**
				232,749	**262,135**	2,840,949	**2,360,763**

* include amounts attributable to non-controlling interests of HHI and a subsidiary of HHI

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

HHI Group

	2016 HK$'000	***2017 HK$'000***
Current assets	785,158	**543,364**
Non-current assets	7,213,558	**5,963,892**
Current liabilities	(8,750)	**(12,999)**
Non-current liabilities	(148,690)	**(92,408)**
	7,841,276	**6,401,849**
Equity attributable to owners of HHI	7,786,948	**6,366,338**
Non-controlling interests attributable to a subsidiary of HHI	54,328	**35,511**
	7,841,276	**6,401,849**

41. Principal Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

HHI Group (continued)

	2016 HK$'000	2017 HK$'000
Profit attributable to owners of HHI	615,702	**710,451**
Profit attributable to the non-controlling interests of a subsidiary of HHI	11,017	**10,172**
Profit for the year	626,719	**720,623**
Total comprehensive income attributable to owners of HHI	19,845	**603,427**
Total comprehensive income attributable to the non-controlling interests of a subsidiary of HHI	7,010	**9,642**
Total comprehensive income for the year	26,855	**613,069**
Net cash used in operating activities	(49,906)	**(42,256)**
Net cash from investing activities	1,761,421	**1,902,151**
Net cash used in financing activities	(1,604,946)	**(2,052,578)**
Net cash inflow (outflow)	106,569	**(192,683)**
Dividends paid to non-controlling interests of HHI	(447,373)	**(701,979)**

42. Approval of Financial Statements

The consolidated financial statements on pages 107 to 174 and the Company's statement of financial position on page 113 were approved and authorised for issue by the Board of Directors on 16 August 2017.

List of Major Properties

A. Completed Properties

1) Investment Properties and Hotel Property (Unless Otherwise Specified, these Properties are Held Under Medium Term Leases):

Properties	Location	Existing Use	Site area (sq.m.)	Gross floor area (sq.m.)	Group's interest (%)
Kowloonbay International Trade & Exhibition Centre	1 Trademart Drive, Kowloon Bay, Kowloon	Conference, exhibition, restaurant, office, commercial and carparks	22,280	164,860*	100
Hopewell Centre (Long-term lease)	183 Queen's Road East, Wan Chai, Hong Kong	Commercial, office and carparks	5,207	78,102*	100
GardenEast (Long-term lease)	222 Queen's Road East, Wan Chai, Hong Kong	Residential and commercial	1,082	8,972	100
QRE Plaza (Long-term lease)	202 Queen's Road East, Wan Chai, Hong Kong	Commercial	464	7,157	100
Lee Tung Avenue	Lee Tung Street/ McGregor Street, Wan Chai, Hong Kong	Commercial	8,220(i)	8,148	50(ii)
Four commercial units, one restaurant unit and 80 carparking spaces at Wu Chung House	G/F-5/F, 213 Queen's Road East, Hong Kong	Commercial and carparks	N/A	1,642*	100
Panda Hotel	3 Tsuen Wah Street, Tsuen Wan, New Territories	Hotel operation, commercial and carparks	5,750		
— Hotel property				40,855*	100
— Shopping arcade				21,337*	100
				62,192*	

* Excluding carparking spaces.

List of Major Properties

2) Stock of Properties or Investment Property Held for Sale:

Properties	*Location*	*Existing Use*	*Site area* *(sq.m.)*	*Gross floor area*[iii] *(sq.m.)*	*Group's interest* *(%)*
Hopewell New Town	Huadu district, Guangzhou, China	Residential, commercial, logistic and social facilities	610,200[i]	30,900	95
Broadwood Twelve	12 Broadwood Road, Happy Valley, Hong Kong	Residential	2,116	952 (saleable area)	100

B. Properties and Stock of Properties Under Development:

Properties/land	*Location*	*Existing Use*	*Stage of Completion*	*Expected completion date*	*Site area* *(sq.m.)*	*Gross floor area*[iv] *(sq.m.)*	*Group's interest* *(%)*
Hopewell New Town	Huadu district, Guangzhou, China	Residential, commercial, logistic and social facilities	Under planning stage	2020	610,200[i] & [v]	607,100[v]	95
Hopewell Centre II	Ship Street, Kennedy Road, Hau Fung Lane, Wan Chai, Hong Kong	Hotel complex with recreation, shopping, restaurant and other commercial facilities	Under construction	2021	9,840	101,600	100
153A-167 Queen's Road East	153A-167 Queen's Road East, Wan Chai, Hong Kong	Commercial	Under Planning	2022	620	8,400	100

C. Other Properties Held by the Group:

Location	*Existing Use*	*Site area* (sq.m.)	*Existing Total Gross floor area* (sq.m.)	*Attributable to Group* (%)
55 Ship Street, Wan Chai (Nam Koo Terrace)	Vacant old house	685	453	100
1A Hillside Terrace, Wan Chai (St. Luke School)	Vacant school building	585	1,687	100
1-3 Hill Side Terrace, Wan Chai	Vacant land	516	–	100
53 Ship Street and 1-5 Schooner Street, Wan Chai (Miu Kang Terrace)	Commercial and Residential	342	1,476	100
Inland Lot No.9048, Schooner Street, Wan Chai, Hong Kong	Residential	270	1,350	100

Notes:
(i) This site area covers all phases of development.
(ii) This represents 50% interest in joint-venture with Sino.
(iii) This represents gross floor area of unsold completed units.
(iv) This represents approximate gross floor area under present planning.
(v) These site area and gross floor area, being plot ratio gross floor area of the land, are based on land use rights certificates obtained and the latest master layout plan approved by the relevant government authority.

Glossary

"2016 Annual General Meeting"	the annual general meeting of the Company held at The Glass Pavilion, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 26 October 2016 at 11:00 a.m.
"2017 Annual General Meeting"	the annual general meeting of the Company to be held at The Glass Pavilion, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 26 October 2017 at 11:00 a.m.
"ASEAN"	the Association of Southeast Asian Nations
"Average daily full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review
"Average daily toll revenue"	average daily toll revenue including tax
"Average Occupancy Rate"	the average of the Occupancy Rate as at the end of each month in the relevant period
"Brexit"	the process by which the United Kingdom withdraws from the European Union
"Board"	the Board of Directors of the Company
"CAGR"	compound annual growth rate
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL" or "Hopewell Holdings"	Hopewell Holdings Limited
"CY"	calendar year
"Director(s)"	director(s) of the Company
"DPS"	dividend per share

"DTT"	Deloitte Touche Tohmatsu
"EBIT"	earnings before interest and tax
"F&B"	food and beverage
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ended 30 June 2013
"FY14"	the financial year ended 30 June 2014
"FY15"	the financial year ended 30 June 2015
"FY16"	the financial year ended 30 June 2016
"FY17"	the financial year ended 30 June 2017
"FY18"	the financial year ending 30 June 2018
"FY19"	the financial year ending 30 June 2019
"FY20"	the financial year ending 30 June 2020
"GDP"	gross domestic product
"GFA"	gross floor area
"Grand Site"	Grand Site Development Limited, the joint venture company established for the property development project of the Avenue/ Lee Tung Avenue

Glossary

"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"GWh"	gigawatt hour
"Heyuan JV"	Shenzhen Energy Hopewell Power (Heyuan) Co., Ltd., the joint venture company holding Heyuan Power Plant
"Heyuan Power Plant"	the ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
"HHI"	Hopewell Highway Infrastructure Limited
"HHI Group"	HHI and its subsidiaries
"HHI Share Award Scheme"	the share award scheme adopted by HHI on 25 January 2007
"HHI Shares"	ordinary shares of HK$0.10 each in the capital of HHI
"HHL Share Award Scheme"	the share award scheme adopted by the Company on 25 January 2007
"HHL Website"	the website of the Company at www.hopewellholdings.com
"Hill Side Terrace Cluster"	1-3 Hill Side Terrace, 1A Hill Side Terrace, 55 Ship Street (Nam Koo Terrace), 53 Ship Street and 1-5 Schooner Street (Miu Kang Terrace), Inland Lot No.9048 Schooner Street, Wan Chai
"HK$" or "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKEx Website"	the website of the Stock Exchange at www.hkexnews.hk
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Government" or "Government"	the Government of Hong Kong

"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge
"JV/JVs"	joint venture/ventures
"KITEC F&B"	IT Catering & Services Limited, the food and beverage operations of KITEC
"KITEC"	Kowloonbay International Trade & Exhibition Centre
"km"	kilometre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macao"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MPF Schemes"	the mandatory provident fund schemes set up by the Group
"MWh"	megawatt hour
"Occupancy rate"	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those in respect of which leases have been committed but not yet commenced over total lettable floor area
"Phase I West"	Phase I of Western Delta Route
"Phase II West"	Phase II of Western Delta Route
"Phase III West"	Phase III of Western Delta Route

Glossary

"Phase IV West" or "Phase IV West Extension"	Western Coastal Expressway Branch Line, a Non-HHI project owned by Guangdong Provincial Highway Construction Company Limited (the joint venture partner of WDR) and Guangdong Communication Enterprise Investment Company
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta
"QRE"	Queen's Road East
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Sir Gordon WU"	Sir Gordon Ying Sheung WU
"sq.ft."	square foot
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Belt and Road initiative"	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
"URA"	Urban Renewal Authority
"US" or "United States"	the United States of America
"USD", "US$" or "US Dollar(s)"	US Dollars, the lawful currency of the United States
"VAT"	value added tax
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"Western Delta Route"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
"yoy"	year-on-year

Corporate Information

Board of Directors
Sir Gordon Ying Sheung WU[1] KCMG, FICE
Chairman
Mr. Eddie Ping Chang HO
Vice Chairman
Mr. Thomas Jefferson WU[2] JP
Managing Director
Mr. Josiah Chin Lai KWOK
Deputy Managing Director
Mr. Guy Man Guy WU##
Lady WU Ivy Sau Ping KWOK# JP
Ms. Linda Lai Chuen LOKE##
Mr. Albert Kam Yin YEUNG
Mr. Carmelo Ka Sze LEE# JP
Mr. William Wing Lam WONG
Ir. Dr. Leo Kwok Kee LEUNG
Mr. Sunny TAN##
Dr. Gordon YEN##
Mr. Ahito NAKAMURA##
Mr. Yuk Keung IP##

1 Also as Alternate Director to Mr. Eddie Ping Chang HO
2 Also as Alternate Director to Sir Gordon Ying Sheung WU and Lady WU Ivy Sau Ping KWOK
\# Non-executive Directors
\## Independent Non-executive Directors

Audit Committee
Mr. Sunny TAN
Chairman
Ms. Linda Lai Chuen LOKE
Mr. Guy Man Guy WU
Mr. Yuk Keung IP

Remuneration Committee
Dr. Gordon YEN
Chairman
Ms. Linda Lai Chuen LOKE
Mr. Guy Man Guy WU
Mr. Carmelo Ka Sze LEE JP

Company Secretary
Ms. Ching Fan KOO

Registered Office
64th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 2068

Solicitors
Woo Kwan Lee & Lo

Auditor
Deloitte Touche Tohmatsu

Listing Information
The Stock Exchange of Hong Kong Limited
Ordinary Shares (Stock Code: 54)

Principal Bankers+
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Bank of East Asia, Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
BNP Paribas
China Construction Bank Corporation
Chong Hing Bank Limited
Citibank, N.A.
DBS Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Mizuho Bank, Limited
Sumitomo Mitsui Banking Corporation

\+ names are in alphabetical order

Share Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2529 6087

American Depositary Receipt

CUSIP No.	439555301
Trading Symbol	HOWWY
ADR to share ratio	1:1
Depositary Bank	Citibank, N.A., U.S.A.

Investor Relations
Tel: (852) 2528 4975
Fax: (852) 2529 8602
Email: ir@hopewellholdings.com

Website
www.hopewellholdings.com

Note: In the case of any inconsistency between the Chinese translation and the English text of this Annual Report, the English text shall prevail.

Financial Calendar

Interim results announcement	24 January 2017
Ex-dividend Date	8 February 2017
Closure of Register of Members	10 February 2017
Interim dividend paid ***(HK55 cents per share)***	22 February 2017
Final results announcement	16 August 2017
Closure of Register of Members for eligibility to attend the 2017 Annual General Meeting	19 October 2017 to 26 October 2017 *(both days inclusive)*
2017 Annual General Meeting	26 October 2017
Ex-dividend Date	30 October 2017
Closure of Register of Members for entitlement of proposed final dividend and special final dividend	1 November 2017
Proposed final dividend and special final dividend payable# ***Final dividend: HK75 cents per share*** ***Special final dividend: HK45 cents per share***	7 November 2017

Subject to approval by shareholders at the 2017 Annual General Meeting to be held on 26 October 2017.

HOPEWELL HOLDINGS LIMITED

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