HOPEWELL HOLDINGS LIMITED

Stock Code: 54

Momentum of Sustainable Growth

Annual Report 2011/12

HOPEWELL HOLDINGS LIMITED

2012 marks the 40th anniversary of Hopewell Holdings Limited, a Hong Kong-based group listed on the Stock Exchange since 1972 (stock code: 54). Over the last 40 years, 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 recognizes 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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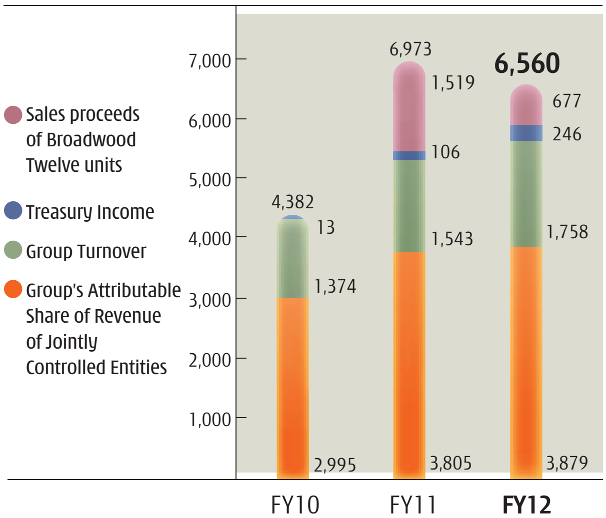
Pace of Contemporary Development

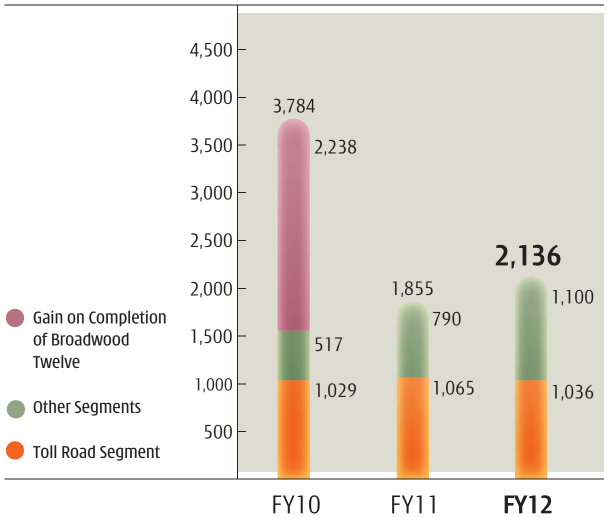
We get ahead of the competition with cutting-edge buildings and facilities that combine contemporary conveniences with relaxed pace of living.

Financial Highlights

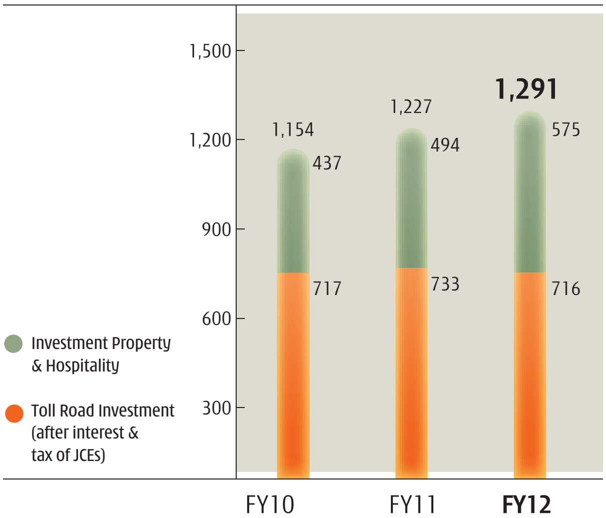
Revenue (HK$m)



Earnings before Interest and Tax (HK$m)

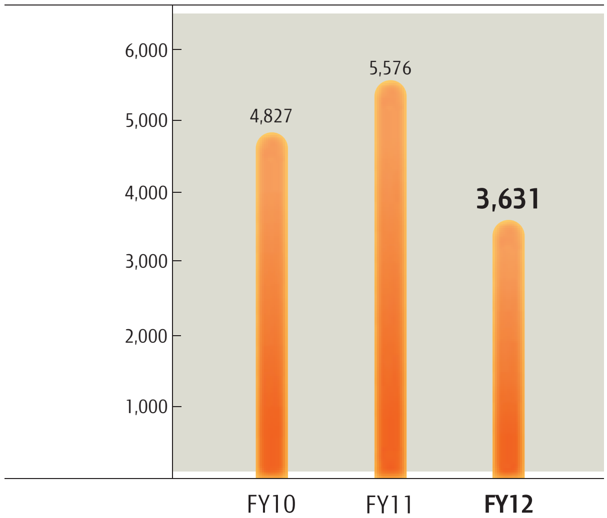


Operating Profit* from Prime-Earning Businesses (HK$m)

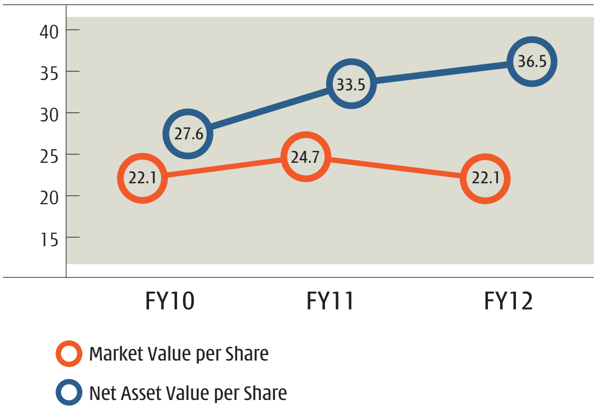


* Being the EBIT net of the portion of non-controlling interests

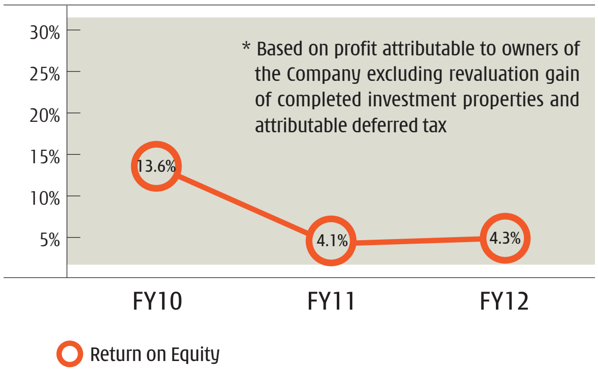
Profit Attributable to Owners of the Company (HK$m)



Net Asset vs Market Value per share (HK$)



Return on Equity*



5-Year Financial Summary

Consolidated Results (in HK$ million)

	Year ended 30 June				
	2008	2009	2010	2011	2012
Turnover	915	968	1,374	1,543	1,758
Earnings before interest and tax	1,894	1,901	3,784	1,855	2,136
Profit before taxation	6,868	2,219	5,328	6,171	4,328
Taxation	(276)	(103)	(187)	(252)	(365)
Profit before non-controlling interests	6,592	2,116	5,141	5,919	3,963
Non-controlling interests	(550)	(317)	(314)	(343)	(332)
Profit attributable to owners of the Company	**6,042**	**1,799**	**4,827**	**5,576**	**3,631**

Consolidated Statement of Financial Position (in HK$ million)

	As at 30 June				
	2008	2009	2010	2011	2012
Investment properties	8,031	9,240	10,582	14,945	17,429
Property, plant and equipment	589	676	797	788	716
Properties under development	1,314	1,196	864	978	1,171
Interests in JCEs	5,561	6,705	7,038	8,282	9,073
Amounts due from JCEs (non-current)	55	25	1,600	1,753	2,117
Other non-current assets	89	63	56	32	24
Properties held for sale (Huadu and Broadwood Twelve)	382	504	3,541	2,407	1,992
Amounts due from JCEs (current)	-	-	-	970	652
Bank balances and cash	10,782	5,278	3,469	6,223	7,976
Other current assets	1,182	95	231	452	491
Total assets	**27,985**	**23,782**	**28,178**	**36,830**	**41,641**
Corporate bonds and bank borrowings (non-current)	-	-	-	2,745	3,698
Other non-current liabilities	226	308	340	442	475
Corporate bonds and bank borrowings (current)	-	-	-	605	1,754
Other current liabilities	681	574	1,018	891	1,132
Total liabilities	**907**	**882**	**1,358**	**4,683**	**7,059**
Non-controlling interests	**3,236**	**2,604**	**2,610**	**2,800**	**2,784**
Shareholders' equity	**23,842**	**20,296**	**24,210**	**29,347**	**31,798**

Per Share Basis

Per Share Basis	2008	2009	2010	2011	2012
Basic earnings per share (HK cents)	673	204	550	636	415
Dividend per share (HK cents)	260	472	99	148	139
- Interim	55	40	45	45	45
- Final	40	58	54	58	54
- Special	165	374#	-	45	40
Net asset value per share (HK$)	26.7	23.1	27.6	33.5	36.5

Including extraordinary special interim dividend of HK330 cents and distribution in specie of shares in HHI of HK43.7 cents.

Financial Ratios

Financial Ratios	2008	2009	2010	2011	2012
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Return on equity*	24.2%	7.8%	13.6%	4.1%	4.3%
Dividend payout ratio*	40%	57%∆	30%	56%#	64%#

∆ Excluding extraordinary special interim dividend of HK330 cents and distribution in specie of shares in HHI of HK43.7 cents.

* Excluding revaluation gain of completed investment properties and attributable deferred tax.

Taking into account of net realised gain on property sale of Broadwood Twelve.

Joy of Life's Pleasures

In delivering the dream of ultimate city living, Hopewell spares dedicated efforts in providing immaculate structures to the communities we serve.

Chairman's Statement

"The Group is in an excellent position to implement its existing projects, as well as to identify and leverage investment opportunities in the PRD region and beyond, in order to achieve sustainable future growth."

I am pleased to report to shareholders that the Group achieved profit attributable to owners of the Company of HK$3,631 million during the financial year ended 30 June 2012. Its earnings before interest and tax (EBIT) were satisfactorily higher than last year's. Both the revenue and EBIT of its prime-earning businesses increased significantly. However, the increase in EBIT was partly offset by reduced income from sales of residential units at Broadwood Twelve. The Group's revenue for the year - including proceeds from the sales of investment properties held for sale (i.e. Broadwood Twelve), treasury income and its share of the revenues of JCEs engaged in toll roads and power plant - amounted to HK$6,560 million, which was 6% lower than the previous year's. Meanwhile, the Group's EBIT (before any fair value gains on investment properties) rose by 15% to HK$2,136 million year-on-year. The fair value gains on revaluation of investment properties for the year was HK$2,264 million, as compared to HK$4,395 million in last year. Consequently, the Group's basic earnings per share amounted to HK$4.15, a 35% decrease on the previous year's HK$6.36.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of HK54 cents per share plus a special final dividend of HK40 cents per share for the year ended 30 June 2012. Together with an interim dividend of HK45 cents per share that has already been paid, the total dividends for the year will amount to HK139 cents per share. This represents a decrease of 6% on the last financial year's total dividends of HK148 cents per share, which also included a special final dividend of HK45 cents per share. It also represents a payout ratio of 89% of the Company's profit attributable to owners of the Company, excluding the revaluation gain on completed investment properties, or a payout ratio of 64% if the net realized gain of approximately HK$500 million, attributable to the residential units of Broadwood Twelve sold during the year, recorded in FY10 was taken into account.

However, if excluding the special final dividend of both financial years from the calculation, the Company's total dividends for the year under review will be 4% lower than that of the previous year.

Subject to shareholders' approval at the 2012 Annual General Meeting on Thursday, 18 October 2012, the proposed final dividend and special final dividend will be paid on Wednesday, 31 October 2012 to shareholders who are registered at the close of business on Thursday, 25 October 2012.

Closure of Register

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 Thursday, 25 October 2012, if and only if the proposed final dividend and special final dividend are approved by the shareholders at the 2012 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 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, 24 October 2012.

To ascertain shareholders' eligibility to attend and vote at the 2012 Annual General Meeting to be held on Thursday, 18 October 2012, the Register of Members of the Company will be closed from Thursday, 11 October 2012 to Thursday, 18 October 2012, 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 2012 Annual General Meeting, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's 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, 10 October 2012.

Business Review

The global economic environment remained unstable and challenging throughout the year. Although the European Central Bank provided massive low-interest loans to Euro-zone banks, the sovereign debt crisis continued to spread among European Union member countries. The pace of the United States' economic recovery was slower than expected, and there were no new quantitative easing measures there.

The PRC's economy continued to grow steadily, despite the global economic uncertainties. The country's GDP increased by 7.6% in real terms during the 12 months up to the second quarter of 2012. On a quarter-on-quarter basis, its real GDP increased by 1.8% during the second quarter, whereas the first quarter's figure was revised downwards from 1.8% to 1.6%. Central Government policies to tighten market liquidity and alleviate inflation, coupled with austerity measures concerning the property markets in certain cities, effectively contained inflation, stimulated domestic consumption and brought property prices under control. The volume of car sales remained healthy throughout the country, and the greater geographical mobility this created gave a boost to the PRD region's transportation industry.

On the other hand, the continued decline in domestic demand and investment growth in Europe, plus the gloomy economic situation there, slowed down the growth of PRC's imports and exports.

The integration of Hong Kong's economy and its transportation network with those of Mainland China benefited the city's economy, and spurred the continued growth of its GDP. Strong local retail spending and inbound tourism continued to underpin this trend, which was further supported by low unemployment and rising

"The Group received an offer letter from the Lands Department concerning the exchange of land in respect of Hopewell Centre II on 26 June 2012, and it accepted this offer on 25 July 2012."

wages. However, the volume of Hong Kong's exports declined as a result of fiscal tightening in developed economies. The property sector was affected to a certain extent by uncertainties in the external economic environment. Even so, low interest rates and strong demand from investors and end-users helped to support the local residential market.

Properties – rental

The Group's investment properties continued to perform strongly, and its total rental revenue from them grew by 9% year-on-year. The EBIT of its property letting, agency and management operations for the financial year amounted to HK$445 million. The five-year compound annual growth rates of the Group's investment property revenue and EBIT, from FY08 to FY12, were 10% and 15% respectively.

The average occupancy rate of Hopewell Centre during the year was 94%, and this had improved further to 97% as of 30 June 2012. The retail portions of Hopewell Centre and Wu Chung House were both fully let. At QRE Plaza, 88% of the total floor area was let, and the average occupancy rate of GardenEast remained high at 93%. Similarly, both the average occupancy rate of E-Max and the office portion at KITEC increased to 94%.

Besides their high occupancy rates, the spot rental rates and average passing rental rates (i.e. average rental rates of existing contracted tenancies) of offices at the Group's flagship properties rose significantly. The average spot rent of offices at Hopewell Centre increased 19% from HK$31.0/sq.ft. to HK$37.0/sq.ft. during the year under review, while the figure at KITEC leapt 22% from HK$9.8/sq.ft. to HK$12.0/sq.ft.. The average passing rent for offices at Hopewell Centre and KITEC also continued to grow. At Hopewell Centre, the figure improved from HK$26.1/sq.ft. to HK$27.9/sq.ft. over the year; while that of KITEC went up from HK$9.2/sq.ft. to HK$9.5/sq.ft.

Properties – sales

Up to 30 June 2012, 52 units or 68% of Broadwood Twelve's 76 units had been sold at an average price of around HK$25,400/sq.ft. (based on the gross floor area disclosed in the marketing brochure), generating total sales proceeds of around HK$2,241 million (including proceeds from the sale of car-parking spaces). Of the 52 units sold, 15 were booked during the year. The net realized profit attributable to residential units and car-parking spaces sold and booked up to 30 June 2012, including fair value gains booked in FY10, FY11 and the year under review, amounted to approximately HK$1.6 billion.

Up to 30 June 2012, 152 townhouses and 1,666 apartments at Hopewell New Town in Huadu had been sold and booked. These had a plot ratio GFA of approximately 248,800 sq.m.; out of which, 38,300 sq.m. were booked during the year. The average selling price of the townhouses was around RMB20,700/sq.m., while that of the apartments was around RMB7,800/sq.m. in latest sales. Sales on the units completed in FY12 started during the first half of FY12, and the market's response has been encouraging. Only a few completed residential units remained unsold as of 30 June 2012.

Hopewell Centre II

The Group received an offer letter from the Lands Department concerning the exchange of land in respect of Hopewell Centre II (the "Land Exchange") on 26 June 2012, and it accepted this offer on 25 July 2012. Its total investment in the development, including the land premium, will be around HK$9 billion. The market's estimated value of the site of Hopewell Centre II after completion of the Land Exchange is about HK$7.8 billion. After deducting the premium of about HK$3.7 billion, the market's estimated value of the portion of the land already owned by the Group amounted to HK$4.1 billion, compared to its book value stated at historical cost of around HK$500 million as of 30 June 2012. As such, HK$3.6 billion of land value will be unlocked after completion of the Land Exchange, of which the fair value gain of investment property portion will be reflected in the future in the Group's financial statements.

Construction works will be started by the end of 2012 after the Group has taken possession of the site in October 2012 and the development will be completed in around 2018. Given its tremendous experience in construction and project management, the Group is confident it will be able to manage the development timeline efficiently.

Infrastructure

Although the growth rate of the volume of car sales slowed down throughout the PRC, car ownership in Guangdong Province continued to grow. The number of Class 1 small cars using the Group's toll roads in the PRD and the toll revenue derived from them also continued to increase.

The Group's proportionate share of the aggregate net toll revenue of its expressway projects grew by 5% year-on-year to HK$2,386 million. This was mainly due to growing traffic on Phase II West and the appreciation of RMB. The Group's toll revenue base has risen consistently ever since Phase II West opened in June 2010. The Group's shares of the net toll revenues from GS Superhighway, Phase I West and Phase II West in proportion to the Group's aggregate net toll revenue were 87%, 4% and 9% respectively.

Even though the depreciation charges of the GS Superhighway JV and the West Route JV increased in line with the growth in traffic volume, and despite a rise in the staff costs, the aggregate EBIT (excluding an exchange gain and related income tax expenses) of the HHI Group increased by 5% year-on-year, from HK$1,547 million to HK$1,632 million.

As stated in the Company's last interim report, in February 2012 the Group received a notice concerning the promulgation of the Guangdong Province Toll Roads Special Clean-up Implementation Proposal (the "Tariff Proposal") from its JV partner, Guangdong Provincial Highway Construction Company Limited. In accordance with the Tariff Proposal's requirements, the GS Superhighway tariff was revised with effect from 1 June 2012. The average daily toll revenue of the GS Superhighway for each of the months ended 30 June 2012 and 31 July 2012 decreased by 16.7% and 15.3% while its average daily traffic volume increased by 6% and 7% respectively, when compared with the same month last year.

Construction work on Phase III West has been progressing smoothly. The HHI Group will endeavour to speed up remaining construction work to ensure Phase III West is completed in the first quarter of 2013 around Lunar New Year, nearly a year ahead of the original schedule. The HHI Group's planned total investment in Phase III West is currently RMB5.6 billion.

Heyuan Power Plant's total revenue at JV level declined by 6% to RMB3,055 million, whereas the amount of electricity it generated decreased by about 9% to approximately 7,400GWh. The plant's utilization rate fell during the year to 70% owing to scheduled overhaul. Furthermore, escalating coal prices reduced the Group's attributable share of the plant's EBIT for the year by 30% to HK$86 million.

Corporate Sustainability

The Group believes that promoting sustainability is just 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 other stakeholders. In 2011, the Group established an independently-reviewed 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 a Sustainability Report under the Global Reporting Initiative (GRI) sustainability framework this year, and which will be independently verified. This report will only be available online on the Company's website, and it will present the company-wide commitment to sustainable development during FY12, covering the significant economic, environmental and social achievements and impacts arising from the activities of the Group and its JCEs.

Prospects

The European sovereign debt crisis and the region's gloomy economic outlook are both expected to continue. Deteriorating economic conditions in Spain and Italy plus worries about Greece leaving the Euro-zone have created new challenges for the global economy. While the United States economic recovery seems set to continue at a modest pace, it remains uncertain whether there will be further quantitative easing measures to boost its economic development. Fortunately, the U.S. Federal Reserve's decision to keep interest rates low until late 2014 will help to stabilize the financial markets.

The PRC Central Government's GDP growth target of 7.5% for 2012 is regarded as healthy and satisfactory. China's economy is expected to grow solidly in line with this, albeit at a moderate pace. The Central Government will maintain its austerity measures by both administrative and economic initiatives. To curb demand for housing and cool the Mainland property market, it will continue to place restrictions on the quantity of home purchases, mortgage amounts, unit prices and unit sizes. It is also expected to adjust these austerity measures from time to time in line with the ever-changing internal and external environment. For instance, China's Central Bank recently relaxed its monetary policy slightly by reducing the reserve requirement ratio to ensure adequate liquidity and support the country's economic growth.

Although the Hong Kong economy is not immune to the impact of the global economic uncertainties, its economic fundamentals are expected to remain sound. Demand for office space is anticipated to increase steadily, despite uncertain market conditions and the increased supply of new office space. The retail market is likewise expected to remain resilient, and this should benefit the Group's retail leasing business. Consumption will continue to be boosted by shoppers from the Mainland. The Hong Kong hotel industry looks set to perform well as the Greater China region's business and leisure travel sectors continue to boom. The city will be sustained by its role as an offshore RMB centre of the Central Government, which will help to secure its status as a major international financial hub. Furthermore, it will gain from new policies to foster closer cooperation between Hong Kong and the Mainland and boost the local economy that were recently announced by the Central Government and Hong Kong Government.

The first phase of the Ad-hoc Quotas Trial Scheme for Hong Kong private cars crossing the border has commenced, which will gradually increase cross-border traffic and benefit the GS Superhighway. The HHI Group is endeavouring to complete construction work on Phase III West during the first quarter of 2013 around Lunar New Year. Its opening will complete the Western Delta Route and create synergy among Phase I West, Phase II West and Phase III West. Completion of the HZM Bridge in 2016 will fully integrate the transportation network on the western bank of the PRD region and accelerate its urbanization thus boosting both economic growth and traffic there.

On the other hand, a 41-kilometre stretch of the Guangzhou-Dongguan section of the Coastal Expressway was opened in mid-January 2012. Its impact on the traffic of the GS Superhighway has been insignificant. According to the latest media reports, the remaining 18-kilometre of the Guangzhou-Dongguan section will be opened in phases before mid-2013, and the 30-kilometre Shenzhen section is scheduled for completion by the third quarter of 2013. The HHI Group will continue to monitor their progress closely.

Since adopting the asset management approach, the financial and non-financial performance of the Group's investment property portfolio has improved steadily. Besides the layout and design of its properties and their trade and tenant mix, its strategies also focus on service quality and branding. Based on existing committed tenancies, the average passing rent of both Hopewell Centre office and KITEC office are expected to rise further to approximately HK$31/sq.ft. and HK$10.5/sq.ft. respectively during FY13. These figures represent growth rate of around 11% for both properties. The Hopewell Centre II project, which is scheduled for completion in 2018, will synergize with the Group's property portfolio in Wan Chai and enhance its recurrent income base.

Construction of the Lee Tung Street Project is proceeding on schedule, and pre-sales of residential units there are planned to start in 2013. Construction of the Liede Integrated Commercial Project commenced during the third quarter of 2011, and it is currently planned for completion in 2016. At Hopewell New Town, a total plot ratio GFA of 54,000 sq.m. containing 336 apartments will be completed in FY13. Pre-sales of these units will be launched in the second half of 2012.

With its diverse financing sources, the Group is in an excellent position to implement its existing projects, as well as to identify and leverage investment opportunities in the PRD region and beyond, in order to achieve sustainable future growth.

Changes of Directors and Committee Members

Mr. Henry Hin Moh LEE resigned as a Non-Executive Director with effect from 1 January 2012 and remains as a consultant to the Company. I would like to take this opportunity to thank Mr. LEE for his valuable contribution to the Company during his tenure of office.

Ms. Linda Lai Chuen LOKE has been appointed as the Chairman of the Company's Remuneration Committee in place of Mr. Carmelo Ka Sze LEE with effect from 23 February 2012. Mr. LEE remains as a member of the Remuneration Committee of the Company.

Dr. Gordon YEN has been appointed as an Independent Non-Executive Director and a member of the Remuneration Committee of the Company with effect from 12 May 2012. I would like to express the Board's warm welcome to Dr. YEN in joining the Board.

Acknowledgements

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 indispensible for the Group's strong performance during the past year, and its prospects for the years to come.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 20 August 2012

Awards & Recognition

1 9/2011

Included In The Hang Seng Corporate Sustainability Benchmark Index

HHL and Hopewell Highway Infrastructure Limited were selected as constituents of the Hang Seng Corporate Sustainability Benchmark Index, one of the two new benchmark indexes of the Hang Seng Corporate Sustainability Index Series which include Hong Kong-listed companies that perform well with respect to corporate sustainability.

2 9/2011

2011 International ARC Awards

Hopewell Highway Infrastructure Limited's 2009-10 annual report won two awards in the 2011 International ARC Awards, namely the Silver Award in the Overall Annual Report and the Bronze Award in the Cover Photo/Design under the category Infrastructure Company. This honor evidences the company's efforts in corporate information disclosure receive international recognition.

3 9/2011

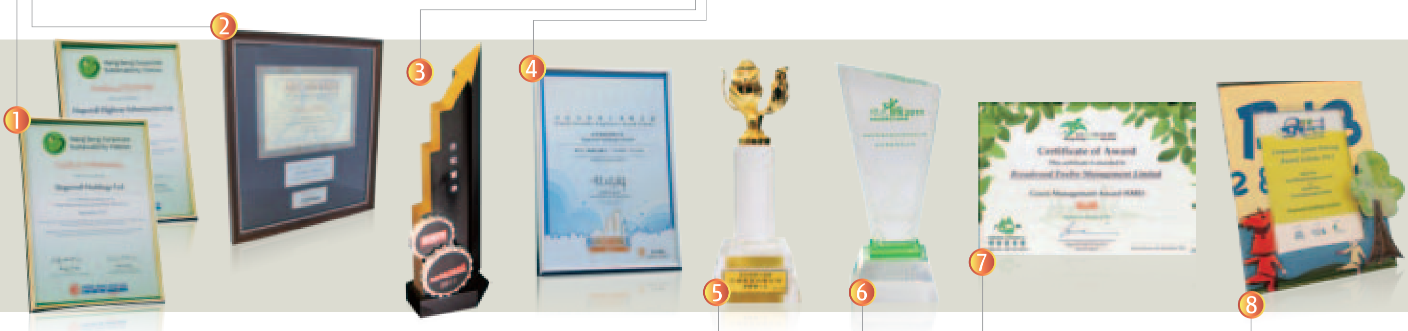
Outstanding Corporate Strategy Award

HHL was presented with the Outstanding Corporate Strategy Award 2011 by Eastweek magazine, in recognition of the Group's outstanding business strategy, performance and contribution to the economy.

4 11/2011

Family-Friendly Employee Award

HHL won the Family-Friendly Employer Award in the Corporation category by Family Council at the Family-Friendly Employers Award Scheme 2011. It was a recognition to HHL's remarkable effort in implementing family-friendly policies and measures.



5 11/2011

Most Influential Leader Award

Sir Gordon WU, the Chairman of HHL, was presented the Most Influential Leader Award at the China Securities Golden Bauhinia Award jointly organized by Ta Kung Pao and authoritative organizations in the securities industry in Hong Kong and Mainland China, as a recognition for his contribution by the PRC government.

6 11/2011

Outstanding Sustainable Enterprise in Asia

HHL was selected as the Outstanding Sustainable Enterprise in Asia in the Green China 2011 Environmental Achievement Award, organized by United Nations Environment Program, five environmental protection associations in Mainland China, Hong Kong and Macau, and co-organized by over 10 environmental organizations in the three areas. HHL was one of the four selected Hong Kong winners of the enterprise/organization awards.

7 12/2011

Gold Award in Hong Kong Green Awards 2011 - Green Management Award (SME)

One of the subsidiaries of HHL, the Broadwood Twelve Management Limited participated in Hong Kong Green Awards 2011 which was organized by Green Council and won gold award in Green Management Award (SME). It recognizes the excellent performance of management team in green office management. Broadwood Twelve Management Limited shall continue to uphold the Group's belief in sustainable development through the practice of green office management policies.

8 1/2012

Most Significant Fuel Efficiency Improvement gold award and Most Significant Fuel Consumption Saver silver award

HHL took part in "Take a 'Brake' Low Carbon Action" campaign — Corporate Green Driving Award Scheme 2011 which was jointly organized and implemented by

Friends of the Earth (HK), Green Power and WWF Hong Kong. HHL was one of the few companies receiving Most Significant Fuel Efficiency Improvement gold award and Most Significant Fuel Consumption Saver silver award. It affirms the efforts HHL has made in terms of reducing car emission, promoting clean air and creating a low carbon environment.

9 3/2012

2nd Asian Excellence Recognition Awards 2012 & Asia's Best CEO (Investor Relations)

HHL have consecutively received Best IR (Best Investor Relations) and Best CSR (Best Corporate Social Responsibility) awards at the 2nd Asian Excellence Recognition Awards 2012, organized by Corporate Governance Asia. It is a tangible testimony of the Group's continued excellent performance in investor relations and corporate social responsibility; and Mr. Thomas Jefferson WU, the Managing Director of HHL has also been selected as Asia's Best CEO (Investor Relations) in Hong Kong, which is a recognition of his managing achievements.

10 4/2012

Manpower Developers 1st Award Anew

HHL received ERB Manpower Developer Award Scheme - Manpower Developers 1st Award again as in recognition to the Group's continuous commitment in manpower training and development as well as its emphasis on staff members' personal enhancement.

11 5/2012

Silver Award in Barrier-free Facilities Caring Award

Hopewell Centre won the silver award in Barrier-free Facilities Caring Award. It shows the care of HHL for the need of the community by continuously improving the property's barrier-free facilities.

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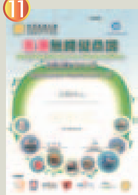

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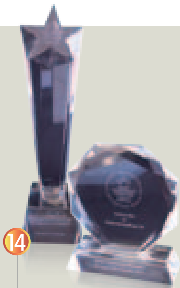
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12 5/2012

Honorary Doctorate Degree of Laws from the University of Manitoba, Canada

Sir Gordon WU received an Honorary Doctorate Degree of Laws from the University of Manitoba, Canada to honor his outstanding achievements.

13 6/2012

Top Ten Developers 2012 Award

HHL won Top Ten Developers 2012 award from BCI Asia Awards 2012. The award serves as a recognition of the 10 most outstanding developers in Hong Kong while encourages them to continue developing socially responsible construction projects. The winning of award proves that HHL performance has been recognized by the industry.

14 6/2012

Corporate Governance Asia Recognition Award and Asian Corporate Director Recognition Award

HHL was awarded The Best of Asia Award in the 8th Corporate Governance Asia Recognition Awards 2012, and Mr. Thomas Jefferson WU, the Managing Director of HHL, was honored with the Asian Corporate Director Recognition Awards 2012 organized by Corporate Governance Asia.

15 6/2012

Asia Pacific Customer Relationship Excellence Awards

The subsidiary of HHL, Hopewell Real Estate Agency Limited, received two accolades namely Customer Satisfaction Quality System of the Year by Hopewell Centre, and Integrated Support Team of the Year by Kowloonbay International Trade & Exhibition Centre at the 2011 Customer Relationship Excellence Awards for their quality service in property and facilities management.

Rhythm of Prime Living

Holding the reins for illustrious projects that herald new eras of luxury living is our way of advancing with the times.

Profile of Directors

Sir Gordon Ying Sheung WU

Mr. Eddie Ping Chang HO

Executive Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE

Aged 76, he is the Chairman of the Board of the Company. 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 before becoming the Chairman of the Board. 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 of the Company and the father of Mr. Thomas Jefferson WU, the Managing Director of the Company.

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

In the PRC

Member
National Committee of the Chinese People's Political Consultative Conference ("CPPCC")

Vice Chairman
Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese (Special committee of CPPCC)

Council Member
United Nations Association of China

Advisor
China Development Bank

In Hong Kong

Vice President
The Real Estate Developers Association of Hong Kong

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

- Institution of Civil Engineers, United Kingdom
- The Hong Kong Institution of Engineers
- Hong Kong Academy of Engineering Sciences

Mr. Thomas Jefferson WU

Mr. Josiah Chin Lai KWOK

He also received Honorary Doctorate Degrees from the following universities:

- The Hong Kong Polytechnic University, Hong Kong
- City University of Hong Kong, Hong Kong
- Lingnan University, Hong Kong
- University of Strathclyde, United Kingdom
- The University of Edinburgh, United Kingdom
- University of Manitoba, Canada

His additional awards and honours include:

Awards and Honours	Year Awarded
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 SAR	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
Honorary Consul of The Republic of Croatia in Hong Kong	2002
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

Mr. Albert Kam Yin YEUNG

Mr. Eddie Wing Chuen HO Junior

Mr. Eddie Ping Chang HO

Aged 79, he has been the Vice Chairman of the Company since August 2003. He is the Vice Chairman of HHI 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 PRC, 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. He is the father of Mr. Eddie Wing Chuen HO Junior, an Executive Director of the Company.

Mr. Thomas Jefferson WU

Aged 39, 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.

Mr. WU joined the Company in 1999 as the 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 organizational effectiveness, and has upgraded its financial and management accounting systems. An Executive Director of the Company since 2001, he was appointed the Chief Operating Officer in 2002, Deputy Managing Director in 2003, Co-Managing Director in 2007, and re-designated the 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 10th Chinese People's Political Consultative Conference, a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference, as well as a member of the Executive Committee of the All-China Federation of Industry and Commerce, among other public service capacities.

In Hong Kong, Mr. WU's major public service appointments include being a member of the Hong Kong Government's Steering Committee on the Promotion of Electric Vehicles, a member of the Securities and Futures Commission Advisory Committee, as well as a member of the Board of Directors of the Community Chest of

Mr. William Wing Lam WONG

Ir. Leo Kwok Kee LEUNG

Hong Kong, the Hong Kong Sports Institute and the Asian Youth Orchestra Limited. In addition, he is an independent non-executive director of Melco Crown Entertainment Limited, a listed company in Hong Kong and USA (NASDAQ). Previously, he was a council member of The Hong Kong Polytechnic University and a member of the Court of The Hong Kong University of Science of Technology.

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 Co-founder and Chairman of the Hong Kong Amateur Ice Hockey Club and the Hong Kong Academy of Ice Hockey. He is also Honorary President of the Hong Kong Ice Hockey Association – the national sports association of ice hockey in Hong Kong, the Vice-President 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 both 2011 and 2012, and named the "Asia's Best CEO (Investor Relations)" in 2012.

Mr. WU is the son of Sir Gordon WU, the Chairman of the Board, and Lady WU, a Non-Executive Director of the Company.

Mr. Josiah Chin Lai KWOK

Aged 60, 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. Afterwards, he worked as 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.

Mr. Albert Kam Yin YEUNG

Aged 61, he was appointed as an Executive Director of the Company in November 2002. 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 Authorized Person, and a member of The Hong Kong Institute of Architects and various professional bodies.

Lady WU Ivy Sau Ping KWOK

Mr. Carmelo Ka Sze LEE

Mr. Eddie Wing Chuen HO Junior

Aged 43, he was appointed as an Executive Director of the Company since August 2003 and is also a director of certain subsidiaries of the Company. He joined the Company in 1994 and held various management positions, including Director of Marketing and Sales and Deputy General Manager, at the Company's Kowloonbay International Trade and Exhibition Centre in Kowloon Bay. He is now involved in the power plant business. He holds a Bachelor of Arts degree from California State University in the United States. He is a son of Mr. Eddie Ping Chang HO, the Vice Chairman of the Company.

Mr. William Wing Lam WONG

Aged 55, 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. He has over 25 years of experience in property and land matters. He was an Associate Director of the Company from May 2005 to January 2007. He is mainly responsible for property sales and leasing and currently a director of certain subsidiaries of the Company. Prior to joining the Company, he was a director of Savills (Hong Kong) Limited, an international property consultants firm.

Ir. Leo Kwok Kee LEUNG

Aged 53, 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. Ir. LEUNG joined 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 in 2003. He is an experienced 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 Europe, Africa and Asia in highways, bridges, buildings, dams and tunnel structures. He 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 from the Council for National Academic Awards in Civil Engineering, as well as the Institution of Civil Engineers' Prize for his outstanding undergraduate performance. In 2004, he was further awarded the PRC National Class 1 Registered Structural Engineers qualification. He serves as committee members to a number of Professional Institutions and is the Chairman of the Civil Division (2011-2012) of the Hong Kong Institution of Engineers ("HKIE"), and a Council Member of the HKIE (2012-2013).

Mr. Guy Man Guy WU

Ms. Linda Lai Chuen LOKE

He was also the Chairman of the Hong Kong Branch of the Institution of Highways and Transportation (2006-2007). In December 2011, he was elected as an Election Committee Member by the Engineering Subsector for the nomination and election of the Chief Executive of HKSAR. He was an Executive Director of HHI from 2003 to 2009 and responsible for the planning, design, engineering and construction of projects within HHI.

Non-Executive Directors

Lady WU Ivy Sau Ping KWOK JP

Aged 63, she is a Non-Executive Director of the Company and joined the Board in August 1991.

She is the Deputy Chairman of the Hong Kong Red Cross and serves on the committees and boards of numerous other social organizations, including the Asian Cultural Council (Hong Kong) and the Asia Society (Hong Kong Center).

She is the wife of Sir Gordon WU, the Chairman of the Board, and the mother of Mr. Thomas Jefferson WU, the Managing Director of the Company.

Mr. Carmelo Ka Sze LEE

Aged 52, he was appointed as an Independent Non-Executive Director of the Company in March 2001 and was re-designated as a Non-Executive Director 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. He 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, which firm rendered professional services to the Company and received normal remuneration for such services. He is a non-executive director of six other public companies listed on the Stock Exchange, namely, China Pharmaceutical Group Limited, The Cross-Harbour (Holdings) Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company, Limited and Termbray Industries International (Holdings) Limited. He is also an independent non-executive director of KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd, two other public companies listed on the Stock Exchange. He is the Chairman of the Listing Committee of the Stock Exchange and previously served as a Deputy Chairman of the Listing Committee for the period from June 2009 to May 2012.

Mr. Sunny TAN

Dr. Gordon YEN

Independent Non-Executive Directors

Mr. Guy Man Guy WU

Aged 55 and an Independent Non-Executive Director of the Company, he joined the Board in 1987. He is also a member of the Audit Committee of the Company. He was appointed as a member of the Remuneration Committee of the Company in May 2011. 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.

Ms. Linda Lai Chuen LOKE

Aged 74 and an Independent Non-Executive Director of the Company, she joined the Board in August 1991 and is also a member of both the Audit Committee and the Remuneration Committee of the Company. She was further appointed as the Chairman of the Remuneration Committee in February 2012. 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 38, 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. He is an executive director and the chief financial officer of Luen Thai Holdings Limited ("Luen Thai"), a listed public company in Hong Kong. Mr. TAN joined Luen Thai in 1999. Prior to joining Luen Thai, Mr. TAN worked at the investment banking division of Merrill Lynch. In 2006, he was appointed as a special advisor to the Governor of Commonwealth of the Northern Mariana Islands. In 2009, Mr. TAN was appointed as the Vice Chairman of the Hong Kong General Chamber of Textiles Limited. 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 42, he was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee of the Company in May 2012. 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. He is currently an Executive Director of Fountain Set (Holdings) Limited, a public company listed on the Stock Exchange. He was awarded a Bachelor of Manufacturing Engineering degree from Boston University, U.S. in 1990, a Master of Business Administration degree from McGill University, Canada in 1992 and a Doctorate degree in Business Administration from The Hong Kong Polytechnic University, Hong Kong in 2005.

HOPEWELL
40TH ANNIVERSARY CELEBRATION

›› Mr. C.Y. LEUNG, Sir Gordon WU, Mr. Eddie HO, Mr. Thomas Jefferson WU, Lady Ivy WU, and the Board of Directors at the 40th Anniversary Cocktail Reception.

›› Hopewell 40th Anniversary Cocktail Reception was held at the Kowloonbay International Trade & Exhibition Centre on August 22, 2012. Attended guests included Mr. C.Y. LEUNG, Chief Executive of the HKSAR; Sir Gordon WU, Chairman of Hopewell; Mr. Eddie HO, Vice Chairman of Hopewell; Mr. Thomas Jefferson WU, Managing Director of Hopewell, Lady Ivy WU and the Board of Directors, as well as numerous celebrities in town. ››

›› Sir Gordon WU delivered the Welcome Remarks.

›› Mr. C.Y. LEUNG, Sir Gordon WU, Lady Ivy WU and Mr. Thomas Jefferson WU at the Cocktail Reception.

Momentum of Linking Cities

We believe that connecting cities will give rise to progress and prosperity. And we are steadfast in growing and linking communities, through our infrastructure projects.

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The revenue of the Group's property letting, agency and management operations amounted to HK$707 million during the year under review, an increase of 9% year-on-year. The EBIT of these operations increased by 11% to HK$445 million year-on-year. The compound annual growth rate of the revenue and EBIT of the Group's investment properties during the five years from FY08 to FY12 were 10% and 15% respectively.

The Group strives to achieve operational excellence by implementing various asset-management and brand-building strategies. It also continues to upgrade the facilities of its investment properties and refurbish them in order to increase their value. To promote their brand image and attract quality tenants, it is committed to providing premium property management and customer services that match the market's expectations. The rental performance of its investment properties is also bolstered by effective reviews of zoning and space planning, and refinement of the tenant-mix. The results on the property rental business are starting to reflect the efforts spent on the marketing programs that began two years ago.

The occupancy rates of the Group's investment properties remained at high levels during the year under review and their average rental rates also increased.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate (YoY)
	FY11	FY12	YoY	
Hopewell Centre	91%	94%	+3%	+5%
KITEC Office	83%	94%	+11%	+4%
KITEC E-Max	92%	94%	+2%	+13%
Panda Place	93%	77% (to be reopened in December 2012)	-16%	+14%
QRE Plaza	90%	86%	-4%	+13%
GardenEast (apartments)	96%	93%	-3%	+12%

Hopewell Centre

Hopewell Centre, the Group's 840,000-square-foot flagship property, had an average occupancy rate of 94% during the year under review. Its aggregate rental income increased by 7% year-on-year, and higher rents were achieved for renewals and new leases of both its office and retail spaces. The average spot rent for office space rose by 19% year-on-year. As of 30 June 2012, the office occupancy rate was 96%.

The main contributors to the increased rental income were the continuous enhancements that are being made to Hopewell Centre's building specifications and services, as well as its improved tenant mix.

Two newly refurbished observation lifts with modern seamless cylindrical glass curtains were reopened during the third quarter of 2011. These serve passengers to and from the 17th to 56th floors. A revamp of the podium facade is targeted to commence during the third quarter of 2012. Its new design will further upgrade the image of Hopewell Centre and enhance its attractiveness on Queen's Road East.

The management's constant commitment to providing outstanding services was further evidenced by the presentation of the Asia Pacific Customer Service Consortium's Customer Relationship Excellence Award to Hopewell Centre in 2011.

The Group's unremitting efforts to add value to Hopewell Centre have enabled it to maintain its competitive edge, thus allowing it to retain existing tenants and attract prestigious new ones, including leading financial and professional firms. During the year under review, lease agreements were signed with Tricor Services Limited, Principal Financial Group and Bayer Group.

As of 15 August 2012, the office portion's rental contracts on hand for FY13 reached HK$190 million, which represents approximately 100% of the rental revenue for FY12. The Group aims to achieve an average passing rent for offices of not less than HK$31/sq.ft. in FY13, which represents 11% increase from HK$27.9/sq.ft. in FY12.

"The East" brand concept has made it possible to attract more high-quality retailers and F&B operators to Hopewell Centre's retail section. The opening of View62 by Paco Roncero, Hong Kong's only revolving restaurant, in June 2012 has further complemented The East's tenant mix. As of 30 June 2012, the retail portion of Hopewell Centre was fully let, and it offers wide array of dining and shopping experiences.

"The East"

"The East" is the brand name of a dining and entertainment community that occupies a prime location in Wan Chai. The concept was created and launched by the Group in December 2007, and it now encompasses a cluster of retail outlets with a total lettable floor area of approximately 273,000 square feet. These are situated at Hopewell Centre, QRE Plaza, Wu Chung House and GardenEast. As the result of well-coordinated marketing and promotional efforts, "The East" has gradually gained momentum, and it presently accommodates 23 high-profile F&B outlets, plus 36 lifestyle stores. The Group expects that the synergy created by the retail elements of the buildings concerned and the new developments currently underway in Wan Chai will further enhance its rental performance in the future. The customer spending has increased remarkably, reflected by the growth in sales turnover of "The East" tenants. It indicates the success in the marketing strategies.

QRE Plaza

This 25-storey, 77,000-square-foot building boasts a broad range of dining options and unique lifestyle services. A key component of "The East", QRE Plaza is connected to Hopewell Centre and Wu Chung House via a footbridge. Its status has now been well established as the one-stop "Quality lifestyle, Relaxation and Entertainment" hub that its name suggests.

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Marketing and promotional activities for "The East" have succeeded in attracting greater traffic and renowned retailers like the MINI car showroom. During the year under review, average occupancy rate fell to 86% from 90% mainly due to reshuffling of tenant mix. As of 30 June 2012, 88% of QRE Plaza's total floor area was let.

Improvement works to upgrade and enlarge the main entrance lobby were completed in January 2012.

Wu Chung House

The Group owns several retail outlets with a total GFA of 17,670 sq.ft. at Wu Chung House. These form part of "The East", and they are fully let to a number of well-known retailers. Following the Rolls-Royce Car Showroom, the recent opening of the McLaren Hong Kong Showroom at Wu Chung House has further enriched its tenant portfolio.

GardenEast

GardenEast, a 96,500-square-foot and 28-storey building, houses 216 premium serviced apartments, plus three retail shops on its podium level. Their convenient location in the heart of Wan Chai's commercial district and their outstanding reputation for quality service have enabled the serviced apartments to attract residents and repeat guests from around the world, especially banking, finance and investment professionals.

The overall rental income of GardenEast rose by 7% year-on-year. The average occupancy rate of its serviced apartments remained high at 93% during the year under review, while the average rental rate increased by 12% compared to last financial year.

As of 30 June 2012, GardenEast's retail premises were fully let to quality F&B operators.

KITEC

Following the establishment of its Energizing Kowloon East Office in June 2012, the Government will press ahead with the transformation of Kowloon East into another attractive central business district. The future supply of commercial space there will also strengthen the area's "cluster effect". Furthermore, the Government is taking initiatives to strengthen the integration of Kowloon East and neighbouring districts, including the proposed rail-based Environmentally Friendly Linkage System (EFLS) and improved pedestrian connection.

The Group is taking "first-mover" advantage to leverage on the benefits brought about by the regeneration of Kowloon East. KITEC will continue to adopt flexible marketing strategies and carry out improvement works to create a pleasing working environment for its tenants. The average occupancy rate for office reached 94% and rents increased during the year under review. The average spot rent for office space rose by 22% year-on-year. As of 30 June 2012, KITEC's office space had an occupancy rate of 97%.

As of 15 August 2012, the office portion's rental contracts on hand for FY13 reached HK$77 million, which represents approximately 107% of the rental revenue for FY12. The Group aims to achieve an average passing rent for offices of not less than HK$10.5/sq.ft. during FY13, which represents 11% increase from HK$9.5/sq.ft. in FY12.

The leasing performance of E-Max remained encouraging. Its tenants offer a wide range of food and beverages, home design and furniture, car shows, bowling and other entertainment options for visitors. The Group will make enthusiastic efforts to attract other types of businesses in order to appeal to broader spectrum of shoppers.

The average occupancy rate of E-Max was 94%. Both occupancy and rental rates increased during the year as a result of the favourable retail environment and the Group's continuous efforts to enhance its competitiveness.

Moreover, the Group is actively promoting E-Max and boosting the business of its tenants by carrying out an on-going programme of renovations and strengthening its marketing activities. The spacious layout and adequate parking at E-Max also offer shoppers extra convenience. Its customer base is expected to expand further when a world-class cruise terminal commences operations in mid-2013, and with the completion of tourism facilities and residential projects at Kai Tak.

As an entertainment-driven commercial complex, KITEC offers a diverse choice of convention venues and facilities for concerts, exhibitions, conferences, banquets, sports events and other activities. A total of 120 shows, including concerts and children musicals, were staged there during the year. Star Hall continued to attract quality entertainment events. "Star Hall Select: A Star in a Hall of Fame HKPO x Hins Cheung Concert" was the highlight kick-off event for HHL's 40th anniversary celebrations. Moreover, "Star Hall Select", a premier entertainment brand, was launched to reflect the venue's glittering image and to present top-notch performances to audiences. Star Hall was once again selected as the location of the 2012 Hong Kong Arts Festival special event, the "World of Wearable Arts" from New Zealand. Its overall convention and exhibition revenue increased by 23% year-on-year.

The Group endeavours to provide patrons with novel experiences. It will introduce the "live house" concept to Hong Kong in the "Music Zone@E-Max". This brand-new venue opened in July 2012. It has a maximum capacity of 600 people and is fully equipped with a stage, professional sound and lighting systems and band

equipment. Its wide range of events has continued to attract a growing number of customer footfalls to the complex.

Panda Place

Panda Place is a 229,000-square-foot shopping mall located in the heart of Tsuen Wan. Its wide array of retail, entertainment and food outlets are popular among locals and tourists alike. The property is now undergoing extensive renovation to enhance its competitiveness by offering visitors a superb shopping experience with a refined tenant mix and a modern look. The management has succeeded in attracting a new anchor tenant, Jusco, which has committed to leasing approximately 120,000 square feet in basement levels 2 and 3.

Average occupancy rate was 77% during the year under review due to renovation and upgrading works, the shopping mall is planned to be reopened in December 2012. Leasing activities are well in progress and market response is encouraging. Over 90% of the arcade spaces have been pre-committed by various retailers. All Panda Place's new tenants, including Jusco, are planning to complete their decoration work and open for business by the fourth quarter of 2012.

Sales

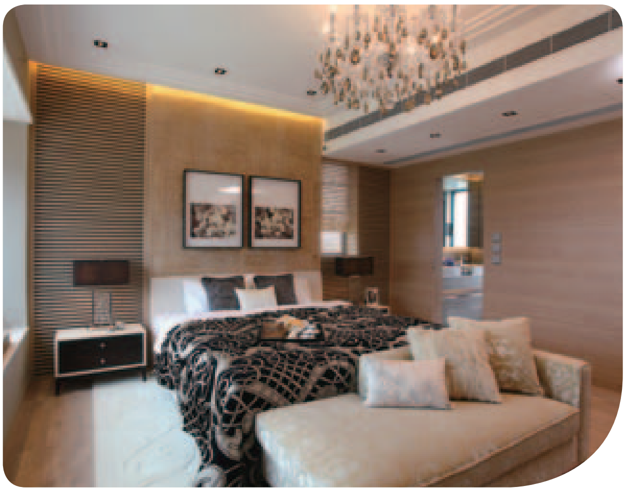
Broadwood Twelve

Project Description	
Location	12 Broadwood Road, Happy Valley, Hong Kong
Total GFA	113,900 square feet
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	Construction completed, sales in progress

The Group has been the driving force behind a series of luxury property developments on Broadwood Road, Happy Valley, which was a little-known narrow trail during the 1970s. Recognising its potential, the Group widened it into a standard two-way road, and afterwards developed a number of renowned luxury hillside residential projects along it.

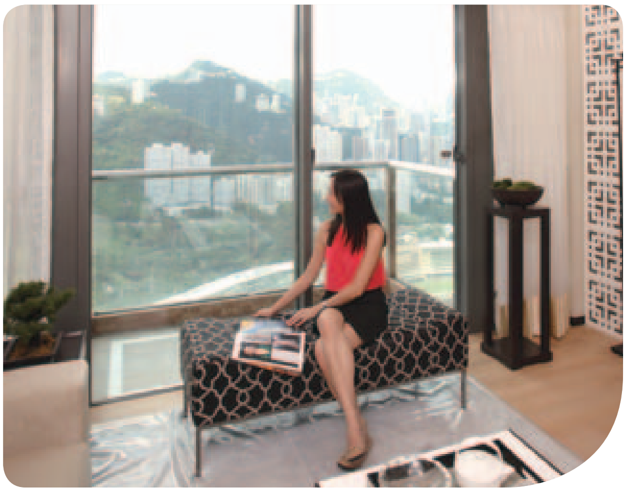
Broadwood Twelve is the Group's latest residential development in Hong Kong. The top-quality finishes of its units and the stunning views they enjoy of the racecourse and Victoria Harbour have positioned them as attractive luxury residences. Broadwood Twelve was originally intended to be held for rental, targeting the premium residential market. However, having considered the property market conditions, particularly the surge in demand for and the selling prices of luxurious residential units as well as the trend of the rental yield, the Company has decided to sell Broadwood Twelve on 24 May 2010.

Sales commenced in June 2010; and as of 15 August 2012, 53 of the 76 units, or 70%, had been sold, generating total sales proceeds of around HK$2,286 million (including proceeds from the



sale of car-parking spaces). 15 of these units were booked during the period under review compared to 36 units booked in FY11. Most of the buyers were end-users, and the average price of the units sold was around HK$25,400/sq.ft. (based on the GFA stated in the marketing brochure). This was broadly in line with the Group's expectations. Despite the uncertainty in the global economic outlook, the Hong Kong luxury residential market remains relatively well-supported by a limited new supply, especially in prime locations and traditional luxury districts.

Broadwood Twelve's high-end residential units have also attracted leasing offers from large and well-known corporations, as well as individual professionals. To maximize the Group's income, 11 unsold units were being leased at an average monthly rental rate of about HK$53/sq.ft. as of 15 August 2012. These will still be available for sale.



Hopewell New Town

Project Description	
Location	Huadu, Guangzhou, the PRC
Total site area	Around 610,200 square metres
Total plot ratio GFA	Around 1.11 million square metres
Basement car park GFA	Around 0.45 million square metres
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 3 kilometres from Baiyun International Airport in Guangzhou, and close to the highway connecting the airport with Guangzhou city centre. Approximately 248,800 sq.m. of the development (consisting of 152 townhouses and 1,666 apartments) had been sold and booked up to 30 June 2012.

According to the current development plan for the project, a total of 58,000 sq.m. with 80 townhouses and 448 apartments were completed during FY12 and 210,000 sq.m. of its residential development will be completed between FY13 and FY15, of which 54,000 sq.m. with 336 apartments will be completed in FY13, 98,000 sq.m. with 896 apartments in FY14, and 58,000 sq.m. with 420 apartments and 55 townhouses in FY15.

Sales on the units completed in FY12 started during the first half of FY12 and the market's response has been encouraging. Up to 15 August 2012, 51,500 sq.m. or 89% of the units completed in FY12 had been sold. They consisted of 59 units or 17,000 sq.m. of townhouses and 443 units or 34,500 sq.m. of apartments. The

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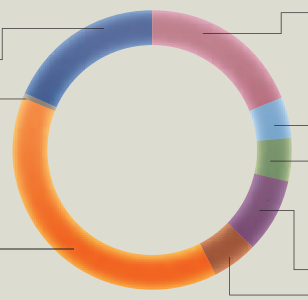
average selling price of the townhouses was around RMB20,700/sq.m. whilst the apartments fetched around RMB7,800/sq.m. Pre-sales of units to be completed in FY13 are currently planned to start in the first half of FY13. The Group expects demand for housing in the area will continue to support the sales of residential units at Hopewell New Town.

The development of a commercial strip with a permissible GFA of 150,000 sq.m. is currently planned to start in around two or three years, depending on market conditions.

Plot ratio GFA breakdown



N1: Plot ratio GFA does not include 0.45 million sq.m. basement car parks
N2: Including approximately 150,000 sq.m. commercial strip planned to be developed
N3: Including 2,100 sq.m. residential area completed before FY12

Breakdown of Plot Ratio GFA by Type of Unit

Development Plan

Sales Booking	Plot Ratio GFA (sq.m.)				
	Apartments	Townhouses	Residential sub-total	Commercial & Others[N2]	Total
Sold & booked up to 30.6.11	181,500	29,000	210,500	-	210,500
Sold & booked in FY12[N3]	24,500	13,800	38,300	-	38,300
Sold & to be booked in FY13[N3]	12,200	3,100	15,300	-	15,300
Planned Completion[N1]					
FY13	54,000	-	54,000	6,000	60,000
FY14	98,000	-	98,000	5,000	103,000
FY15	42,000	16,000	58,000	-	58,000
FY16 & Beyond	384,200	42,900	427,100	185,200	612,300
Remaining stock not yet sold as of 30.6.12	500	6,400	6,900	5,700	12,600
Total	**796,900**	**111,200**	**908,100**	**201,900**	**1,110,000**

N1: Present planning, subject to change
N2: Including 6,000 sq.m. shops, and approximately 150,000 sq.m. commercial strip planned to be developed
N3: Including 2,100 sq.m. residential area completed before FY12

Hospitality

Panda Hotel

Business and leisure travel remained buoyant during the year under review, resulting in a significant increase in Panda Hotel's occupancy and average room rates. Its turnover amounted to HK$328 million, an increase of 23% on the HK$266 million reported in the previous financial year.

Mainland China continued to be the hotel's largest market, but there was a slight shift towards the emerging markets of Southeast Asia during the year. The hotel's average room occupancy was maintained at around 90%, whereas both the average room rate and room revenue reached record highs for the past 20 years. The average room rate increased by 24% year-on-year and room revenue amounted to HK$232 million, a year-on-year increase of 25%.

The hotel's restaurant and banquet businesses witnessed healthy year-on-year growth of 19%. Their combined revenue rose to HK$93 million as the result of increased use of the banqueting venue.

While the hotel's revenue grew significantly during the year, inflationary pressures continued to affect its operating and other costs, especially labour and food costs. In view of this trend, the hotel maintained tight control over its costs while simultaneously retaining and nurturing the development of its workforce.

The coming year will be a challenging year for Panda Hotel, due to an increase in the supply of hotel rooms in the Tsuen Wan area. To maintain its competitiveness, the hotel will tap into potential new leisure markets and MICE business via various marketing campaigns. Guestroom renovation and facility upgrading programme will continue and an on-going staff training programme will be conducted to upgrade service quality.

Restaurant & Catering Services

The KITEC Food and Beverage business, including its restaurants and catering services, grew significantly during the year under review. Revenue from food and beverage sales reached HK$118 million, an increase of 28% on the HK$92 million achieved in the last financial year. This was mainly attributable to continuous growth in its banqueting business, which successfully offered a flexible pricing strategy, special tailor-made corporate and wedding banquet packages, and consistent food and service standards, as well as KITEC's diverse choices of venues for different categories of customers.

To support the tenant mix strategy for QRE Plaza, the Queen's Palace Restaurant was closed in March 2012. Its revenue during the period prior to its closure amounted to HK$5 million.

Development

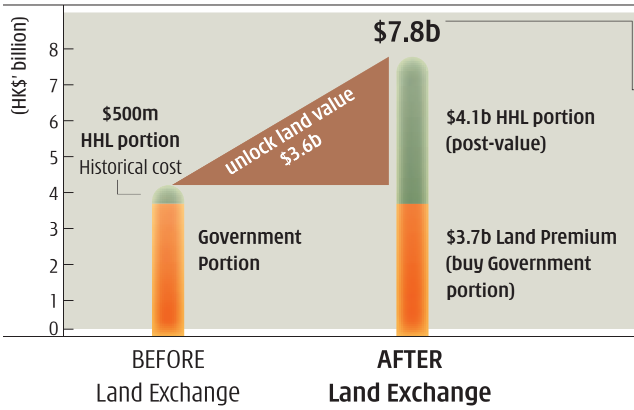
Hopewell Centre II

Project Description	
Location	Wan Chai, Hong Kong
Total GFA	Around 101,600 square metres
Nature of Development	Primarily a conference hotel with approximately 1,024 guest rooms (hotel area of around 70,500 sq.m.), a retail area of around 27,700 sq.m. and an office area of 3,400 sq.m.
Height/No. of Storeys	210 mPD/55 storeys
Estimated Total Investment	Around HK$9 billion (including land premium of HK$3,726 million and HK$400 million for a road improvement scheme and parks)
Status	Plan to start construction by end of 2012

On 26 June 2012, the Group received a land premium offer for Hopewell Centre II, which it decided to accept. The amount of the land premium payable by the Group to the Government for the Land Exchange is HK$3,726 million. Under the current plan, the Group will take possession of the site for Hopewell Centre II and start construction there by the end of 2012. It is targeted for completion in 2018. The estimated total investment cost is currently expected to be around HK$9 billion, which will be financed by the Group's internal resources and/or external bank borrowing. Upon completion, Hopewell Centre II is expected to be Hong Kong's first conference hotel.

The market's estimated value of the site of Hopewell Centre II after completion of Land Exchange is about HK$7.8 billion. After deducting the premium of about HK$3.7 billion, the market's estimated value of the portion of the land already owned by the Group amounted to HK$4.1 billion, compared to its book value stated at historical cost of around HK$500 million as of 30 June 2012. As such, HK$3.6 billion of land value will be unlocked after completion of the Land Exchange, of which the fair value gain of investment property portion will be reflected in the future in the Group's financial statements.

Hopewell Centre II – Market's Estimated Land Value*



Market's Estimated Land Value*	HK$/sq.ft.	GFA sq.ft.	Land Value
Hotel	5,600	758,000	HK$4.2b
Retal[N1]	10,700	335,000	HK$3.6b
Total			HK$7.8b

N1: Including office GFA approx. 37,000 sq.ft.

* As of 15 August 2012

Preparations continued to ensure compliance with the approved conditions for the Land Exchange. The establishment of two preparatory committees – for Hopewell Centre II Green Park and for the Conservation and Revitalization of Nam Koo Terrace – was in progress.

A road improvement scheme, a green park open to the public and an extensive tree-planting plan will be implemented together with the project. The road improvement scheme will help to solve the area's traffic problems and increase the safety of pedestrians, while the green park will provide a venue for public recreation and enjoyment.

As part of the Group's Wan Chai Pedestrian Walkway proposal, the project will provide a convenient pedestrian connection between the Kennedy Road residential area in Mid-Levels and Wan Chai MTR Station, via Hopewell Centre and the Lee Tung Street Project. This will help to integrate Wan Chai District and make the Group's "The East" premises more accessible. It will also synergize with the Group's property portfolio and enhance its recurrent income base.

Lee Tung Street Project

Project Description	
Location	Wan Chai, Hong Kong
Project Nature	URA Project
JV partner	Sino Land Company Limited
Nature of Development	Residential, Commercial and Government, Institution or Community
Planned investment	Around HK$9 billion (HHL's share: HK$4.5 billion)
Total site area	Around 88,500 square feet
Total GFA	Around 835,000 square feet
Residential GFA	Around 731,000 square feet (around 1,300 residential units)
Retail GFA	Around 86,000 square feet
Area to be handed over to the URA	Around 18,000 square feet
Revenue sharing with the URA	• Residential sales proceeds in excess of HK$6.2 billion will be shared equally between the URA and joint venture • Net rental income and sales proceeds from commercial portion will be shared 40:60 by the URA and joint venture

The Lee Tung Street Project is a URA redevelopment project with residential, commercial and government, institution or community elements. The Group and Sino Land Company Limited (Sino) formed a 50:50 JV and won the tender for it in June 2009. The JV creates synergy for the project by combining the Group's long-term presence and experience in Wan Chai with Sino's strong track record in residential development and its experience of URA projects.

The Lee Tung Street/McGregor Street area is widely known as an iconic local landmark, and it is full of historical significance. The project will highlight its unique and distinctive characteristics by incorporating redevelopment, heritage conservation, revitalisation, and green elements. A cluster of three historic buildings on Queen's Road East that forms part of the project will be revitalised as well. The project will promote the continuous growth of Wan Chai District for the benefit of the community and future generations, which is in line with the Group's sustainability philosophy.

Besides revitalising the district, the project will provide a convenient pedestrian link between the Kennedy Road residential neighbourhood in Mid-Levels and the Wan Chai North commercial area. As the hub of this connection, the development's complex will form a direct and unique link between Wan Chai MTR Station and "The East". The sophisticated network of pedestrian walkways will together form the proposed Wan Chai Pedestrian Walkway, which will unite and integrate various parts of Wan Chai District.

The JV currently plans to invest around HK$9 billion to provide the project with premium quality and environmentally friendly features. In July 2011, the JV signed bank loan facilities for an aggregate principal amount of up to HK$5 billion, which should be more than adequate to fund it. As of 30 June 2012, the Group had also injected approximately HK$2.1 billion of its own funds into it.

Superstructure work on the Lee Tung Street project is currently underway. Pre-sales of its residential portion are currently planned to start in 2013. The commercial portion, which will be developed into a themed shopping mall, is planned for completion in 2015. This will further enlarge the Group's rental property portfolio, and it is expected to create synergy among the Group's existing properties in Wan Chai, which include Hopewell Centre, QRE Plaza and GardenEast, as well as the future Hopewell Centre II.

Liede Integrated Commercial (Operating Lease) Project

Project Description	
Location	Zhujiangxincheng, Guangzhou CBD, PRC
Total GFA	Around 230,000 square metres (including basement car parks)
Nature of Development	A high-quality commercial complex
Planned investment	Not less than RMB1 billion
Landlord	Guangzhou Liede Economic Company Limited
Tenant	A subsidiary wholly-owned by the Group
Investment structure	Operating lease of the buildings with landlord
Status	Construction in progress

Pursuant to an agreement entered into by a subsidiary of the Group and the development's landlord, Guangzhou Liede Economic Company Limited, the Group's subsidiary will be responsible for fitting out and equipping this commercial complex development. Once construction work has been completed, the premises will be leased to the Group's subsidiary under an operating lease. It will pay rent to the landlord when its commercial operations commence.

Construction of the project began in the third quarter of 2011, and is currently planned for completion in 2016.

INFRASTRUCTURE

Hopewell Highway Infrastructure Limited ("HHI")

Business Performance

The European debt crisis weakened global demand for exports from China, and Guangdong Province in particular, in the first quarter of 2012. Guangdong's exports grew by just 5% during the period, adversely affecting the demand for transportation. However, the province's export trade began to regain its momentum during the second quarter, with exports growing by 8%. This helped to revive the region's demand for transportation. The Chinese Government's new measures to stimulate domestic consumption and encourage investment have added impetus to the country's economy, and they will support the target of 7.5% economic growth during 2012. This will benefit the HHI Group's expressways.

The total number of car sales nationwide remained high during the first half of 2012. Around 9.6 million vehicles were sold, a year-on-year increase of 3%. Media reports said the number of newly registered passenger vehicles in Guangdong rose by around 439,000, or 8.9% during the same period. National stimulus policies to support the automobile industry have been reinstated this year. On 16 May 2012, the State Council decided to launch a new round of the subsidy programme for fuel-efficient cars to boost sales of energy-saving and environmental friendly models. RMB6 billion has been allocated to subsidize purchases of fuel-efficient vehicles with a cylinder volume of not more than 1.6 litres. Moreover, the Ministry of Finance and Ministry of Commerce have jointly announced that the Government will subsidize the purchases of vehicles on a trade-in basis. These policies are expected to add fresh impetus to nationwide car sales.

The traffic volume of Class 1 small cars on the GS Superhighway continued to grow steadily. The diversion of Class 4 and Class 5 commercial trucks to National Highway 107 after it became toll-free in April 2011, combined with the sluggishness of Guangdong's import and export trades in the first quarter of 2012, led to a decline in the traffic volume of these categories of vehicles using the GS Superhighway, although this trend has since stabilized. As a result of the synergy with Phase II West, the traffic volume of Phase I West continued to grow, mainly driven by the continuous growth in the traffic of Class 1 small cars. In addition, the truck restriction measures at Yajisha Bridge on the Guangzhou East-South-West Ring Road was lifted in December 2011 and a rebound in trucks on Phase I West was observed. Meanwhile, Phase II West continued to record significant growth in both its traffic volume and toll revenue during the year under review.

During the year under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West and Phase II West increased by 6% to 500,000 vehicles, while their aggregate average daily toll revenue increased by 0.4% to RMB11.37 million. Their combined toll revenue amounted to RMB4,163 million.

Implementation of Guangdong Tariff Proposal

In accordance with the requirements of the Tariff Proposal issued by the relevant authorities of the Guangdong Government, the tariffs of the GS Superhighway, Phase I West and Phase II West were revised with effect from 1 June 2012. Details of the Tariff Proposal were disclosed in the voluntary joint announcement issued by the Company and HHI on 28 March 2012. Under the revised tariffs, the basic toll rate remains unchanged at RMB0.6 per kilometre, and the multiplier of Class 1 vehicles is also unchanged at 1. The key changes to the tariff for the GS Superhighway includes a reduction in the multipliers for Classes 2, 3, 4 and 5 vehicles, from 2, 3, 4 and 4.5 to 1.5, 2, 3 and 3.5 respectively. The toll distance for road sections between the entry/exit plaza and the junction of the entry ramp/ exit ramp with the main alignment of the adjacent expressway has been reduced by 50%. Since the Western Delta Route has adopted the same toll structure since

its opening, the effects of the implementation of the Tariff Proposal on it have been minimal. The impacts on the GS Superhighway was reflected in its traffic volume and toll revenue. Year-on-year, its average daily toll revenue fell by 16.7% to RMB8.3 million in June 2012, which was in line with the previous assessment contained in the voluntary joint announcement issued by the Company and HHI on 31 May 2012, while that for July fell by 15.3% to RMB8.7 million. Corresponding aggregate net profits of the GS Superhighway JV shared by HHI (excluding exchange differences on US Dollar and HK Dollar loans, and related income tax expenses) for June 2012 and July 2012 dropped approximately 24% year-on-year.

Since the revised tariff was implemented, a slight increase in the traffic volume on the GS Superhighway has been observed. The average daily traffic volume in June 2012 and July 2012 increased 6% and 7% year-on-year to 420,000 vehicles and 435,000 vehicles respectively. For both Classes 1 and 3 vehicles, year-on-year traffic growth have been recorded. Class 1 small cars recorded traffic growth of 8% in both June 2012 and July 2012 to 322,000 vehicles and 331,000 vehicles respectively, resulting from a rise in short-distance traffic. Meanwhile, Class 3 vehicles also recorded a slight traffic growth of 3% and 5% to 62,000 vehicles and 66,000 vehicles respectively in the same months, driven by an increase for passenger coaches and medium-sized trucks.

Traffic Patterns and Price Sensitivity

The average daily traffic volume of all classes of the GS Superhighway during the first month following the implementation of the Tariff Proposal on 1 June 2012 was greater than in the previous three months between March and May. The traffic growth rate for commercial vehicles - mainly Classes 3, 4 and 5 vehicles - was greater than that of small cars because their drivers are more price-sensitive. Even so, the number of Class 1 small cars using the GS Superhighway continued to grow, in line with the growth of the economy and car ownership in Guangdong Province. This is a preliminary observation, and any long-term trend can only be confirmed during the coming months.

Comparison of average daily traffic of the GS Superhighway before and after the Implementation of the Tariff Proposal

	(Thousand vehicles/day)		
	Before Implementation March-May 2012	After Implementation June 2012	Change (%)
Class 1	314.80	321.88	+2.2%
Class 2	8.94	9.20	+3.0%
Class 3	59.04	62.39	+5.7%
Class 4	6.20	6.47	+4.4%
Class 5	19.57	20.21	+3.3%
Total	408.55	420.15	+2.8%

Following the implementation of the Tariff Proposal in June 2012, the JV companies received another notice from the Guangdong Provincial Communications and Transportation Bureau and the Price Control Administration of Guangdong Province on 26 July 2012. The notice requires all toll expressways in Guangdong Province to revert certain toll charges that were revised upward in accordance with the Tariff Proposal ("Revised Toll Charge") to their previous levels before the implementation of Tariff Proposal ("Original Toll Charge") if those new charges are higher than the previous ones. Expressways invested and funded by state-owned enterprises have implemented the Original Toll Charge in early August. The HHI Group's expressways have not yet been requested to implement the requirements on the notice so far. If it is implemented, its impact on the toll revenue of the HHI Group's expressways is expected to be minimal.

On 2 August 2012, the State Council issued the Notice regarding the Holiday Toll-Free Policy pursuant to which, small passenger vehicles are entitled to use relevant toll roads for free during major statutory holidays (being Lunar New Year, Ching Ming Festival, Labour Day, National Day and the prescribed rest days immediately before and/or after such statutory holidays). While the implementation of the Holiday Toll-Free Policy is expected to have a negative effect on the toll revenue of the GS Superhighway, Phase I West and Phase II West, the impact is not expected to be material. Details can be referred in the joint announcement issued on 14 August 2012 by the Company and HHI.

The GS Superhighway is now adapting to the impact of the new tariff while its average daily toll revenue was approaching RMB9 million, with RMB8.7 million recorded in July 2012. Nevertheless, the HHI Group believes the impacts from the implementation of Tariff Proposal will be stabilizing in the next few months.

Partial Opening of Coastal Expressway

A 41-kilometre stretch of the 59-kilometre Guangzhou-Dongguan section of the Coastal Expressway was opened in mid-January 2012. Between January to June 2012, the average daily traffic volume of the GS Superhighway increased by 1%.

The GS Superhighway still remains a more competitive option, considering the total travelling distance and total toll charge for vehicles travelling on the Coastal Expressway and its connecting expressways. Its advantages include its convenient access to populous downtown areas and major expressways, as well as its well-equipped facilities and high-quality services. For example, the GS Superhighway has over 60 patrol vehicles and towing vehicles in the fleet, plus a professional patrol and rescue team of more than 200 staff who provide highly efficient services in the event of vehicle breakdowns and accidents. It is fully illuminated, and it has over 160 traffic surveillance cameras monitoring its entire main alignment. 5 traffic police stations line the route, and 4 service areas and petrol stations are in operation. All these facilities ensure users of the GS Superhighway enjoy a safe, convenient and comfortable journey and that they receive high standards of service. The HHI Group believes up to now the impact of the opening of the new stretch of the Coastal Expressway, which has opened so far, on the GS Superhighway has been minimal.

Latest media reports said the remaining 18 kilometres of the Coastal Expressway's Guangzhou-Dongguan section will be opened in phases before mid-2013, and the 30-kilometre Shenzhen section is scheduled for completion by the third quarter of 2013. Thus the Coastal Expressway will be fully completed by the third quarter of 2013. However, given the above-mentioned competitive advantages of GS Superhighway and Guangdong's continuing economic growth, the HHI Group believes GS Superhighway will continue to be the province's leading traffic artery.

Operating Environment

At around 2 million vehicles, Guangzhou has the second highest car-ownership figure in Guangdong. Since 1 July 2012, it has capped the number of the increase in ownership of small and medium-sized passenger vehicles at 120,000 a year, on a trial basis for one year. This policy aims to improve the quality of Guangzhou's environment, and also to enhance its transportation system by relieving traffic congestion in its downtown districts. The HHI Group believes this will have an insignificant impact on its expressways, since the car ownership in Guangdong is expected to maintain steady growth.

The first phase of the cross-border Ad-hoc Quotas Trial Scheme for private cars was launched in late March 2012. Hong Kong private cars with five seats or less can now be driven into Guangdong Province via Shenzhen Bay Port and remain in Guangdong for up to seven days. As of 31 July 2012, more than 300 drivers had brought their private cars from Hong Kong to China under the scheme. The HHI Group's expressways may benefit from it in the longer term, as more travellers are allowed to drive their cars to cross the border.

The Guangdong Government is currently studying the implementation of a toll-by-weight system on expressways in the PRD region. Those expressways in which the HHI Group has invested may benefit from such an initiative, since it would reduce the number of overloaded trucks.

Sustained Efforts to Enhance Service Standards

Expansion and Improvement Works

The HHI Group has been proactively monitoring the traffic on its expressways, and it has adopted effective management measures to increase their efficiency, safety and the quality of their services.

To increase their throughput capacity in the face of the growing traffic volume, 2 busier sections of the GS Superhighway have been widened to a total of 10-lane in dual directions. These are the 3.5-kilometre section between the Wudianmei and Taiping interchanges, which was widened from 6 to 10 lanes in June 2011, and the approximately 2-kilometre section between the Fuyong and Hezhou interchanges, adjacent to Shenzhen International Airport, which was widened from 8 to 10 lanes in May 2012. Widening work on these sections has now been completed and they are open to traffic. Traffic pressure during peak hours has been relieved on the widened sections and the number of accidents has significantly declined. The average speed and number of vehicles passing through them and between them as well as nearby interchanges have risen as well, thus helping to maintain a smooth flow of traffic throughout the GS Superhighway.

To facilitate the merger of toll networks in Guangdong's Central District and Guangzhou District, the GS Superhighway's Guangzhou toll station was expanded and reconfigured, and unnecessary toll plazas on it were removed during the second quarter of 2012. The toll station's reconfiguration has not only reduced the number of stops required for the toll collection process and thus increased throughput, it has also helped to reduce the GS Superhighway's operating cost. The merger of the province's toll networks has greatly boosted the efficiency of its expressway transportation system, thus benefiting all its users.

Electronic Toll Collection ("ETC")

The JV companies have been making continuous progress in raising the operational efficiency of the GS Superhighway, Phase I West and Phase II West in order to cope with its increasing traffic by installing automated equipment. ETC lanes have been installed at nearly all the entrances and exits on our expressways, which has reduced the average length of time vehicles spend at them. As of 30 June 2012, the GS Superhighway had 68 ETC lanes on it, the highest number of ETC lanes on any expressways in Guangdong Province. The continuous rise in the number of Guangdong Unitoll Card users also significantly increased the usage of ETC lanes during the year, a trend that looks set to continue. Moreover, 80 new automatic card-issuing machines were installed and went into operation at all the entrances to the GS Superhighway. Around 60% of all the toll lanes at the GS Superhighway entrances now have either ETC lanes or automatic card-issuing machines. These automated facilities have helped to contain the number of toll collection staff required at a reasonable level, and they have also helped to control the operating cost of the GS Superhighway JV.

Management Discussion and Analysis

Business Review

Strengthened Monitoring of Toll Integration

The GS Superhighway, Phase I West and Phase II West have been integrated into Guangdong's toll integration network since 2005 and 2010 respectively. During the year, the HHI Group entered into a conditional agreement to acquire a 2.4% shareholding in Guangdong Unitoll Collection Incorporated, which operates the clearing house that centralizes and manages data concerning the daily toll revenues collected by all expressways in Guangdong, for settlement via its toll integration network. This will enable the HHI Group to communicate more closely with Guangdong Unitoll Collection Incorporated, and thus monitor its operations and development plans better.

Project Development

Construction of Phase III West has been advancing smoothly, and it will be completed by the first quarter of 2013 around Lunar New Year, earlier than originally scheduled. It will then become the most direct and shortest link between Zhongshan and Zhuhai and the entire Western Delta Route will have been completed.

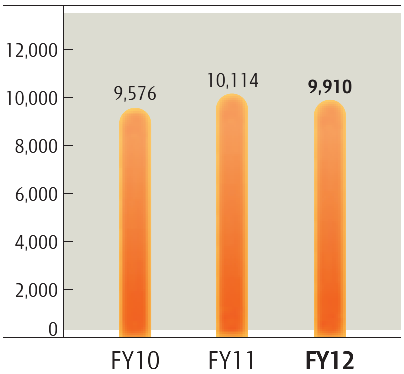
The Western Delta Route will be the main artery of a regional expressway network spanning the western bank of the PRD and providing a direct route for road users between Guangzhou, Foshan, Shunde, Zhongshan and Zhuhai. The travelling time between Guangzhou and Zhuhai will be greatly reduced, from approximately two and a half hours at present to around one hour. Moreover, the completion of the HZM Bridge, which is scheduled for late 2016, will further expand the regional expressway network on the PRD's western bank to link it directly with Macau and Hong Kong. This will help to strengthen the region's economic integration and it will further boost the Western Delta Route's traffic and toll revenue.

The HHI Group will endeavour to expedite the completion of Phase III West to offer the region's road users a more comprehensive and efficient expressway network. It will also further enlarge the HHI Group's revenue base, and the entire Western Delta Route's traffic and toll revenue will benefit from the synergy it will create.

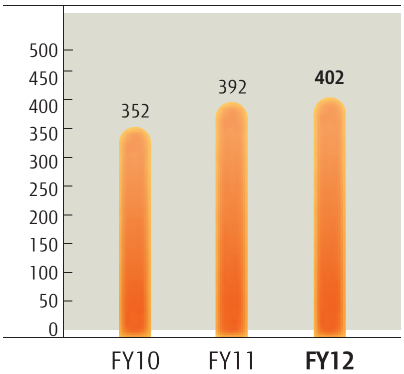
Project Summary
Guangzhou-Shenzhen Superhighway

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%

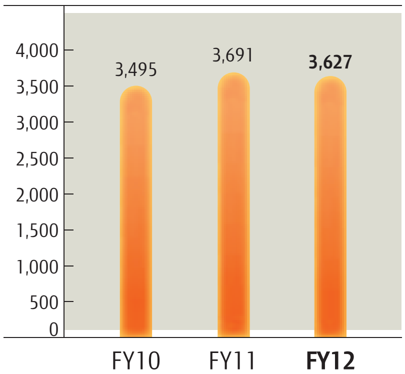
GS Superhighway
Average Daily Toll Revenue
(RMB thousand)



GS Superhighway
Average Daily Traffic
(No. of vehicles in thousand)



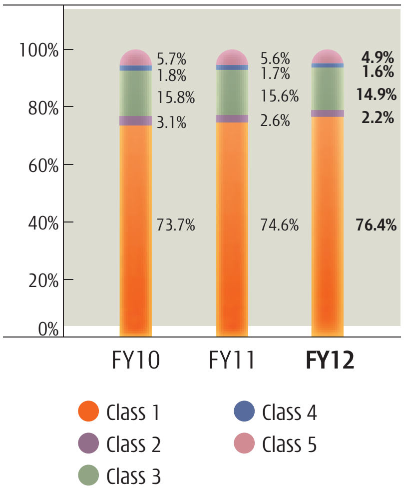
GS Superhighway
Annual Toll Revenue
(RMB million)



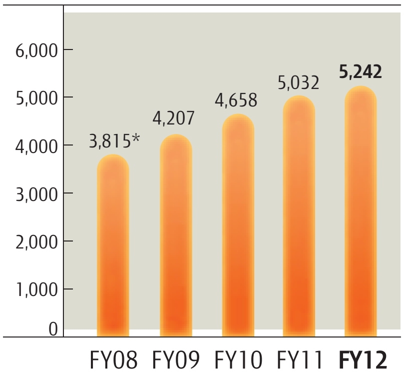
Guangzhou-Shenzhen Superhighway

The GS Superhighway is the main expressway connecting the PRD region's three major cities - Guangzhou, Dongguan, Shenzhen and Hong Kong. Traffic on the GS Superhighway is being continuously fuelled by the increasing number of cars in Guangdong, which at the end of 2011 amounted to 9.1 million vehicles, a 16.4% rise on the figure a year earlier. During the year under review, the GS Superhighway's average daily toll revenue decreased by 2% year-on-year to RMB9.9 million, whereas its total toll revenue amounted to RMB3,627 million. Meanwhile, its average daily traffic volume increased by 3% to 402,000 vehicles.

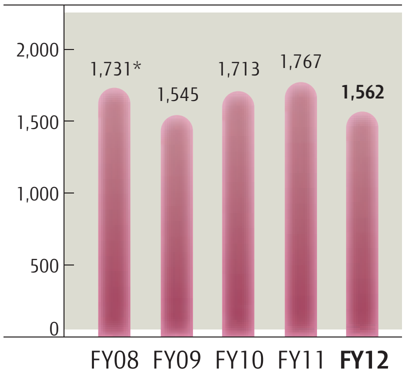
GS Superhighway
Traffic Breakdown by Class



Class 1 - Average Daily Toll Revenue (FY08-FY12)
(RMB thousand)



Class 4&5 - Average Daily Toll Revenue (FY08-FY12)
(RMB thousand)



* A section of the GS Superhighway was closed for maintenance in phases between October 2007 and July 2008.

Driven by the continuous growth in the car ownership in Guangdong and sales of passenger vehicles, the traffic volume and toll revenue derived from Class 1 small cars reached historical high levels during the year under review. In April 2011, all the toll stations on National Highway 107 in Shenzhen and Dongguan were removed, making the entire route toll-free. As a result, some vehicles (mainly Class 4 and Class 5 commercial trucks) that had previously used the GS Superhighway reverted to using National Highway 107. Thus the traffic volume and toll revenue derived from them declined, although the drop has stabilized during the year under review. Meanwhile, Class 1 small cars accounted for 76.4% of the GS Superhighway's total traffic volume, and the average toll revenue per vehicle per kilometre declined by 4% from RMB0.91 to RMB0.87, due to the higher percentage of Class 1 small cars. Contribution from Class 1 small cars continued to rise, accounting for 59% of the GS Superhighway's toll revenue in July 2012.

After the implementation of the revised tariff on 1 June 2012, by comparing the toll revenues between June 2012 and June 2011, the average daily toll revenue of the GS Superhighway significantly dropped by 16.7% and 15.3% between July 2012 and July 2011. However, a slight increase of traffic volume at the GS Superhighway has been observed. The average daily traffic volume in June and July 2012 increased 6% and 7% year-on-year to 420,000 vehicles and 435,000 vehicles respectively. Both Classes 1 and 3 vehicles have recorded year-on-year traffic growth. Class 1 small cars showed the highest traffic growth, with year-on-year growth of 8% recorded in both June 2012 and July 2012. Class 3 vehicles also recorded year-on-year traffic growth of 3% and 5% respectively in the same months.

As discussed earlier in the section headed "Partial Opening of Coastal Expressway", the impact of the opening of the Guangzhou-Dongguan section of the Coastal Expressway on the GS Superhighway has been minimal so far. Between January to June 2012, the average daily traffic volume on the GS Superhighway increased by 1% year-on-year. Given the GS Superhighway's competitive advantages in terms of its strategic geographical location, well-equipped facilities and high-calibre services, as well as the Guangdong's continuous economic growth, the HHI Group believes the GS Superhighway will remain the province's key traffic artery.

Despite the partial opening of the Coastal Expressway and the implementation of the Tariff Proposal, traffic volume for all five classes of vehicles on the GS Superhighway increased in June 2012 compared to the average figure for March to May 2012 as shown under the paragraph headed "Implementation of Guangdong Tariff Proposal". This indicates the underlying growth in traffic volume remains.

The GS Superhighway JV has been making continuous progress in raising the operational efficiency of the GS Superhighway and its ability to cope with increasing traffic by installing automated equipment. As mentioned in the previous section headed "Electronic Toll Collection", ETC lanes or automatic card-issuing machines have now been installed at about 60% of all the toll lanes at entrances to the GS Superhighway, giving it more ETC lanes than any other expressways in Guangdong. These not only help to contain the number of toll collection staff required at a reasonable level, they also help to control the operating cost of the GS Superhighway JV.

Moreover, the GS Superhighway JV has installed weighing equipment at 30 toll lanes to identify overloaded green-lane trucks that are not entitled to toll exemption more efficiently and effectively. At the same time, it is actively studying a toll-by-weight system.

In January 2012, the GS Superhighway collaborated with the Guangdong Provincial Communications and Transportation Bureau and the Traffic Management Department of Guangdong Provincial Public Security Bureau in their joint public campaign to promote traffic safety, management and service standards. Closer cooperation between the GS Superhighway JV and traffic police through the campaign has resulted in a substantial drop in the number of traffic accidents along the GS Superhighway and the average time required to clean up the scene of accident has also shortened. Consequently, the traffic flow has become considerably smoother. These achievements and the enhancement in the GS Superhighway's overall service standards have been well recognized by the above-mentioned official bodies and the public. In July 2012, it became the first and only expressway in Guangdong to be awarded the title of "Model Highway of Civilized Traffic Management" ("文明交通示範公路"). The HHI Group and its JV companies will continue to make every effort and take up this exemplary role to ensure the safety and comfort of road users, which has always been their top priority.

Besides operating the rescue and towing services on the Guangzhou and Dongguan sections, the GS Superhighway JV's rescue team extended its scope by taking over the rescue and towing services on the Shenzhen section in January 2012, thus making it one of the very few expressways in Guangdong to be covered entirely by its own rescue and towing services. It has more than 60 patrol vehicles and towing vehicles in the fleet and employed more than 200 professional patrol and rescue staff to ensure high-quality service.

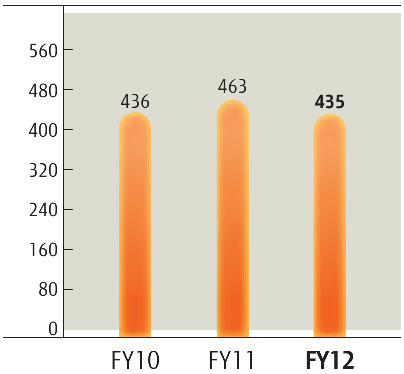
The GS Superhighway JV put a lot of efforts in environmental protection during the year. It replaced all the light bulbs at the toll plazas with energy-saving lights including LED ones, which reduce their energy consumption. In addition, it replaced all T8 fluorescent light tubes with more energy-efficient T5 ones. The GS Superhighway JV is now piloting the installation of LED lights at a 10-kilometre section along the main alignment. If they perform satisfactorily, the JV will install LED lights throughout the main alignment in the near future.

Additional landscaping works along both sides of the Guangzhou and Dongguan sections of the GS Superhighway were upgraded during the year under review. These have given the expressway a more beautiful green look and improved roadside air quality, thus providing all its users with a more pleasing driving experience.

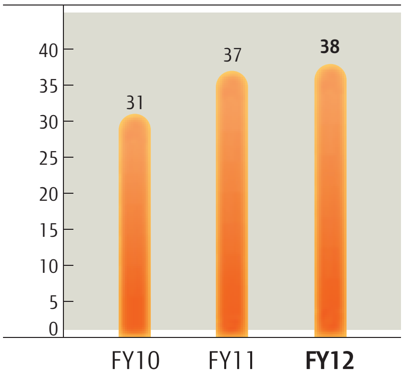
Project Summary
Phase I of the Western Delta Route

Location	Guangzhou to Shunde, Guangdong, PRC
Length	14.7 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	September 2003 - September 2033
Profit Sharing Ratio	50%

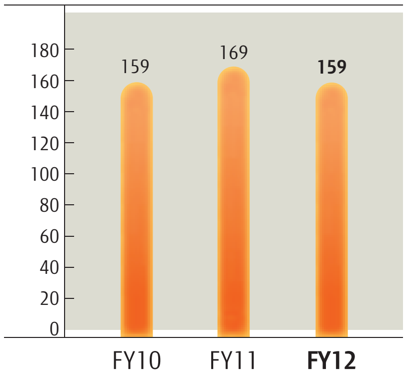
Phase I West
Average Daily Toll Revenue
(RMB thousand)



Phase I West
Average Daily Traffic
(No. of vehicles in thousand)



Phase I West
Annual Toll Revenue
(RMB million)

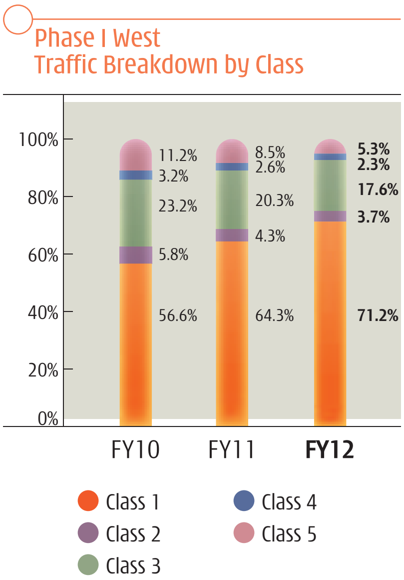


Phase I of the Western Delta Route

Phase I West is a 14.7-kilometre closed expressway with a total of 6 lanes in dual directions. It connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. During the year under review, Phase I West's average daily traffic volume increased by 2% year-on-year to 38,000 vehicles, whereas its average daily toll revenue declined by 6% to RMB435,000. Its total toll revenue for the entire financial year amounted to RMB159 million.

Since the revised tariff was implemented on 1 June 2012, Phase I West's average daily toll revenue has decreased by 2% year-on-year in June 2012 and increased by 2% in July 2012, thus indicating its minimal impact.

Following the opening of Phase II West in June 2010, Phase I West and Phase II West have formed the main expressway between Guangzhou and downtown Zhongshan; and they have reduced the travelling time between the two cities from one hour via local roads to approximately 30 minutes. The synergy between the two phases has resulted in a rapid growth in the traffic



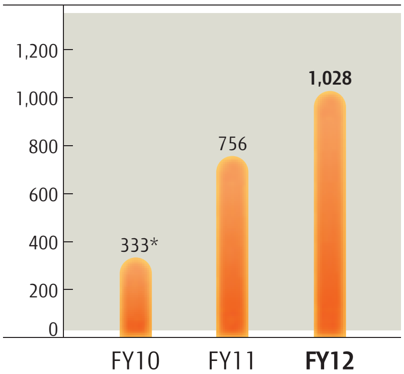
and toll revenue of Class 1 small cars on Phase I West, which accounted for 71.2% of its total traffic volume compared with 64.3% the previous year. Meanwhile, the average toll revenue per vehicle per kilometre declined by 7% from RMB0.86 to RMB0.80.

The drop in the toll revenue of Phase I West during the year under review was mainly due to the intensified traffic restriction measures associated with the maintenance works on Yajisha Bridge, which prohibited trucks weighing over 15 tons from using Yajisha Bridge on the Guangzhou East-South-West Ring Road from mid-July 2011 onwards. However, this work was completed at the end of December 2011, and the restriction was subsequently lifted. As a result, traffic on Phase I West has since started to pick up. Its average daily toll revenue and average daily traffic have gradually rebounded from RMB409,000 and 35,000 vehicles in August 2011 to RMB427,000 and 40,000 vehicles in June 2012. In particular, the traffic and toll revenue for Class 1 vehicles continued to grow and those for Classes 4 and 5 vehicles were picking up, despite the latter had not returned to the levels before the Yajisha Bridge started maintenance works. This was mainly due to the removal of the toll station on National Highway 105 near Phase I West's Bijiang interchange in January 2012 and the section between Guangzhou and Bijiang of National Highway 105 became toll free since then. Therefore, some trucks travelling to and from Guangzhou that previously used Phase I West have since diverted to using National Highway 105. The continuous growth in the traffic and toll revenue of Class 1 small cars outweighed the setback from Classes 4 and 5 commercial trucks, resulting in a 2% increase in the average daily traffic for Phase I West during the year under review. The Guangzhou Municipality Government is currently considering imposing traffic restriction on trucks weighing more than 15 tons on the Guangzhou Ring Road. The date and details of implementation have not been announced. The HHI Group will continue to monitor the situation and its possible impact on Phase I West.

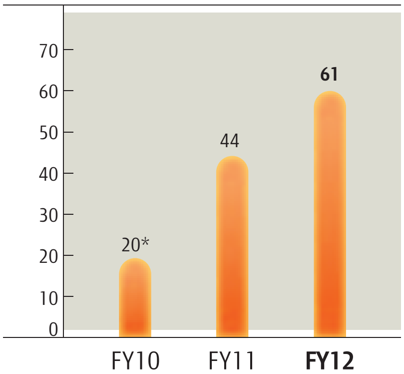
Project Summary
Phase II of the Western Delta Route

Location	Shunde to Zhongshan, Guangdong, PRC
Length	45.5 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	June 2010 - June 2035 (Subject to the approval of the relevant PRC authorities)
Profit Sharing Ratio	50%

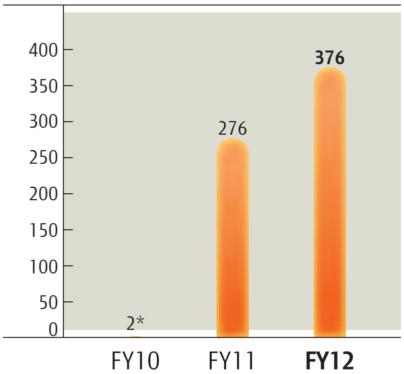
Phase II West Average Daily Toll Revenue
(RMB thousand)



Phase II West Average Daily Traffic
(No. of vehicles in thousand)



Phase II West Annual Toll Revenue
(RMB million)

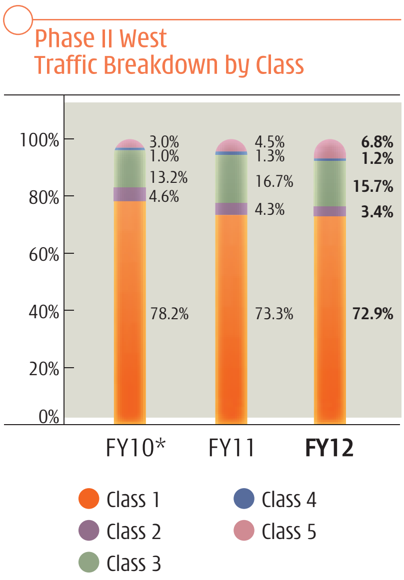


* Phase II West was opened on 25 June 2010

Phase II of the Western Delta Route

A 45.5-kilometre closed expressway with a total of six lanes in dual directions, Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also linked with National Highway 105, Guangzhou Southern Second Ring Road, Jiangmen-Zhongshan Expressway and Xiaolan Highway (which has been partially opened).

The traffic volume and toll revenue of Phase II West have continued to grow strongly ever since it opened in June 2010. During the year under review, the average daily traffic volume rose by 39% to 61,000 vehicles, whereas the average daily toll revenue grew by 36% to RMB1,028,000. Its total toll revenue for the year amounted to RMB376 million.



* Phase II West was opened on 25 June 2010

The implementation of the revised tariff on 1 June 2012 has had no impact on Phase II West. In fact, its average daily toll revenue was 34% and 30% higher in June and July 2012 respectively compared with the same months last year.

The network of highways connecting with Phase II West is becoming increasingly comprehensive. Guangzhou Southern Second Ring Road – which provides a direct highway connection to Phase II West for vehicles between Gaoming, Shunde and Nanhai Districts of Foshan, as well as the Panyu District of Guangzhou – has become one of its principal expressway connections and helped boost the traffic of Phase II West since it opened in December 2010. A direct connection to Zhongshan downtown, which links with southern end of Phase II West, was opened on 28 April 2012. This provides a faster and more convenient route to downtown Zhongshan. Its enhanced connectivity is attracting more vehicles heading to and from Zhongshan downtown and its western district to Phase II West. A steady increase in traffic has been observed, further boosting the growth of Phase II West's traffic and toll revenue. The region's economic growth and the development of its comprehensive peripheral road network lead the HHI Group to believe that Phase II West's traffic volume and toll revenue will continue to grow robustly.

By the second half of FY11, the toll revenue of Phase II West had achieved the HHI Group's target of operating cash flow breakeven (after taking interest expense payments into account) i.e. an average daily toll revenue of RMB800,000, during its first year of operation. In fact, Phase II West has continued to exceed this target, and it recorded a net cash inflow (from operations and after taking interest expense payment into account) and 36% increase in EBITDA during the year under review. Given the momentum of economic growth in the surrounding

regions and Phase II West's improved connectivity, the HHI Group expects it to become profitable in 2014 even without the synergy that will be created by the opening of Phase III West. Due to increased interest rate and the additional project loans as below mentioned, profit breakeven now requires average daily toll revenue in excess of RMB1.5 million (equal to annual toll revenue of RMB12.0 million per kilometre), which is higher than the previous estimate of RMB1.3 million. The average daily toll revenue of Phase II West reached RMB1.2 million in June 2012, and its annual toll revenue per kilometre reached RMB8.3 million in FY12, compared to RMB10.8 million for Phase I West. The synergy between Phase II West and Phase III West (which is due to open ahead of schedule in the first quarter of 2013 around Lunar New Year) makes the HHI Group optimistic the former will become profitable earlier.

The relevant PRC authorities are currently processing the West Route JV's application to increase the investment in Phase II West to RMB7,200 million. Once approval has been obtained, additional registered capital can be injected into the West Route JV and additional project loans can be borrowed. For interim financing, the GS Superhighway JV has advanced RMB731 million to the West Route JV in the form of intercompany borrowings to settle the payments related to Phase II West's construction and to make efficient use of the two JV companies' financial resources. To settle other outstanding construction payments for Phase II West and make efficient use of its internal resources, HHI is also actively considering to advance a shareholder's loan to the West Route JV as interim financing for Phase II West. The amount involved will not exceed RMB1,500 million. If so, the West Route JV will then be able to fully repay its RMB731 million intercompany borrowing to the GS Superhighway JV.

Project Summary
Phase III of the Western Delta Route

Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	Approximately 38 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Subject to the approval of the relevant PRC authorities
Profit Sharing Ratio	50%

Phase III of the Western Delta Route

Phase III West will be an approximately 38-kilometre closed expressway with a total of 6 lanes in dual directions. It will connect to Phase II West at Zhongshan to the north, and extend southwards to link with the Zhuhai highway network, thus offering direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau, and a connection to the forthcoming HZM Bridge.

Construction work on Phase III West commenced in December 2009, and it has been progressing smoothly. All the land required for its construction had been acquired, and around 80% of the construction works had been completed as of 30 June 2012. The HHI Group will endeavour to speed up its construction to ensure that it is completed and opened ahead of schedule during the first quarter of 2013 around Lunar New Year. The opening of Phase III West will complete the Western Delta Route as an expressway link between the downtown areas of Guangzhou and Zhuhai, and it will halve the journey time between them from approximately two and a half hours at present to around one hour.

The planned total investment for Phase III West is currently RMB5,600 million. The project is adequately funded by registered capital, available banking facilities and shareholder's loans. As of 30 June 2012, the HHI Group had contributed the full amount of registered capital, a total of RMB980 million, and it has advanced shareholder's loans totalling RMB530 million to the West Route JV in order to maintain the progress of Phase III West's construction. The outstanding amount of the shareholder's loans was RMB30 million as of 30 June 2012, following the West Route JV's repayment of RMB500 million to HHI during the year under review.

The remaining funding requirement is fully covered by banking facilities. The project's well-funded status leads the HHI Group to feel confident it can be completed earlier than scheduled during the first quarter of 2013 around Lunar New Year.

The completion of Phase III West will also mark the completion of the entire Western Delta Route, which will become the main artery of a regional expressway network spanning the PRD's western bank. As a strategic expressway comprehensively covering the most affluent cities on the PRD's western bank and offering direct access to Macau and Hong Kong, the Western Delta Route will undoubtedly benefit from the region's prosperity and its huge development potential.

The total length of Western Delta Route will be approximately 98.2 kilometres. It will run through Guangzhou, Foshan, Shunde, Zhongshan and Zhuhai, all of which are prosperous municipalities on the PRD's western bank. Of these, Foshan's economic strength closely follows that of Guangzhou and Shenzhen. With a GDP amounting to RMB660 billion in 2011 and a total permanent population of more than 7.2 million, it now ranks as the Guangdong's third-largest economy, just behind Guangzhou and Shenzhen and ahead of Dongguan. Shunde, Foshan's most-prosperous district, accounted for 34.4% of Foshan's GDP in 2011. The Western Delta Route is the only expressway that connects the entire Shunde District from the north to the south, and it provides the fastest and most direct link between Guangzhou, Zhongshan and Zhuhai.

Zhongshan's economy has grown particularly fast in the past five years. The continuous enhancement of its infrastructure and the development of its pillar industries will surely sustain this trend in the future. The city's Twelfth Five-Year Plan emphasizes the accelerated development of its manufacturing and service sectors, as well as newly-emerging industries, including the biomedical, high-end electronics and renewable energy sectors. In contrast to the Guangdong's moderate 7.4% GDP growth during the second quarter of 2012, Zhongshan's GDP leapt by 9.3% the second-highest figure among all the cities in the PRD region.

Comparing the concentration of wealth in those cities, Foshan and Zhongshan's GDP per 100 square kilometres of land is comparable to that of Guangzhou. Guangzhou generated a total GDP of RMB16.9 billion per 100 square kilometres in 2011, whereas Foshan and Zhongshan generated RMB17.1 billion and RMB12.2 billion respectively. In terms of population density, Foshan and Zhongshan had permanent populations per 100 square kilometres of 188,000 and 175,000 respectively in 2011, both higher than Guangzhou's 174,000 in 2010. The figures for car ownership per 100 square kilometres put Foshan, Zhongshan and Guangzhou on the same tier, with 27,000, 24,000 and 26,000 vehicles respectively.

Hengqin in Zhuhai has become China's third State-level Strategic New Zone after Shanghai's Pudong District and Tianjin's Binhai area. It is being positioned as a new growth hub focusing on the development of business services, tourism, technological research and the cultural sector. A Free Trade Zone with preferential tax treatments for corporations will also be established in Hengqin to attract more investments to boost its economic development. Around RMB100 billion will be invested in the development of business centres, tourist facilities, universities and other ancillary infrastructure in the New Zone during the period of the Twelfth Five-Year Plan.

Moreover, the number of Mainland tourists travelling to Macau has substantially risen during the past few years, with growth of 28% recorded in 2011. The closer economic integration of Zhuhai and Macau will increase the frequency of bilateral economic and trade activities, thus boosting demand for transportation. The Western Delta Route, which connects with Zhuhai at its southern end, will benefit from the thriving development of Macau's tourism sector and growing transportation needs.

All in all, Zhuhai's own prosperous future development (which will mainly be driven by Hengqin New District), the opening of the HZM Bridge scheduled in late 2016, and the on-going strong economic growth of nearby Macau will all help to set the scene for a continued increase in the traffic volume of the Western Delta Route.

The HHI Group estimates that Phase III West's toll revenue will achieve its operating cashflow breakeven target (after taking interest expense payments into account) in the first-full year of its operation in FY14, i.e. average daily toll revenue of RMB800,000 or annual toll revenue equal to RMB7.6 million per kilometre. It will attain a net profit when the average daily toll revenue exceeds RMB1.2 million (equal to annual toll revenue of RMB11.5 million per kilometre). With all of its three phases completed during 2013, the target for the West Route JV to become profitable will be soon after the opening of the HZM Bridge in 2016. The West Route JV will achieve cash flow breakeven and have net cash inflow for loan repayment in 2014.

Western Delta Route and Highway Network to HZM Bridge, Hengqin, Zhuhai and Macau

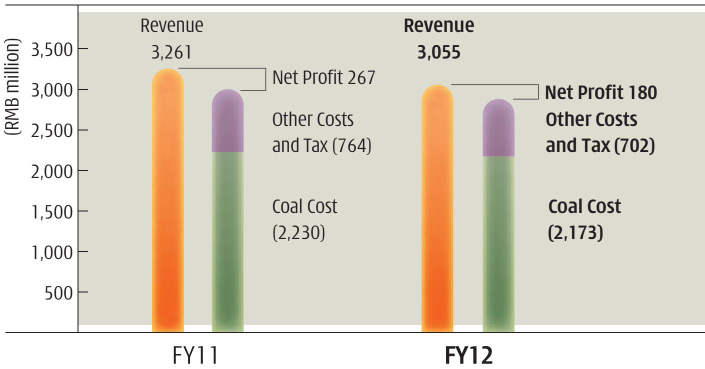
Power

Heyuan Power Plant

Project Description	
Location	Heyuan City, Guangdong Province, PRC
Installed Capacity	2 x 600MW
HHL's stake	35%
JV partner	Shenzhen Energy Group
Total investment	RMB4.7 billion (As per final account)
Status	Both units are operational

Key operating data	FY11	**FY12**
Gross Generation	8,100GWh	**7,400GWh**
Utilization rate[N1] (hours)	77% (6,760 hrs)	**70% (6,175 hrs)**
Availability factor[N2]	92%	**87%**
No. of days in which Daily Utilization rate[N3] >80%	224 days	**154 days**
Average on-grid tariff rate (excluding VAT) (RMB/MWh)	425.6	**436.7**
Approximate cost of coal (including transportation cost and excluding VAT) (RMB/ton)	710	**750**

Joint-Venture Level 100%



	FY11 RMB'M	FY12 RMB'M
Revenue	3,261	3,055
Cost	(2,230)	(2,173)
Other costs and tax	(764)	(702)
Net profit	267	180
HHL's share*		
-Revenue	1,304	1,222
-Net profit	107	72

* Representing both HHL's effective stake of 35% and a minority interest of 5% in the joint venture

N1: Utilization rate =

$$\frac{\text{Gross generation during the year under review}}{\text{Total number of hours during the year under review x installed capacity}}$$

N2: Availability factor =

$$\frac{\text{The number of available hours for electricity generation during the year under review}}{\text{Total number of hours during the year under review}}$$

N3: Daily Utilization rate =

$$\frac{\text{Daily electricity generation during the year under review}}{\text{24 hours x installed capacity}}$$

Heyuan Power Plant is a coal-fired power plant with two 600MW generating units located in Heyuan City, Guangdong Province, PRC. Besides being one of the province's most efficient and environmentally friendly coal-fired power plants, it was also the first in China to be equipped with a flue gas desulphurization wastewater treatment system.

Although the on-grid electricity tariff increased during the year under review, the plant's utilization rate decreased owing to scheduled overhaul and the price of coal rose. As a result, its revenue and net profit declined by 6% to RMB3,055 million and 33% to RMB180 million at JV level respectively. In response, the Heyuan JV will continue to endeavour to formulate and implement cost-control strategies and measures.

As of 30 June 2012, the Group had provided shareholder's loans in the total amount of RMB500 million to the Heyuan JV in order to increase its financial resources and reduce its finance costs. As of the same date, the Heyuan JV has repaid RMB640 million or 25% of the project debt (including shareholders' loans) of RMB2.55 billion.

The plant's financial performance is sensitive to fluctuations in the price of coal and the on-grid electricity tariff. The National Development and Reform Commission ("NDRC") raised the on-grid electricity tariff of Guangdong's coal-fired power plants by 5%, from RMB498/MWh to RMB521/MWh (including VAT) with effect from 1 December 2011. The NDRC also announced that the thermal coal price under annual contracts shall not increase by more than 5% during 2012, and that the market thermal coal price shall not exceed RMB800/ton (including VAT) for 5,500 kcal at major ports including Qinhuangdao from 1 January 2012.

Guangdong Province's continued economic growth means that demand for electricity will remain strong. The plant is on track to maintain a utilization rate of at least 80% during the available hours for electricity generation. The Group expects that Heyuan Power Plant will continue to provide it with relatively stable profit contributions.

Renewable Power

The Group continued to test and gather data relating to its second-generation experimental turbine. It is exploring the possibility of applying the technology and experience gained in its wind turbines development to other methods of renewable power generation.

Financial Review
Group Results

Overview

The Group's EBIT grew solidly during the year ended 30 June 2012 compared to the previous year. The EBIT of its property letting, agency and management operation; and its hotel, restaurant and catering operation both increased significantly. Property sales of the Hopewell New Town project and treasury income also fuelled the growth of EBIT. However, these increases in EBIT were partly offset by the lower profit of Heyuan Power Plant and less exchange gain shared from the GS Superhighway JV.

The revenue of the Group's prime-earning businesses – namely its toll road investments; property letting, agency and management operation; and hotel, restaurant and catering operation, as well as its treasury income continued to rise significantly throughout the year. However, these increases in revenue were offset by fewer sales at the Broadwood Twelve residential property project during the year, which was the main reason for the decrease in the Group's total revenue.

The Group's revenue by activities and their respective EBIT for the year ended 30 June 2012 were as follows:

	Revenue		EBIT*	
HK$ million	2011	**2012**	2011	**2012**
Property letting, agency and management	650	**707**	400	**445**
Hotel, restaurant and catering operation	388	**461**	94	**130**
Property development	1,918	**1,267**	184	**335**
Toll road investment (after interest and tax of JCEs)	2,275	**2,386**	1,065	**1,036**
Power plant (after interest and tax of JCE)	1,530	**1,493**	123	**86**
Treasury income	106	**246**	106	**246**
Others	106	**-**	(117)	**(142)**
Revenue/EBIT(Note)	6,973	**6,560**	1,855	**2,136**

* These figures represent the EBIT of the Company and its subsidiaries, plus their shares of net profits (after interest and tax) of JCEs

Note:
Reconciliation of Revenue/EBIT with Consolidated Statement of Comprehensive Income

	Results	
HK$ million	2011	**2012**
Earnings before interest and tax	1,855	**2,136**
Finance costs	(79)	**(92)**
Exceptional item	-	**20**
Changes in fair value of completed investment properties	4,395	**2,264**
Profit before taxation	6,171	**4,328**
Taxation	(219)	**(365)**
Deferred taxation in respect of changes in fair value of Broadwood Twelve#	(33)	**-**
Profit for the year	5,919	**3,963**
Attributable to:		
Owners of the Company	5,576	**3,631**
Non-controlling interests	343	**332**
	5,919	**3,963**

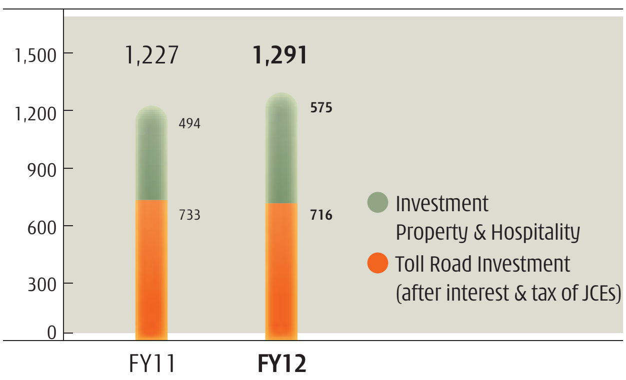
Represents deferred taxation in respect of changes in fair value of Broadwood Twelve arising after 24 May 2010, when the Group decided to sell the property, instead of holding them for rental as originally planned

Management Discussion and Analysis

Financial Review

	Turnover	
HK$ million	2011	2012
Revenue per Financial Review	6,973	**6,560**
Less:		
Sales proceeds of Broadwood Twelve units	(1,519)	**(677)**
Treasury income	(106)	**(246)**
Share of revenues of JCEs engaged in		
- Toll road investment	(2,275)	**(2,386)**
- Power plant	(1,530)	**(1,493)**
Turnover per Consolidated Statement of Comprehensive Income	1,543	**1,758**

Operating Profit* from Prime-Earning Businesses



* Being the EBIT net of the portion of non-controlling interests

Revenue

The Group's revenue for the year ended 30 June 2012, including sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and the attributable share of revenues of JCEs engaged in toll road and power plant operations, amounted to HK$6,560 million, which was 6% less than the HK$6,973 million reported for the previous financial year.

The Group's prime-earning businesses continued to perform satisfactorily. Its attributable share of revenues from the GS Superhighway and the Western Delta Route continued to grow. The steady growth of its property letting, agency and management division's revenue also further strengthened the Group's overall revenue stream. Panda Hotel's revenue improved remarkably during the year, creating an upturn in the revenue of the Group's hotel, restaurant and catering division.

The increased property sales of the Hopewell New Town project in Huadu and a rise in treasury income derived from cash on hand and loans to the Group's JCEs were also sources of revenue growth.

The decline in the Group's total revenue was mainly the result of fewer residential units of Broadwood Twelve sold during the year.

Earnings before Interest and Tax

The Group's EBIT increased by 15% from HK$1,855 million in the previous year to HK$2,136 million. This was primarily due to the continued growth of the Group's investment properties and hospitality businesses, an increase in the sales of residential units at Hopewell New Town, and an increase in treasury income derived from cash on hand and loans to the Group's JCEs.

However, the growth in the Group's EBIT was partly offset by the lower profit of Heyuan Power Plant, due to its lower utilization rate and higher coal cost, and the reduced exchange gain shared from GS Superhighway JV, due to a slow-down in the appreciation of RMB during the year.

Exceptional Item

The exceptional item represents a HK$20 million gain on the disposal of a non-core food processing and wholesaling business.

Enterprise Income Tax ("EIT") of HHI Joint Ventures

The tax concessions for both the GS Superhighway and Phase I West were adjusted following the PRC's 2008 tax reform, and their EIT rates will increase gradually to 25%. The rate applicable to the GS Superhighway rose from 22% in 2010 to 24% in 2011 and 25% in 2012. The rate applicable to Phase I West increased from 11% in 2010 to 24% in 2011 and 25% in 2012. The rate for the GS Superhighway and Phase I West will remain at 25% from 2012 until the expiry of the contractual operation periods of the GS Superhighway JV and Phase I West of West Route JV. These increases in the EIT liabilities of the JV companies did not significantly affect the Group's results during the year under review. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 will be 12.5%, and it will rise further to 25% from 2016 until the expiry of the contractual operation period of Phase II West of West Route JV.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the year was HK$3,631 million. Excluding changes in the fair value of the Group's investment properties and the exceptional item, the core profit attributable to the Company's owners for the year was HK$1,347 million, an increase of HK$133 million or 11% on the HK$1,214 million recorded for the previous financial year.

The profit attributable to owners of the Company decreased by 35% year-on-year, from HK$5,576 million to HK$3,631 million. This was mainly because the increase in core profit was offset by the lower fair value gain from investment properties recorded for the year.

Financial Position of the Group

	As at 30.6.2012		
HK$ million	Toll road business	HHL - Other businesses	**HHL Group Total**
Investment properties	-	17,429	**17,429**
Property, plant and equipment	1	715	**716**
Properties under development	-	1,171	**1,171**
Interests in JCEs	8,133	940	**9,073**
Amounts due from JCEs (non-current)	-	2,117	**2,117**
Other non-current assets	-	24	**24**
Properties held for sale (Huadu and Broadwood Twelve)	-	1,992	**1,992**
Amounts due from JCEs (current)	41	611	**652**
Bank balances and cash	4,582	3,394	**7,976**
Other current assets	379	112	**491**
Total assets	**13,136**	**28,505**	**41,641**
Corporate bonds and bank borrowings (non-current)	1,952	1,746	**3,698**
Other non-current liabilities	169	306	**475**
Corporate bonds and bank borrowings (current)	1,754	-	**1,754**
Other current liabilities	44	1,088	**1,132**
Total liabilities	**3,919**	**3,140**	**7,059**
Non-controlling interests	**2,692**	**92**	**2,784**
Shareholders' equity	**6,525**	**25,273**	**31,798**

Liquidity and Financial Resources

As of 30 June 2012, the net cash position and available committed banking facilities of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK$ million	30.06.2011	**30.06.2012**
Net cash	1,843	**1,648**
Available Committed Banking Facilities	6,920	**5,620**
Net Cash and Available Committed Banking Facilities	8,763	**7,268**

As of 30 June 2012, the cash balance of HHL and its subsidiaries (excluding the HHI Group) amounted to HK$3,394 million. This included RMB1,851 million (equal to HK$2,258 million) and HK$1,136 million.

The net cash position of HHL and its subsidiaries, which represents the cash balance after deducting bank loans totalling HK$1,746 million, was HK$1,648 million.

The Group expects its strong financial resources will be sufficient to meet the funding requirements of the projects it is currently developing. It currently plans to spend a total of approximately HK$5.9 billion on these between FY13 and FY15. Its cash on hand, available committed banking facilities and the healthy cash flow from its prime-earning businesses, together with proceeds from sales or pre-sales at Broadwood Twelve, Lee Tung Street and Hopewell New Town projects, should provide sufficient funding for the projects the Group is currently developing.

Major Projects Plan

Projects	Target Completion	Total Investment[N1] HK$' million	Interest %	HHL's Portion of Total Investment[N1] HK$' million	HHL's Injection FY13 to FY15[N1] HK$' million
Hong Kong					
Lee Tung Street Project	2015	9,000	50%	4,500	0[N2]
Hopewell Centre II	2018	9,000	100%	9,000	4,553
PRC					
Hopewell New Town					
• 60,000 m²	FY13	260		250	
• 103,000 m²	FY14	590	95%	560	1,090
• 58,000 m²	FY15	290		280	
Liede Project	2016	1,221	Operating Lease	1,221	281
Total				**15,811**	**5,924**

N1: Present planning, subject to change
N2: The investment is financed by the project's bank loan
Based on exchange rate RMB1 = HK$1.221 (June 2012)

As at 30 June 2012, the HHI Group (consisting of HHI and its subsidiaries but excluding its JCEs) had a cash balance of RMB3,756 million, equal to HK$4,582 million (30 June 2011: RMB2,856 million, equal to HK$3,439 million). Taking into account the RMB1.38 billion and RMB600 million raised by HHI's RMB corporate bond issues in July 2010 and May 2011 respectively, and corporate loans of HK$1,291 million that amounted to a total debt of HK$3,706 million, the HHI Group had net cash in hand of RMB718 million (equal to HK$876 million) at corporate level. On 10 May, 2012, HHI Group arranged a 3 year RMB1.6 billion facility, of which the term loan facility of RMB1.0 billion was fully drawn on 29 June 2012. It was used together with the HHI Group's internal resources to repay the RMB1.38 billion corporate bonds that matured on 13 July 2012. The facility, the second tranche of RMB corporate bonds, and its own internal resources will provide the HHI Group with sufficient financial resources to support its remaining funding requirement of the Western Delta Route.

Maturity Profile of Major Committed Banking Facilities

	Maturity Date
HK$7,000 million syndicated loan	September 2014

As at 30 June 2012, HK$5,620 million of the Group's syndicated loan remained undrawn.

Apart from the above mentioned facility, the Group had other available undrawn uncommitted banking facilities amounting to HK$450 million as at 30 June 2012 (30 June 2011: HK$500 million).

In 2011, Grand Site Development Limited, a joint venture company with Sino Land Company Limited, successfully arranged a secured loan facility for up to an aggregate principal amount of HK$5,000 million for the payment of the land premium and construction costs of the Lee Tung Street Project. Its loan facilities are currently expected to be more than adequate to fund the Lee Tung Street Project. Their maturity date will be the earlier of (a) 42 months from 8 July 2011 or (b) six months after the issuance of a certificate of compliance by the Director of Lands in respect of the Lee Tung Street Project.

The Group's financial position remains strong. Its net cash balance on hand and available undrawn banking facilities will provide it with sufficient financial resources for its recurring operating activities, and for its present and potential future investment activities.

Treasury Policies

The Group maintains prudent and conservative treasury policies. Their objectives are to minimize finance costs and optimize the return on financial assets.

The Group did not have any arrangements to hedge its exposure to interest or exchange rates during the year under review. However, it will continue to monitor these forms of risk exposure closely and regularly.

In general, all the Group's cash is placed as deposits denominated mainly in HK Dollars and RMB. The Group did not invest in any accumulator, equity-linked note or other financial derivative instruments during the year under review.

Charges on Assets

The Group's equity interest in Lee Tung Street Project has been pledged to the banks concerned in order to secure banking facilities granted to the JCE for the Lee Tung Street Project. The carrying amount of the pledged equity interest at the end of the reporting period was insignificant to the Group.

Project Commitments

Details of the project commitments are set out in note 37 to the consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities are set out in note 39 to the consolidated financial statements.

Material Acquisition or Disposal

Apart from the disposal of a non-core food processing and wholesaling business mentioned under "Exceptional Item" above, 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 recognize 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 provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2012, the Group had 1,161 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. The Group has arranged stress management workshops and Employees Assistance Program for employees, which were delivered by professionals who shared their experiences and methods handling stress. The Group also invests in human capital development by providing relevant training programmes to enhance employee productivity. In collaboration with Independent Commission Against Corruption and Equal Opportunities Commission, the Group held different kinds of seminars and workshops for the employees to enhance their awareness towards corporate governance.

In 2011, it hired three graduates with potential under a 24-month Management Trainee Programme. The graduates acquired essential business knowledge and management skills through well planned job rotations within the Group's core business units and corporate offices.

The Group's training programmes are designed and tailor-made to increase the knowledge of its employees 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 individual interests 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 programmes, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training and educational sponsorships. During the period, the Group organized a number of seminars on subjects like counseling and crisis management, MPF investment management, cross-border insurance arrangement, by external consultants or service providers to enhance employees' general knowledge in the topics concerned.

Our Environmental Performance

We are reinforcing our commitment to the environment and continuing with our efforts to address climate change by reducing carbon emissions, achieving cleaner air by promoting the use of electric vehicles, and incorporating high environmental standards in our development projects and hospitality operation.

- Our Lee Tung Street Project was awarded a Provisional BEAM 'Platinum Standard' Certificate by the Hong Kong BEAM Society for meeting the standards established under the Building Environmental Assessment Method (BEAM) for New Buildings.
- Cutting-edge energy-efficiency and sustainable design concepts were included in the Hopewell New Town development in Guangzhou.
- HKD3 millions were allocated to EV-related media campaigns to raise public awareness on long-term values of EVs, in terms of contributing to better air quality, public health and low carbon economy.
- The title sponsorship of 'Hopewell – Yan Oi Tong Green Adventure - Mount Everest' Programme was part of our efforts to address climate change issues and promote youth development.
- By signing the Energy-Saving Charter, we are committed to maintaining an average indoor temperature between 24 and 26 degrees Celsius at E-Max, the shopping mall located in KITEC.
- We joined the WWF Hong Kong Low-carbon Office Operational Programme ("LOOP"), which commits us to measuring and analysing the carbon performance of our headquarters office, as well as to formulating an emissions reduction strategy and reporting on the improvements achieved.
- For our hospitality division, we provide an Alternative Shark-Free Menu, and are planning to introduce an Ocean Friendly Menu by January 2013.
- We continue to operate a food waste collection and recycling scheme at our hospitality division.
- Electricity consumption on the GS Superhighway toll stations was reduced by around 70% after the installation of LED and induction lighting.
- The emission factor at Heyuan Power Plant was reduced to 791 tCO_2/GWh, compared with 797 tCO_2/GWh in the previous year.

Our People

Our employees are at the heart of our operations and we are committed to creating a working environment in which each and every individual is able to thrive. We recognise the importance of a good work-life balance in ensuring that our employees are both productive and fulfilled.

In April 2012, the Group was honoured as 'Manpower Developer 1st' by the Employee Retraining Board in recognition of its outstanding performance in manpower development.

- To help nurture professional talent, we provide a variety of in-house training programmes and offer subsidies for employees to undertake external training that`s relevant to their job.
- As part of the Employee Assistance Programme, a 24-hour hotline was launched to enable employees and their spouses to reach out if they are experiencing personal or financial distress. A number of our employees have been trained as "Certified Caring Ambassadors".
- Our HH Social Club organises volunteer and leisure events for staff and encourages participation in community and sporting activities.
- We have a guideline to allow each of our employees to take a half-day volunteer leave each year, and plan to increase this allowance in the future.
- A five-day work week policy was extended to all office staff, including those at the Panda Hotel. Our hospitality division operates an alternate Saturday off arrangement for essential frontline staff.
- Our intranet includes information on volunteer participation rates in different departments and provides a forum for volunteers to share their experiences.
- An earthquake response session was conducted for all the Heyuan Power Plant employees after a magnitude 4.8 earthquake occurred in Heyuan city in early 2012.

Customers and Communities

Contributing to the local communities in which we operate is just as important as excelling in customer service. We endeavour to continue our commitment to both our customers and communities through long-term contribution.

- A well-trained patrol and rescue team, made up of over 200 staff members from the GS Superhighway JV Company was formed, in collaboration with the traffic police to increase efficiency in handling traffic accidents. We aim to have our team reached all incidents within 15 minutes.
- The GS Superhighway became the first and only expressway in Guangdong to be awarded the title of "Model Highway of Civilized Traffic Management" based on its outstanding performance in traffic management, traffic safety and service standards.
- Our quality control policy for property and facility management highlights the importance of the customer experience and customer-oriented, quality services. Panda Hotel received Hong Kong Tourism Board Quality Tourism Services (QTS) accreditation.
- Hopewell Centre received a Certificate of Merit with Special Recognition in the Hong Kong Smoke-free Leading Company Awards 2011 organised by the Hong Kong Council on Smoking and Health.
- We support the preservation of local heritage for present and future generations through our Lee Tung Street Project.
- We continue the promotion of arts and cultural development, as well as facilitate and sponsor the staging of community events and sporting events at KITEC and our other properties.
- We encourage a proper balance between sports and academia in youth development through our active involvement in organising, sponsoring, and participating in youth-related programmes. We co-organised a bowling training initiative aimed at encouraging intellectually disabled youth to get more involved in sport.
- A total of 45 teams from well-known local companies and organisations joined the Hopewell Bowling Charity League to raise fund for the bowling training initiative.
- We continue to strengthen our Corporate Volunteer Team through two large-scale volunteering activities held in tandem with two of the biggest annual festivals – the Tuen Ng (Dragon Boat) Festival and Christmas.
- In celebration of the Group's 40th anniversary, we launched the 'Celebrations for Charity' campaign to raise funds for three designated charities through a commemorative website we created for our 40th anniversary.

Procurement and Supply Chain

All our supplier selection and purchasing practices are governed by high professional and ethical standards.

- We engaged external experts to conduct a sustainable supply chain workshop for employees from different business units to enhance their knowledge of issues related to sustainable procurement practices and policy setting.
- We are currently fine-tuning a Group-wide supply chain policy and related internal guidelines and action plans. The development of a more thorough supplier audit system is in progress.
- Our restaurants and catering service lines are exploring the increased use of fair trade products, cruelty-free food supplies, and ingredients that are not genetically modified and have a certificate of origin.
- We require all qualified contractors and suppliers to familiarise themselves with our environmental approach and officially acknowledge our environmental guidelines for contractors and suppliers.
- Worker safety is our key concern at construction sites. We have adopted a ranking system whereby potential contractors can gain additional points if they have internationally recognised safety systems in place.
- Our highway JVs require contractors and suppliers to comply with not just the project-specific contract, but also with safe production and probity contracts.
- Our power plant JV Company sources coal only from carefully selected suppliers that maintain a good safety record.

Highlights of Actions for 2012/13

Property:
- Strengthen participation in environmental initiatives
- Continue our commitment to lower our carbon footprint

Highways:
- Launch a new website to provide GS Superhighway users with traffic condition updates
- Install energy-efficient lights along GS Superhighway and Phase III of Western Delta Route
- Continue to implement energy saving initiatives
- Provide additional services that benefit the community

Hospitality:
- Strengthen supply chain management
- Introduce an "Ocean Friendly menu" and participate in food donation programmes
- Examine the feasibility of installing water-saving devices on taps in hotel guestrooms

Energy:
- Install NOx reduction system and continue to improve the power plant thermal efficiency
- Conduct professional occupational safety audit
- Target zero injuries by providing occupational health and safety training to prevent the occurrence of accidents

HOPEWELL HOLDINGS LIMITED

Highlights of Sustainability Report 2011/12

For the full Sustainability Report, please visit:
www.hopewellholdings.com/Sustainability

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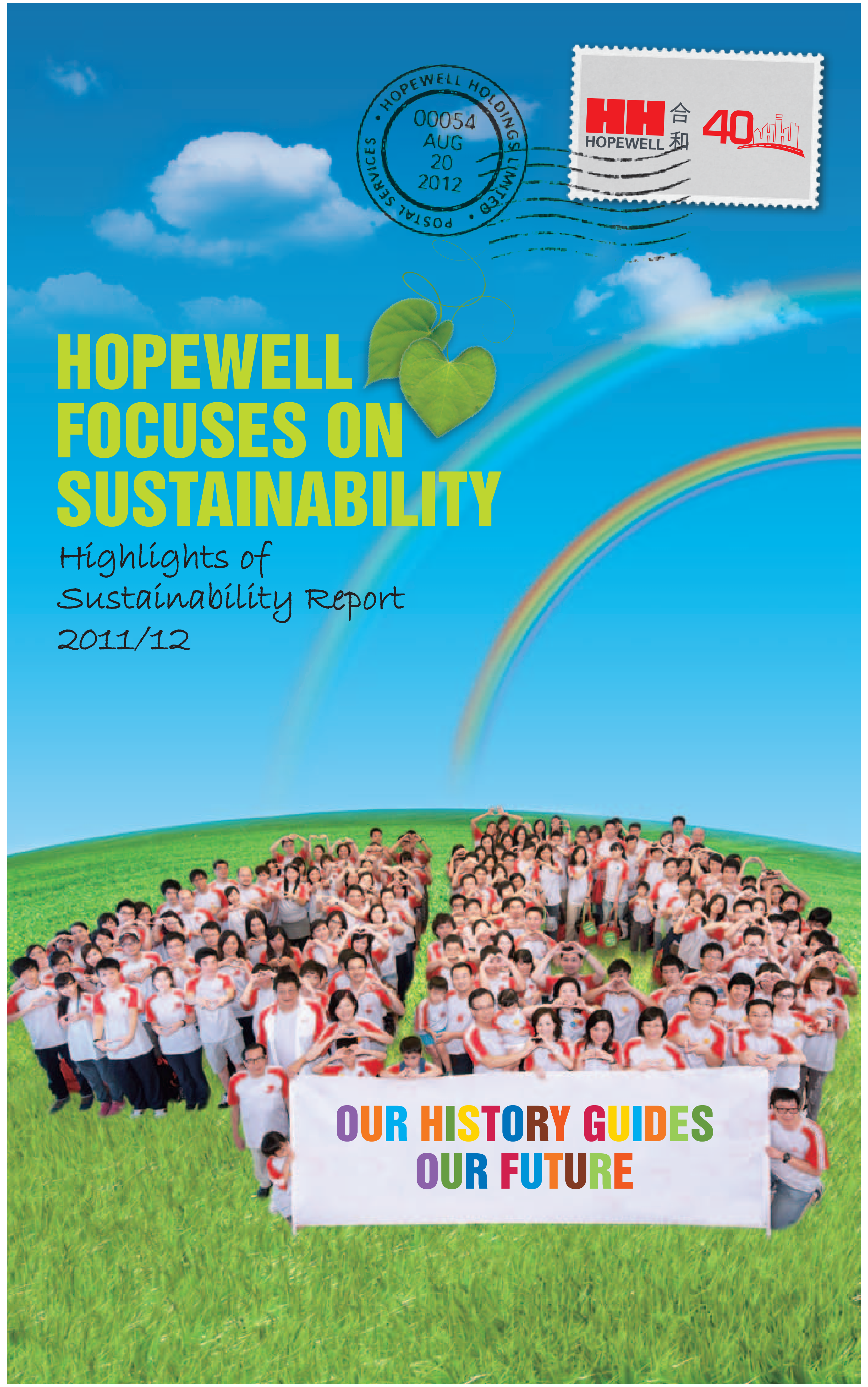
This is the second year that we published a Sustainability Report, demonstrating our continuing commitment to transparency and accountability to our stakeholders. The annual Sustainability Report provides an in-depth coverage of our sustainability activities and performance. For the full Sustainability Report, please visit: www.hopewellholdings.com/Sustainability

We have written the Report according to the Global Reporting Initiative (GRI) sustainability reporting G3.1 framework.



Managing Director's Message

Our 40th anniversary is a time to look back and celebrate our progress. It is also a time to look forward and build on what has brought us success in the past. We are always committed to be a leader on environmental initiatives. We continue to respond to the concerns of stakeholders and support communities around our developments and operations. Responding to employees' needs, providing career development opportunities and increasing staff awareness of our sustainability efforts are important parts of our strategy.

Since our founding 40 years ago, we have been a responsible community member of Hong Kong. Hopewell Centre, our flagship property, was one of the first Hong Kong buildings constructed in the 1980s recognised for its energy efficiency. We continue to develop greener buildings and were one of the first in our industry to carry out carbon audits. We promote responsible power generation and have been a pioneer in using and promoting electric vehicles. These actions demonstrate our determination to be a leader on environmental initiatives and a role model in adopting best practices for sustainable development.

When planning buildings and highways, we always promote the development of the communities that we impact. This begins early on in the design stage. We have put an emphasis on developing community-friendly buildings and walkways at our headquarters in Wan Chai, and will use this as a model for future projects. We support many community initiatives, non-governmental organisations and the government as we develop and improve local neighbourhoods.

In 2011, HHL and its key subsidiary - Hopewell Highway Infrastructure Limited were selected as constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index. We appreciate the dedication of our employees and the support of our stakeholders that has made this possible.

As a leader in the field of sustainability, we have reported our Corporate Social Responsibility (CSR) practices for several years and published our first GRI sustainability report last year. This year, we provide an even more comprehensive report that will enable our stakeholders to better understand the progress we have made and the objectives we have set in striving to continually improve our performance.

In terms of future business development, we will focus on the successful completion of Hopewell Centre II in the coming years. This project will deliver the first conference hotel to Hong Kong and further enrich the Wan Chai district. Throughout the planning and implementation stages, we will apply the best practices we have adopted and developed over the years to ensure continual progress.

"As our history guides our future, we will uphold the values that are embedded in the Group's operating philosophy. It is in our DNA to consider what is possible and strive to achieve it in the most sustainable way."

Thomas Jefferson WU
Managing Director,
Hopewell Holdings Limited

As our history guides our future, we will uphold the values that are embedded in the Group's operating philosophy. From properties and highways to hospitality and energy, we will continue to look for ways to improve our performance and create a legacy for the future. It is in our DNA to consider what is possible and strive to achieve it in the most sustainable way.

Our Sustainability Vision and Focus

Throughout our history, we have been striving to be a role model in simultaneously achieving economic, social and environmental progress by taking a pragmatic and inclusive approach in our decision-making and actions. The sustainability vision of the Group is to build a strong network within the industries and communities in which we operate in order to have a positive impact on society.

We have a well-established set of 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 the ongoing communication with our stakeholders as vitally important to uphold the well-being of the community
- We will continue to listen to our stakeholders' views and work together with them to achieve a win-win scenario

We look beyond regulatory compliance and continuously take strategic steps to improve our practices across our different business divisions. Our sustainability focus in each core business sectors are:

- **Property:** Enhancing energy efficiency during the building life cycle and anticipating the needs of communities
- **Highway:** Improving traffic efficiency, road safety, and mitigating environmental impacts
- **Hospitality:** Mitigating biodiversity risk, promoting sustainable and healthy consumption and reducing waste
- **Energy:** Providing cleaner energy generation

We established a new CSR Sub-committee under the Sustainability Steering Committee to help manage our increasing volume of sustainability activities. Through our Sustainability Steering Committee and CSR Sub-committee, we aim to better monitor the planning, implementation and evaluation of our CSR activities, including related budgetary matters.

Our Stakeholder Engagement

Taking into account stakeholder views is an essential part of our business when designing and implementing property and infrastructure developments. We strive to balance the interests of our diverse range of stakeholders. We continue our independent stakeholder engagement exercise to ensure the materiality of our reporting. We have taken the opinions of our stakeholders to help drive improvements in our business and have responded in the following ways:

- **Employees:** In celebration of the Group's 40th anniversary, we engaged 40 members of staff from different levels of our organisation to share their thoughts and insights about our business.
- **Customers:** We conduct annual customer satisfaction surveys among our property tenants and we have implemented a commuter satisfaction survey for our highway users. All comments and complaints are recorded and, as necessary, followed up. To reach this diverse customer base, we make use of the internet and social networking sites.
- **Communities and Authorities:** We support government policies that coincide with our sustainability approach and maintain good relationship with district councils. We have also increased dialogue with the non-governmental organisations and the community.
- **Investors and Investment Analysts:** Our online Shareholders Communication Policy indicates different ways for investors to reach us. We also actively participate in surveys from entities such as Bloomberg, Reputex and Trucost to facilitate better understanding of our sustainability performance.
- **Joint Venture Partners, Suppliers/Contractors:** We share our sustainability stance and information on best practices with our business partners, contractors, suppliers and their workers through day-to-day employee contact and during regular meetings.
- **Industry Associations and Academic Institutions:** We actively participate in industry associations as part of our efforts to keep up-to-date on market developments. We also engage with academic institutions to help address energy efficiency issues.

Milestones 2011/12

A Century of China

Jul 2011

HHL and HHI were selected as constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index

Sep 2011

HHL received "Eastweek Outstanding Strategy Award"

Sep 2011

2011 Hopewell Bowling Charity League

Oct 2011

HHL received "Family-Friendly Employer Award"

Nov 2011

MIPIM Asia 2011

Nov 2011

HH Social Club Christmas Play Event

Dec 2011

HHL Garnered Two Awards in Corporate Green Driving Award Scheme 2011

Jan 2012

Spring & Annual Dinner

Feb 2012

HHL received "Best IR" and "Best CSR" awards

Mar 2012

HHL Received "Manpower Developer 1st Award"

April 2012

HHL and Nine Subsidiaries were Awarded the Caring Company Logo

May 2012

HHL won "Top Ten Developers 2012" Award

Jun 2012

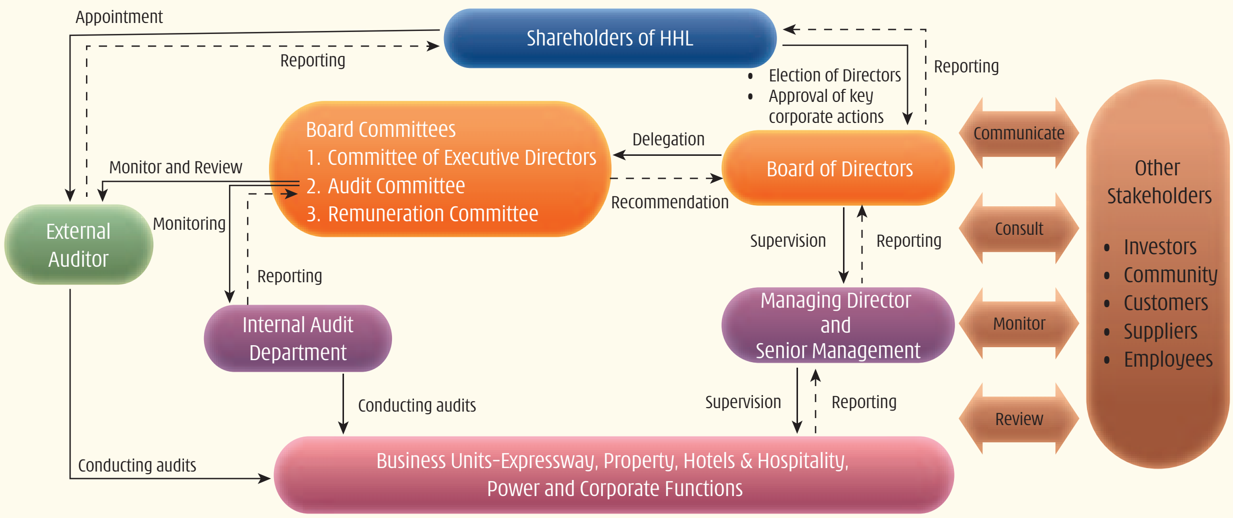
Corporate Governance Practices

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 Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. In October 2011, the Stock Exchange published its consultation conclusions on the review of the CG Code (renamed as the Corporate Governance Code (the "Revised CG Code")) and associated Listing Rules (the "Revised Listing Rules") setting out the amendments that are to be made in 2012. The Board has reviewed the Revised CG Code and the Revised Listing Rules and their impact to the Company and taken measures to comply with the Revised CG Code and the Revised Listing Rules.

Throughout the year ended 30 June 2012, the Company has complied with all code provisions as set out in the CG Code and the Revised CG Code, except for the deviation from code provision A.5.1 of the Revised CG Code which requires the establishment of a nomination committee, with explanation described below.

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 and composition. 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).

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises eight Executive Directors (including the Chairman), two Non-Executive Directors and four Independent Non-Executive Directors. Non-Executive Directors (including Independent Non-Executive Directors) comprise more than 42% of the Board, of which Independent Non-Executive Directors make up more than 28%. The Company will comply with the Revised Listing Rules requirement of independent non-executive directors representing at least one-third of the Board on or before 31 December 2012. The names and biographical details of the Directors of the Company, and the relationship amongst them, if any, are set out on pages 18 to 24 of this Annual Report.

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 the internal control system 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 at the Company's expense in appropriate circumstances.

Non-Executive Directors and Independent Non-Executive Directors are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgment. 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. All the Independent Non-Executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

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-election. 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.

On 23 February 2012, Ms. Linda Lai Chuen LOKE, an Independent Non-Executive Director, was appointed as the Chairman of the Remuneration Committee of the Company in place of Mr. Carmelo Ka Sze LEE, a Non-Executive Director, in order to comply with the mandatory requirement under Rule 3.25 of the Revised Listing Rules which is effective from 1 April 2012. Mr. LEE remains as a member of the Remuneration Committee of the Company.

With a view to enhancing the corporate governance practice of the Company, Dr. Gordon YEN was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee of the Company on 12 May 2012. Dr. YEN will receive a Director's fee at such rate as from time to time to be approved by the shareholders at the annual general meetings of the Company, currently being HK$200,000 per annum to be paid by the Company in arrears. His emolument is determined with reference to his duties and responsibilities towards the Company, the remuneration policies of the Company and the then prevailing market conditions and practice.

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.

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

Board Committees

The Board established a 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 three Independent Non-Executive Directors, namely Mr. Sunny TAN (Chairman), Mr. Guy Man Guy WU and Ms. Linda Lai Chuen LOKE. The Company Secretary of the Company 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 Revised CG Code. In February 2012, the Board adopted a revised terms of reference of the Audit Committee which include the amendments in line with the requirements of the Revised CG Code. Under its revised terms of reference, the Audit Committee has been delegated the corporate governance functions of the Board to monitor, procure and manage corporate compliance within the Group.

Major responsibilities and functions of the Audit Committee are:

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

Works performed during the year included:

- considered and approved the terms of engagement of the external auditor and their remuneration
- reviewed the annual financial statements for the year ended 30 June 2011 and the interim financial statements for the six months ended 31 December 2011
- reviewed the work performed by Internal Audit Department and the Group's internal control system
- reviewed the Company's policies and practices on corporate governance

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

Remuneration Committee

The Remuneration Committee comprises three Independent Non-Executive Directors namely, Ms. Linda Lai Chuen LOKE (Chairman), Mr. Guy Man Guy WU and Dr. Gordon YEN and a Non-Executive Director, Mr. Carmelo Ka Sze LEE. The head of Group Human Resources Department of the Company 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.

In February 2012, the Board adopted a revised terms of reference of the Remuneration Committee which include the amendments in line with the requirements of the Revised CG Code. 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 responsibilities and functions of the Remuneration Committee are:

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

Works performed during the year included:

- reviewed and approved the remuneration of all Executive Directors of the Company for the year of 2012 and bonus payment for the year of 2011
- reviewed the level of Directors' fees and made recommendations on the Directors' fees for the year ended 30 June 2012

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

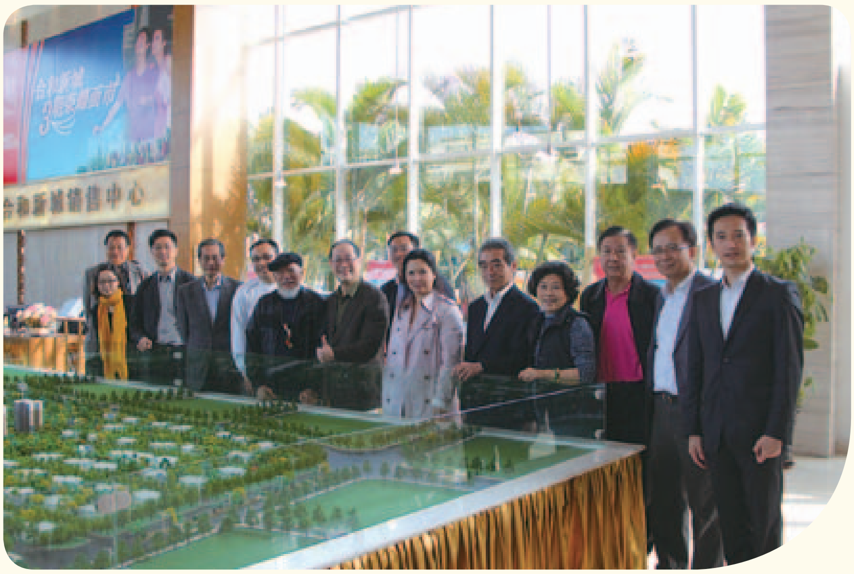
Attendance at Meetings

During the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meetings and the 2011 Annual General Meeting are as follows:

	Number of meetings attended/held			
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	2011 Annual General Meeting
Number of meetings held	4	2	1	1
Executive Directors				
Sir Gordon WU GBS, KCMG, FICE	4 out of 4	N/A	N/A	1 out of 1
Mr. Eddie Ping Chang HO	4 out of 4	N/A	N/A	1 out of 1
Mr. Thomas Jefferson WU	4 out of 4	N/A	N/A	1 out of 1
Mr. Josiah Chin Lai KWOK	4 out of 4	N/A	N/A	1 out of 1
Mr. Albert Kam Yin YEUNG	4 out of 4	N/A	N/A	1 out of 1
Mr. Eddie Wing Chuen HO Junior	4 out of 4	N/A	N/A	1 out of 1
Mr. William Wing Lam WONG	4 out of 4	N/A	N/A	1 out of 1
Ir. Leo Kwok Kee LEUNG	4 out of 4	N/A	N/A	1 out of 1
Non-Executive Directors				
Lady WU	3 out of 4	N/A	N/A	1 out of 1
Mr. Carmelo Ka Sze LEE (resigned as Remuneration Committee Chairman on 23 February 2012 and remains as Remuneration Committee Member)	2 out of 4	N/A	1 out of 1	1 out of 1
Mr. Henry Hin Moh LEE (resigned as Director on 1 January 2012)	2 out of 2	N/A	N/A	1 out of 1
Independent Non-Executive Directors				
Mr. Guy Man Guy WU	4 out of 4	2 out of 2	1 out of 1	1 out of 1
Ms. Linda Lai Chuen LOKE (appointed as Remuneration Committee Chairman on 23 February 2012)	4 out of 4	1 out of 2	1 out of 1	1 out of 1
Mr. Sunny TAN	4 out of 4	2 out of 2	N/A	1 out of 1
Dr. Gordon YEN (appointed as Director and Remuneration Committee Member on 12 May 2012)	N/A	N/A	N/A	N/A

During the year under review, 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.

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 of Hong Kong and/or a Guide for Independent Non-Executive Directors published by The Hong Kong Institute of Directors have been sent (in case of Independent Non-Executive Director(s)) 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' touring to the Group's operations in the PRC with briefings by senior PRC staff was arranged for the Board members to enable them to gain a better understanding on the businesses of the Group in the Pearl River Delta region. Respective seminars provided by DTT, the Company's auditor, and Independent Commission Against Corruption on the topics relating to the roles, functions and duties of the Directors were organized so as to update and develop the Board members' expertise.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expenses. Directors are requested to provide their records of training they received to the Company Secretary for record.

Company Secretary

The Company Secretary, Mr. Richard Cho Wa LAW, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He 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. LAW has attended relevant professional seminars to update his skills and knowledge. He will comply with the Revised Listing Rules to take no less than 15 hours of relevant professional training in each financial year.

Accountability and Audit

Financial Reporting

The Directors recognize 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 that may cast significant doubt on the Company's ability to continue as a going concern.

From April 2012 onwards, 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 103 and 104 of this Annual Report. The independence of the external auditor is monitored by the Audit Committee which is also 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 2011.

Further, pursuant to Rule 14A.38 of the Listing Rules, the Board engaged DTT to perform certain agreed upon procedures in respect of the continuing connected transactions as set out under the section headed "Continuing Connected Transactions" in the Report of the Directors.

During the year ended 30 June 2012, 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	5,542
Non-audit services:	
Interim review	901
Others	80
Total	**6,523**

Internal Controls

The Board is of the opinion that a sound internal control system will help achieving the Group's business objectives, safeguarding the Group's assets, contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations.

The Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system.

Business plans and budgets are prepared annually by the management of each business unit and are subject to review and approval by the Executive Directors. During the processes, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. These plans and budgets are then reviewed quarterly against actual performance for validity and adjustments. Various guidelines 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 accounting and finance related matters.

The Board acknowledges its responsibility for the Group's system of internal controls and for reviewing its effectiveness through the Audit Committee. Evaluation of the Group's internal control is independently conducted by the Internal Audit Department on an on-going basis for principal operations. Significant findings and risk concerns are reported to the Audit Committee at least twice every year.

For the year under review, the Board has through the Audit Committee reviewed the effectiveness of the Group's internal control system. To further enhance control awareness, the Group has also approved launching a Whistleblowing Policy for employees to raise any concerns about organizational mal-practices without fear of reprisal in August 2012.

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 are charged with the responsibility of disseminating the Code of Conduct requirements to the employees concerned.

Remuneration Policy

The Company recognizes 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 and will take into account the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the current financial year had been approved by the shareholders at the last Annual General Meeting of the Company held on 20 October 2011.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors and an employees' share dealing rules ("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 unpublished price sensitive 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.

Communication with Shareholders

The Company recognizes the importance of communications with the shareholders of the Company, both individual and institutional as well as potential investors. In February 2012, the Board adopted a Shareholders Communication Policy of the Company which aims to set out the provisions with the objective of ensuring that the shareholders of the Company and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders of the Company to exercise their rights in an informed manner, and to allow shareholders of the Company and potential investors to engage actively with the Company. The Shareholders Communication Policy of the Company is posted on the HHL Website.

Disclosure of information on Company's 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 http://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.

HHI discloses in a timely manner the traffic statistics and toll revenue of the GS Superhighway, Phase I West and Phase II West on monthly basis on the HHI 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 and the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2011 Annual General Meeting was held at Auditorium, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 20 October 2011. The 2012 Annual General Meeting has been scheduled to be held on 18 October 2012.

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 the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Stock Exchange on the same day of the poll.

Investor Relations

The Company is committed to maintaining an effective communication channel for the shareholders and investors. A proactive dialogue between the Company and the investment community helps promote greater transparency and allows better understanding of the Company's strategies, business developments, growth opportunities and prospects.

During the year under review, the Company strived to improve transparency and communications with shareholders and investors. Meetings and conference calls with investors and analysts were held, in order for the Company to understand their views and to keep them abreast on the latest developments. Inquiries on the Company were also dealt with in an informative and timely manner. At the same time, the Company reached out to the investment community by participating in investment conferences and road shows.

As a channel to promote transparency and to furnish timely corporate information, the Company maintains a corporate website, i.e. the HHL Website. The website provides investors and the public with access to information including Company announcements, press releases, interim and annual reports, investor presentation slides and information on different businesses.

Continuing to enhance the communication platform for the investment community is paramount in upholding high transparency and building investors' confidence in the Company. In order to maintain high standards of corporate governance, the Company will keep a proactive dialogue with the shareholders and investors and continue to disseminate corporate information in a clear and timely way. Feedbacks and suggestions can be addressed to the Company at ir@hopewellholdings.com.

Shareholders' Rights

Set out below is a summary of certain rights of the shareholders of the Company as required to be disclosed pursuant to the mandatory disclosure requirements under Paragraph O of the Revised CG Code which is effective from 1 April 2012.

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), shareholder(s) holding at the date of the deposit of the requisition not less than one-twentieth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, may require the Directors to convene an extraordinary general meeting ("EGM"). The written requisition must state the objects of the meeting, and must be signed by the shareholder(s) concerned and 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. The requisition may consist of several documents in like form, each signed by one or more shareholders concerned.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening an EGM is given, the shareholder(s) concerned or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from such date.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened 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:

Senior Investor Relations Manager
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 of the Company 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 section 115A of the Companies Ordinance for including a resolution at an annual general meeting. The requirements and procedures are set out below:

(i) Any number of shareholders representing not less than one-fortieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at an annual general meeting to which the requisition relates, or not less than 50 shareholders holding shares in the Company on which there has been paid up an average sum, per shareholder, of not less than HK$2,000, may submit a requisition in writing to put forward a resolution which may properly be moved and is intended to be moved at an annual general meeting.

(ii) The Company shall not be bound by the Companies Ordinance to give notice of the proposed resolution or to circulate a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution to shareholders of the Company entitled to receive notice of an annual general meeting unless (a) a copy of the requisition signed by the shareholders concerned (or 2 or more copies which between them contain the signatures of all the shareholders concerned) is 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 not less than 6 weeks before an annual general meeting in the case of a requisition requiring notice of a resolution and not less than 1 week before an annual general meeting in the case of any other requisition; and (b) the concerned shareholders have deposited with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

(iii) However if, after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date 6 weeks or less after the copy has been deposited, the copy though not deposited within the time required as referred to in the above shall be deemed to have been properly deposited.

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 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 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 2012.

Principal Activities

The principal activity of the Company is investment holding and the Company's subsidiaries are active in the fields of investment in infrastructure projects, property development and investment, property agency and management, hotel investment and management, restaurant and catering operations.

Results

The results of the Group for the year ended 30 June 2012 are set out in the Consolidated Statement of Comprehensive Income on page 105.

Dividends

The Directors recommend the payment of a final dividend of HK54 cents (2011: HK58 cents) plus a special final dividend of HK40 cents (2011: HK45 cents) per share in respect of the year ended 30 June 2012.

Together with the interim dividend of HK45 cents (2011: HK45 cents) per share paid on 15 March 2012, total dividends for the year will be HK139 cents (2011: HK148 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 "Business Review" as set out on pages 28 to 61.

Share Capital

Movements in share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

Share Premium and Reserves

Movements in share premium and reserves during the year are set out in the Consolidated Statement of Changes in Equity on page 109 and note 34 to the consolidated financial statements.

Distributable Reserve

The Company's distributable reserve at 30 June 2012 amounts to approximately HK$6,446 million (2011: HK$5,215 million) which represents 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$1,708,000 (2011: HK$4,765,000).

Fixed Assets

Movements in investment properties and property, plant and equipment during the year are set out in notes 14 and 15 to the consolidated financial statements respectively. Particulars regarding the major properties and property interests of the Group are set out on pages 175 and 176.

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 18 to 24. Changes during the year and up to the date of this report are as follows:

Mr. Henry Hin Moh LEE	(resigned as a Non-Executive Director on 1 January 2012)
Ms. Linda Lai Chuen LOKE	(appointed as the Chairman of the Remuneration Committee on 23 February 2012)
Mr. Carmelo Ka Sze LEE	(resigned as the Chairman of the Remuneration Committee on 23 February 2012 and remains as a Member of the Remuneration Committee)
Dr. Gordon YEN	(appointed as an Independent Non-Executive Director and a Member of the Remuneration Committee on 12 May 2012)

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annul 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. Eddie Ping Chang HO, Mr. Albert Kam Yin YEUNG, Mr. Eddie Wing Chuen HO Junior and Ir. Leo Kwok Kee LEUNG shall retire from office at the 2012 Annual General Meeting and, being eligible, offered themselves for re-election.

Furthermore, 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-election. Dr. Gordon YEN, who was appointed as an Independent Non-Executive Director on 12 May 2012, shall hold office until the 2012 Annual General Meeting after his appointment and, being eligible, offered himself for re-election.

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

Directors' Interest in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or were parties and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in 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(i)

	Shares						
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	Underlying shares of equity derivatives(iv)	Total Interests	% of issued share capital
Sir Gordon WU	74,683,240	25,420,000(v)	111,650,000(vi)	30,680,000(iii)	-	242,433,240(ix)	27.81
Eddie Ping Chang HO	27,008,000	1,366,000	70,000	-	-	28,444,000	3.26
Thomas Jefferson WU	27,600,000	-	-	-	-	27,600,000	3.17
Josiah Chin Lai KWOK	1,275,000	-	-	-	-	1,275,000	0.15
Guy Man Guy WU	2,645,650	-	-	-	-	2,645,650	0.30
Lady WU	25,420,000	125,143,240(vii)	61,190,000(viii)	30,680,000(iii)	-	242,433,240(ix)	27.81
Linda Lai Chuen LOKE	-	1,308,981	-	-	-	1,308,981	0.15
Albert Kam Yin YEUNG	250,000	-	-	-	-	250,000	0.03
Eddie Wing Chuen HO Junior	608,000	-	-	-	-	608,000	0.07
William Wing Lam WONG	150,000	-	-	-	288,000	438,000	0.05

Notes:

(i) All interests in the shares and underlying shares of equity derivatives of the Company were long positions. None of the Directors or chief executives held any short position in the shares and underlying shares of equity derivatives of the Company.

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

(iv) The interests in underlying shares of equity derivatives represented interests in options granted to Directors under the 2003 Share Option Scheme to subscribe for shares of the Company, further details of which are set out in the section headed "Share Options of the Company".

(v) The family interests in 25,420,000 shares represented the interests of Lady WU.

(vi) The corporate interests in 111,650,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (viii) and 400,000 shares held through a corporation controlled by a trust set up by Sir Gordon WU.

(vii) The family interests in 125,143,240 shares represented the interests of Sir Gordon WU. This figure included 50,060,000 shares held by Sir Gordon WU through corporations and 400,000 shares held through a corporation controlled by a trust set up by Sir Gordon WU.

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

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

(B) Associated Corporation - HHI

Directors	HHI Shares: Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests[i] (interests of controlled corporation)	Other Interests	Total Interests	% of issued share capital
Sir Gordon WU	13,717,724	5,244,000[ii]	21,249,999[iii]	6,136,000[iv]	46,347,723[viii]	1.56
Eddie Ping Chang HO	4,751,000	275,000	14,000	-	5,040,000	0.17
Thomas Jefferson WU	16,000,000	-	-	-	16,000,000	0.54
Josiah Chin Lai KWOK	127,500	-	-	-	127,500	0.00
Guy Man Guy WU	264,565	-	-	-	264,565	0.01
Lady WU	5,244,000[v]	22,729,725[vi]	12,237,998[vii]	6,136,000[iv]	46,347,723[viii]	1.56
Linda Lai Chuen LOKE	-	130,898	-	-	130,898	0.00
Albert Kam Yin YEUNG	29,000	-	-	-	29,000	0.00
Eddie Wing Chuen HO Junior	60,800	-	-	-	60,800	0.00
William Wing Lam WONG	15,000	-	-	-	15,000	0.00
Leo Kwok Kee LEUNG	200,000	-	-	-	200,000	0.01

Notes:

(i) These HHI Shares 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.

(ii) The interests in 5,244,000 HHI Shares were interests held by Lady WU.

(iii) The corporate interests in 21,249,999 HHI Shares held by Sir Gordon WU included the corporate interests in 12,237,998 HHI Shares referred to in Note (vii).

(iv) The other interests in 6,136,000 HHI Shares represented the interests held jointly by Sir Gordon WU and Lady WU.

(v) The interests in 5,244,000 HHI Shares were personal interests beneficially owned by Lady WU and represented the same block of shares in Note (ii).

(vi) The family interests in 22,729,725 HHI Shares represented the interests of Sir Gordon WU. This figure included 9,012,001 HHI Shares held by Sir Gordon WU through corporations.

(vii) The corporate interests in 12,237,998 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.

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

Save as aforesaid, as at 30 June 2012, none of the Directors or chief executives had any other interests or short positions in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options of the Company

The shareholders of the Company approved the adoption of a new share option scheme (the "2003 Share Option Scheme") effective on 1 November 2003.

(A) The 2003 Share Option Scheme will expire on 31 October 2013, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the 2003 Share Option Scheme is set out in (B) below.

(B) The 2003 Share Option Scheme is designated to provide the Company with a flexible 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.

Under the 2003 Share Option Scheme, 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) will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of adoption of the 2003 Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the 2003 Share Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company. As at the date of this report, a total of 71,118,512 shares (representing approximately 8.16% of the issued share capital of the Company) are available for issue under the 2003 Share Option Scheme.

The period under 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 a period of 14 days from the date of offer. 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 not be less than the highest 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; (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; and (c) the nominal value of a share in the Company.

(C) Details of the movement of share options under the 2003 Share Option Scheme during the year ended 30 June 2012 were as follows:

	Date of grant	Exercise price per share (HK$)	Number of share options: Outstanding at 01/07/2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30/06/2012	Exercise period	Closing price before date of grant falling within the year (HK$)
Director									
William Wing Lam WONG	10/10/2006	22.44	288,000	-	-	-	288,000	01/11/2007-31/10/2013	N/A
Employees	10/10/2006	22.44	4,960,400	-	-	(416,000)	4,544,400	01/11/2007-31/10/2013	N/A
Employees	15/11/2007	36.10	4,016,000	-	-	(128,000)	3,888,000	01/12/2008-30/11/2014	N/A
Employees	24/07/2008	26.35	1,068,000	-	-	(128,000)	940,000	01/08/2009-31/07/2015	N/A
Employees	11/03/2009	21.45	1,029,200	-	(74,000)	(383,200)	572,000	18/03/2010-17/03/2016	N/A
Total			**11,361,600**	**-**	**(74,000)**	**(1,055,200)**	**10,232,400**		

No options were cancelled during the year.

The weighted average closing price of the shares on the dates immediately before the dates on which the options were exercised by the employees during the year was HK$23.89.

The options granted on 10 October 2006, 15 November 2007, 24 July 2008 and 11 March 2009 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 10 October 2006	
20% of options granted	01/11/2007 - 31/10/2008
40%* of options granted	01/11/2008 - 31/10/2009
60%* of options granted	01/11/2009 - 31/10/2010
80%* of options granted	01/11/2010 - 31/10/2011
100%* of options granted	01/11/2011 - 31/10/2013
Granted on 15 November 2007	
20% of options granted	01/12/2008 - 30/11/2009
40%* of options granted	01/12/2009 - 30/11/2010
60%* of options granted	01/12/2010 - 30/11/2011
80%* of options granted	01/12/2011 - 30/11/2012
100%* of options granted	01/12/2012 - 30/11/2014
Granted on 24 July 2008	
20% of options granted	01/08/2009 - 31/07/2010
40%* of options granted	01/08/2010 - 31/07/2011
60%* of options granted	01/08/2011 - 31/07/2012
80%* of options granted	01/08/2012 - 31/07/2013
100%* of options granted	01/08/2013 - 31/07/2015
Granted on 11 March 2009	
20% of options granted	18/03/2010 - 17/03/2011
40%* of options granted	18/03/2011 - 17/03/2012
60%* of options granted	18/03/2012 - 17/03/2013
80%* of options granted	18/03/2013 - 17/03/2014
100%* of options granted	18/03/2014 - 17/03/2016

* including those not previously exercised

Share Options of HHI

(A) The share option scheme of HHI was approved by the written resolutions of the then sole shareholder of HHI passed on 16 July 2003 and approved by shareholders of the Company at an extraordinary general meeting held on 16 July 2003 (the "HHI Option Scheme"). The HHI Option Scheme will expire on 15 July 2013. A summary of some of the principal terms of the HHI Option Scheme is set out in (B) below.

(B) The purpose of the HHI Option Scheme is to provide HHI with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the HHI Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the HHI Group; (iii) any consultants, professional and other advisers to each member of the HHI Group; (iv) any chief executives, or substantial shareholders of HHI; (v) any associates of director, chief executive or substantial shareholder of HHI and (vi) any employees of substantial shareholder of HHI or such other purposes as the HHI Board may approve from time to time.

Under the HHI Option Scheme, the maximum number of shares in HHI which may be issued upon exercise of all options to be granted under the HHI Option Scheme and any other share option scheme of HHI will not exceed 10% of the total number of shares of HHI in issue immediately following completion of the initial public offering, unless a fresh approval of shareholders of HHI is obtained. The maximum entitlement of each participant under the HHI Option Scheme in any 12-month period must not exceed 1% of the issued share capital of HHI. As at the date of this report, a total of 278,208,000 shares (representing 9.39% of the issued share capital of HHI) are available for issue under the HHI Option Scheme.

The period during which an option may be exercised will be determined by the HHI Board at its absolute discretion and 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 a period of 28 days from the date of offer. 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 HHI Board may in its absolute discretion determine and notified to a participant. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant (or, if such date is not a business day, the next following business day ("Grant Date")); (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 Grant Date; and (c) the nominal value of a share in HHI.

(C) Details of the movement of share options under the HHI Option Scheme during the year ended 30 June 2012 were as follows:

	Date of grant	Exercise price per share (HK$)	Number of HHI share options: Outstanding at 01/07/2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30/06/2012	Exercise period	Closing price before date of grant falling within the year (HK$)
Employees of HHI	17/10/2006	5.858	4,368,000	-	-	(288,000)	4,080,000	01/12/2007-30/11/2013	N/A
Employees of HHI	19/11/2007	6.746	360,000	-	-	-	360,000	01/12/2008-30/11/2014	N/A
Employees of HHI	24/07/2008	5.800	400,000	-	-	-	400,000	01/08/2009-31/07/2015	N/A
Total			**5,128,000**	**-**	**-**	**(288,000)**	**4,840,000**		

No options were cancelled during the year.

The options granted on 17 October 2006, 19 November 2007 and 24 July 2008 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 17 October 2006	
20% of options granted	01/12/2007 - 30/11/2008
40%* of options granted	01/12/2008 - 30/11/2009
60%* of options granted	01/12/2009 - 30/11/2010
80%* of options granted	01/12/2010 - 30/11/2011
100%* of options granted	01/12/2011 - 30/11/2013
Granted on 19 November 2007	
20% of options granted	01/12/2008 - 30/11/2009
40%* of options granted	01/12/2009 - 30/11/2010
60%* of options granted	01/12/2010 - 30/11/2011
80%* of options granted	01/12/2011 - 30/11/2012
100%* of options granted	01/12/2012 - 30/11/2014
Granted on 24 July 2008	
20% of options granted	01/08/2009 - 31/07/2010
40%* of options granted	01/08/2010 - 31/07/2011
60%* of options granted	01/08/2011 - 31/07/2012
80%* of options granted	01/08/2012 - 31/07/2013
100%* of options granted	01/08/2013 - 31/07/2015

* including those not previously exercised

Share Awards of the Company

(A) The HHL Award Scheme was adopted by the Board on 25 January 2007. Unless terminated earlier by the Board, the HHL Award Scheme shall be valid and effective for a term 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 Award Scheme is set out in (B) below.

(B) The purpose of the HHL Award Scheme is to recognize 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 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 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 total number of shares which are the subject of awards granted by the Board under the HHL Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of the Company as at the date of such grant.

(C) During the year under review, cash dividend income amounting to HK$109,152 (2011: HK$73,512) had been received in respect of the shares held upon the trust for the HHL 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 share which shall become returned shares for the purpose of the HHL 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 or outstanding during the year ended 30 June 2012.

Share Awards of HHI

(A) The HHI Award Scheme was adopted by the HHI Board on 25 January 2007 ("HHI Adoption Date"). Unless terminated earlier by the HHI Board, the HHI Award Scheme shall be valid and effective for a term 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 Award Scheme is set out in (B) below.

(B) The purpose of the HHI Award Scheme is to recognize 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 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 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 shares which are the subject of awards granted by the HHI Board under the HHI Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of HHI as at the date of such grant.

(C) There were no awarded shares granted or outstanding during the year ended 30 June 2012 and accordingly no dividend income was received in respect of shares hold upon the trust for the HHI Award Scheme (2011: Nil) during the year under review.

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 2012 was the Company or any of its subsidiaries 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 right to subscribe for the securities of the Company, or had exercised any such right.

Directors' Remuneration

The Directors' fees are determined 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.

Service Contracts of Directors

No directors proposed for re-election at the 2012 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$25,000 with effect from 1 June 2012, previously capped at HK$20,000. 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 MPF Schemes amounted to HK$9,809,000 (2011: HK$9,796,000).

Management Contracts

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

Substantial Shareholder

As at 30 June 2012, to the best knowledge of the Directors, the interests of persons (other than Directors and chief executives of the Company) 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 (corporate interests)	% of issued share capital
Commonwealth Bank of Australia	Interests of controlled corporations	86,502,000	9.92%

The above interests in the shares of the Company held by the substantial shareholder were long position.

Save as disclosed above and under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under section 336 of the SFO as at 30 June 2012.

Purchase, Sale or Redemption of Securities

During the year ended 30 June 2012, the Company repurchased a total of 4,854,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of HK$95,715,180. All the repurchased shares were subsequently cancelled. Details of the repurchases are as follows:

Month of the repurchases	Total number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid (excluding expenses) HK$
November 2011	1,624,500	19.70	18.60	31,296,500
December 2011	3,229,500	20.00	19.88	64,418,680
Total	**4,854,000**			**95,715,180**

The purchases were made for the benefit of the shareholders as a whole with a view to enhancing the earnings per share of the Company.

Save as disclosed above, 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 2012.

Confirmation on Independence

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and still considers such Directors to be independent.

Continuing Connected Transaction

Management Agreement of Phase III West with Nan Yue

On 24 May 2010, West Route JV, a company in which the HHI Group and West Route PRC Partner each holds 50% interest, entered into a management agreement with Nan Yue, a company incorporated in the PRC and its H shares are listed on the Stock Exchange, in relation to the management of the material-supply for the Phase III West (the "Phase III Management Agreement").

Pursuant to the Phase III Management Agreement, Nan Yue would provide to West Route JV the material logistics services, consisting of the planning, procurement and logistics management of the main construction materials for the Phase III West (the "Phase III Material Logistics Services"). The appointment is effective from the date of execution of such agreement and continues for three years or until the completion of the supply of the materials, payment of all material fees and after audit by the relevant departments of West Route JV, whichever is earlier. The appointment may be extended by mutual agreement. The Phase III Management Agreement will terminate after the end of the term of appointment of Nan Yue and the expiry of the warranty period (which is 24 months after the completion of the Phase III West). The service fee is 2.5% of the fee for the materials supplied for the Phase III West and shall be paid on a quarterly basis after deduction of the 5% assurance fee; such assurance fee shall be repayable without interest to Nan Yue upon completion of the term of the Phase III Management Agreement. The material shall be purchased by Nan Yue from the relevant material suppliers and supplied to the contractors appointed by West Route JV for the construction of the Phase III West (the "Phase III Construction Contractors"). The material fee shall be payable by the Phase III Construction Contractors to Nan Yue. In the event that the relevant material supplier shall fail to supply the materials on time, upon approval by West Route JV, Nan Yue shall take such actions as may be required (including using its own material stock or making purchase separately) to resume the supply of materials for the Phase III West.

Relevant details of the Phase III Management Agreement were disclosed in the announcement dated 24 May 2010 jointly made by the Company and HHI.

Pursuant to the Listing Agreement between HHI and the Stock Exchange and the letter dated 7 August 2003 from the Company to the Stock Exchange, West Route JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by the HHI Group and West Route PRC Partner, is deemed to be a subsidiary of HHI and the Company for the purposes of the then Chapter 14 of the Listing Rules (which has been subdivided into Chapters 14 and 14A since revisions of the Listing Rules came into effect on 31 March 2004).

West Route PRC Partner currently has a 50% interest in West Route JV and a 52% interest in Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (which is a Sino-foreign co-operative joint venture between West Route PRC Partner and a subsidiary of HHI). West Route PRC Partner is a state-owned enterprise wholly owned by and under the administration of GPCG, which is in turn a state-owned enterprise established by the Guangdong Provincial Government. Nan Yue is a subsidiary of GPCG and is accordingly deemed to be a connected person of HHI and the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the transaction contemplated under the Phase III Management Agreement constitutes a continuing connected transaction of HHI and the Company under the Listing Rules.

The service fee paid and payable to Nan Yue for the Phase III Material Logistics Services provided during the year ended 30 June 2012 under the Phase III Management Agreement was approximately RMB12.39 million.

The Independent Non-executive Directors have reviewed and confirmed that the Phase III Material Logistics Services provided by Nan Yue for the financial year ended 30 June 2012 have been entered into in the ordinary and usual course of business of the Group; on normal commercial terms; and in accordance with the Phase III Management Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report on the continuing connected transactions of the Group and the Group's jointly controlled entities in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and the auditor of the Company has issued an unqualified letter containing the findings and conclusions in respect of the aforementioned continuing connected transactions of the Group in accordance with Listing Rule 14A.38 of the Listing Rules.

Save as disclosed above, related party transactions that did not constitute connected transactions or continuing connected transactions made during the year are disclosed in note 41 to the consolidated financial statements.

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 issued shares as required under the Listing Rules.

Disclosures under Chapter 13 of the Listing Rules

The Sino-foreign co-operative joint venture enterprises 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 venture enterprises is no longer required under Rules 13.13, 13.16, 13.20 and 13.22 of the Listing Rules to be specifically disclosed in the annual report.

Continuing disclosure pursuant to Rule 13.20 of the Listing Rules

As disclosed in the announcement made by the Company on 8 July 2011, Grand Site Development Limited ("Grand Site"), an affiliated company of the Company, executed a facility agreement and security documents in relation to loan facilities of up to an aggregate principal amount of HK$5,000 million and in connection therewith and on the same date, the Company (on a several basis and pro rata to its 50% attributable equity interest in Grand Site) entered into a corporate guarantee and a funding agreement for project cost overrun (with completion guarantee) and Linford Investments Limited (being the indirect wholly-owned subsidiary of the Company holding 50% shareholding in Grand Site) entered into a subordination agreement and a share charge in favour of the lenders. The aforesaid loan facilities have been and shall be utilized by Grand Site for the payment of the land premium and construction costs of the Lee Tung Street Project.

The Group also made advances to Grand Site (on several basis and pro rata to the Company's attributable equity interest in Grand Site). Such advances are funded from the internal resources of the Group by way of shareholder's advances, unsecured, interest-free and have no fixed and determined method of repayment.

As at 30 June 2012, the aggregate amount of advances and guarantee given for loan facilities granted to Grand Site amounted to HK$4,629 million, representing approximately 11.34% under the assets ratio ("Assets Ratio") as defined under Rule 14.07(1) of the Listing Rules.

Continuing disclosure pursuant to Rule 13.22 of the Listing Rules

As at 30 June 2012, the aggregate amount of financial assistance to, and guarantee given for the loan facilities granted to, affiliated companies of the Company, exceeds 8% under the Assets Ratio. In compliance with the requirement of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies to which financial assistance and guarantees have been granted by the Company (and attributable interest of the Group in these affiliated companies) as at the latest practicable date (i.e. 30 June 2012) is set out below:

	Combined balance sheet HK$ million	The Group's attributable interest HK$ million
Non-current assets	4,575	1,878
Current assets	8,027	3,877
Current liabilities	(870)	(350)
	11,732	**5,405**
Share capital	1,580	632
Reserves	683	273
Amounts due to shareholders	5,210	2,507
Non-current liabilities	4,259	1,993
	11,732	**5,405**

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2012 Annual General Meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 20 August 2012

Independent Auditor's Report

Deloitte.
德勤

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

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 105 to 174, which comprise the consolidated and company's statements of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
20 August 2012

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	NOTES	2011 HK$'000	2012 HK$'000
Turnover	5	1,542,513	**1,757,866**
Cost of sales and services		(746,766)	**(701,374)**
		795,747	**1,056,492**
Other income	6	133,217	**297,303**
Selling and distribution costs		(98,525)	**(68,925)**
Administrative and other expenses		(291,933)	**(352,738)**
Gain on disposal of investment properties	14	62,547	**15,918**
Gain on disposal of a subsidiary	36	-	**20,408**
Gain arising from changes in fair value of completed investment properties	14	4,395,010	**2,263,728**
Finance costs	7	(79,145)	**(91,461)**
Share of profits of			
Jointly controlled entities	8	1,251,600	**1,176,042**
Associates	20	2,583	**11,525**
Profit before taxation	9	6,171,101	**4,328,292**
Income tax expense	10	(251,550)	**(365,173)**
Profit for the year		5,919,551	**3,963,119**
Other comprehensive income:			
Exchange differences arising on translation of financial statements of subsidiaries and jointly controlled entities		511,949	**145,171**
Gain arising from revaluation of other properties before reclassification to investment properties		45,049	**119,022**
Loss arising from changes in fair value of available-for-sale investments		(1,211)	**-**
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale investments		(6,953)	**-**
Other comprehensive income for the year		548,834	**264,193**
Total comprehensive income for the year		6,468,385	**4,227,312**
Profit for the year attributable to:			
Owners of the Company		5,576,464	**3,630,684**
Non-controlling interests		343,087	**332,435**
		5,919,551	**3,963,119**
Total comprehensive income attributable to:			
Owners of the Company		5,994,610	**3,858,609**
Non-controlling interests		473,775	**368,703**
		6,468,385	**4,227,312**
		HK$	**HK$**
Earnings per share	12		
Basic		6.36	**4.15**
Diluted		6.36	**4.15**

Consolidated Statement of Financial Position

At 30 June 2012

	NOTES	2011 HK$'000	2012 HK$'000
ASSETS			
Non-current Assets			
Investment properties	14	14,944,615	**17,429,282**
Property, plant and equipment	15	788,210	**715,560**
Properties under development	18	978,433	**1,170,897**
Interests in jointly controlled entities	19	8,282,037	**9,072,789**
Interests in associates	20	27,397	**21,241**
Loan receivable		1,303	**410**
Available-for-sale investments	21	3,197	**3,000**
Amounts due from jointly controlled entities	22	1,753,225	**2,116,788**
Bank balances held by HHI Group	26	589,960	**-**
		27,368,377	**30,529,967**
Current Assets			
Inventories	23	22,800	**7,261**
Stock of properties	24		
Under development		526,809	**635,831**
Completed		45,054	**154,140**
Trade and other receivables	25	366,157	**402,929**
Deposits and prepayments		62,715	**81,342**
Amounts due from jointly controlled entities	22	970,432	**651,532**
Bank balances and cash held by:	26		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,784,222	**3,393,906**
Hopewell Highway Infrastructure Limited and its subsidiaries ("HHI Group")		2,848,925	**4,582,018**
		7,627,114	**9,908,959**
Assets classified as held for sale (Broadwood Twelve)	14(b)	1,835,000	**1,202,200**
		9,462,114	**11,111,159**
Total Assets		36,830,491	**41,641,126**
Cash and cash equivalents (included in bank balances and cash) held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		*2,784,222*	***3,245,708***
HHI Group		*2,568,007*	***3,984,218***
		5,352,229	***7,229,926***

Consolidated Statement of Financial Position

At 30 June 2012

	NOTES	2011 HK$'000	2012 HK$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	33	2,191,608	**2,179,658**
Share premium and reserves	34	27,155,678	**29,618,290**
Equity attributable to owners of the Company		29,347,286	**31,797,948**
Non-controlling interests		2,800,360	**2,784,041**
Total Equity		32,147,646	**34,581,989**
Non-current Liabilities			
Warranty provision	39(a)	53,966	**53,966**
Deferred tax liabilities	35	321,624	**360,472**
Amount due to a minority shareholder of a subsidiary	30	66,021	**60,253**
Corporate bonds	31	2,383,920	**732,000**
Bank borrowings	32	361,200	**2,966,000**
		3,186,731	**4,172,691**
Current Liabilities			
Trade and other payables	27	507,638	**574,370**
Rental and other deposits		220,054	**283,253**
Amounts due to associates	28	14,460	**887**
Amount due to a jointly controlled entity	28	6,848	**10,057**
Tax liabilities		114,169	**256,286**
Corporate bonds	31	-	**1,683,600**
Bank borrowings	32	604,700	**70,800**
		1,467,869	**2,879,253**
Liabilities associated with assets classified as held for sale	14(b)	28,245	**7,193**
		1,496,114	**2,886,446**
Total Liabilities		4,682,845	**7,059,137**
Total Equity and Liabilities		36,830,491	**41,641,126**

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

Company's Statement of Financial Position

At 30 June 2012

	NOTES	2011 HK$'000	**2012 HK$'000**
ASSETS			
Non-current Assets			
Investments in subsidiaries	16	1,100,764	**1,167,319**
Amounts due from subsidiaries	17	16,055,791	**15,994,827**
Investments in associates	20	5	**5**
Available-for-sale investments	21	3,197	**3,000**
		17,159,757	**17,165,151**
Current Assets			
Trade and other receivables		185	**409**
Deposits and prepayments		337	**16,032**
Amounts due from subsidiaries	29	435,887	**1,469,778**
Bank balances and cash	26	451,344	**831,527**
		887,753	**2,317,746**
Total Assets		18,047,510	**19,482,897**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	33	2,191,608	**2,179,658**
Share premium and reserves	34	14,140,528	**15,382,890**
Total Equity		16,332,136	**17,562,548**
Current Liabilities			
Trade and other payables		6,908	**8,425**
Amounts due to associates	28	14,460	**887**
Amounts due to subsidiaries	29	1,694,006	**1,911,037**
Total Liabilities		1,715,374	**1,920,349**
Total Equity and Liabilities		18,047,510	**19,482,897**

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Attributable to owners of the Company												Attributable to non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	PRC statutory reserves HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Shares held for share award scheme HK$'000	Retained profits HK$'000	Sub-total HK$'000	Share option reserve of HHI HK$'000	Share of net assets of subsidiaries HK$'000	Sub-total HK$'000	Total HK$'000
At 1 July 2010	2,190,673	8,768,037	72,110	10,010	388,955	97,439	13,024	8,164	68,659	(2,178)	12,595,475	24,210,368	3,018	2,607,465	2,610,483	26,820,851
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,576,464	5,576,464	-	343,087	343,087	5,919,551
Other comprehensive income (expenses) for the year	-	-	-	-	381,261	-	45,049	(8,164)	-	-	-	418,146	-	130,688	130,688	548,834
Total comprehensive income (expenses) for the year	-	-	-	-	381,261	-	45,049	(8,164)	-	-	5,576,464	5,994,610	-	473,775	473,775	6,468,385
Shares issued	935	9,411	-	-	-	-	-	-	(2,086)	-	-	8,260	-	-	-	8,260
Transaction costs attributable to issue of shares	-	(8)	-	-	-	-	-	-	-	-	-	(8)	-	-	-	(8)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	1,709	-	-	1,709	114	48	162	1,871
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(284,060)	(284,060)	(284,060)
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	-	-	-	-	-	(867,653)	(867,653)	-	-	-	(867,653)
Transfers between reserves	-	-	-	-	-	8,369	-	-	-	-	(8,369)	-	-	-	-	-
At 30 June 2011	2,191,608	8,777,440	72,110	10,010	770,216	105,808	58,073	-	68,282	(2,178)	17,295,917	29,347,286	3,132	2,797,228	2,800,360	32,147,646
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,630,684	3,630,684	-	332,435	332,435	3,963,119
Other comprehensive income for the year	-	-	-	-	108,903	-	119,022	-	-	-	-	227,925	-	36,268	36,268	264,193
Total comprehensive income for the year	-	-	-	-	108,903	-	119,022	-	-	-	3,630,684	3,858,609	-	368,703	368,703	4,227,312
Shares issued	185	1,916	-	-	-	-	-	-	(514)	-	-	1,587	-	-	-	1,587
Transaction costs attributable to issue of shares	-	(1)	-	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)
Share repurchased and cancelled	(12,135)	-	12,135	-	-	-	-	-	-	-	(95,978)	(95,978)	-	-	-	(95,978)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	785	-	-	785	39	17	56	841
Forfeiture of vested share options	-	-	-	-	-	-	-	-	(3,134)	-	3,325	191	(191)	-	(191)	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(19,280)	(19,280)	-	(52,561)	(52,561)	(71,841)
Disposal of a subsidiary (note 36)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,699)	(4,699)	(4,699)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(327,627)	(327,627)	(327,627)
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	-	-	-	-	-	(1,295,251)	(1,295,251)	-	-	-	(1,295,251)
Transfers between reserves	-	-	-	-	-	9,131	-	-	-	-	(9,131)	-	-	-	-	-
At 30 June 2012	2,179,658	8,779,355	84,245	10,010	879,119	114,939	177,095	-	65,419	(2,178)	19,510,286	31,797,948	2,980	2,781,061	2,784,041	34,581,989

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	2011 HK$'000	2012 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	6,171,101	**4,328,292**
Adjustments for:		
Depreciation of property, plant and equipment	67,405	**72,139**
Finance costs	79,145	**91,461**
Net exchange loss (gain)	3,620	**(16,508)**
Gain arising from changes in fair value of completed investment properties	(4,395,010)	**(2,263,728)**
Gain on disposal of a subsidiary	-	**(20,408)**
Gain on disposal of available-for-sale investments	(6,953)	**-**
Gain on disposal of investment properties	(62,547)	**(15,918)**
Interest income	(106,027)	**(246,328)**
Loss on disposal of property, plant and equipment	278	**4,431**
Share-based payment expense	1,871	**841**
Share of profits of		
Jointly controlled entities	(1,251,600)	**(1,176,042)**
Associates	(2,583)	**(11,525)**
Operating cash flows before movements in working capital	498,700	**746,707**
Increase in inventories	(5,611)	**(411)**
Increase in stock of properties	(58,339)	**(212,175)**
Increase in trade and other receivables, and deposits and prepayments	(24,394)	**(44,825)**
(Decrease) increase in trade and other payables, and rental and other deposits	(174,519)	**151,836**
Cash generated from operations	235,837	**641,132**
Tax paid		
Hong Kong Profits Tax	(33,140)	**(23,991)**
Taxation elsewhere	(46,345)	**(90,767)**
NET CASH FROM OPERATING ACTIVITIES	156,352	**526,374**

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	NOTE	2011 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Placement of bank deposits with original maturity over three months		(854,998)	**(356,538)**
Withdrawal of bank deposits with original maturity over three months		-	**490,037**
Interest received		74,495	**242,549**
Dividends received (net of PRC withholding tax)		454,219	**1,006,859**
Additions to investment properties		(112,999)	**(95,776)**
Additions to property, plant and equipment		(76,288)	**(29,549)**
Additions to properties under development		(147,461)	**(192,464)**
Investments in a jointly controlled entity		(355,000)	**(592,811)**
Repayment to a minority shareholder of a subsidiary		-	**(7,914)**
(Advances to) repayment from jointly controlled entities:			
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV")		(608,735)	**577,740**
Heyuan Project		(361,697)	**(244,200)**
Lee Tung Street Project		(82,929)	**(363,563)**
Net proceeds from disposal of investment properties		1,481,641	**629,792**
Net proceeds from disposal of property, plant and equipment		1,198	**101**
Net cash inflow on disposal of a subsidiary	36	-	**56,342**
Proceeds from disposal of available-for-sale investments		22,439	**-**
Tax paid elsewhere for interest received		(1,400)	**(16,199)**
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(567,515)	**1,104,406**
FINANCING ACTIVITIES			
Proceeds from issuance of corporate bonds		2,303,460	**-**
New bank borrowings raised		2,065,900	**2,566,100**
Repayment of bank borrowings		(1,100,000)	**(500,000)**
Dividends and distributions paid to			
Owners of the Company		(867,653)	**(1,295,251)**
Non-controlling interests		(284,060)	**(327,627)**
Net proceeds from issue of shares by the Company		8,252	**1,586**
Repurchase of shares		-	**(95,978)**
Advance from an associate		4,931	**-**
Repayments to associates		(4)	**(13,573)**
Advance from a jointly controlled entity		2,300	**3,209**
Acquisition of additional investment of a subsidiary		-	**(71,841)**
Finance costs paid		(50,574)	**(96,167)**
NET CASH FROM FINANCING ACTIVITIES		2,082,552	**170,458**
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,671,389	**1,801,238**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,468,919	**5,352,229**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		211,921	**76,459**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		5,352,229	**7,229,926**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2012

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 ("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, 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 agency and management, hotel investment and management, restaurant operations and food catering.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 34, HKFRS 7 and HK(IFRIC) – Int 13 as part of Improvements to HKFRSs issued in 2010
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement

The application of the new and revised 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 the Group's consolidated financial statements and the Company's statement of financial position.

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

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

HKFRS 9 *financial instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 July 2015 will affect the classification and measurement of the Group's available-for-sale investments.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (Revised 2011) and HKAS 28 (Revised 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2013 and that the application of the new standards is not expected to have material impact on the consolidated financial statements.

HKFRS 13 *fair value measurement*

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 *presentation of items of other comprehensive income*

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than disclosed above, the Directors anticipate that the application of the other new and revised 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 Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, 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.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted according to the change in net asset values shared by non-controlling interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. Significant Accounting Policies (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less any identified impairment loss.

Interests in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in jointly controlled entities are 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 jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), 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 that jointly controlled entity.

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the jointly controlled entities, which were not accounted for by those entities. Such costs are included in additional cost of investments in jointly controlled entities and are amortised over the joint venture period on the same basis as that adopted by the relevant jointly controlled entity in respect of depreciation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a jointly controlled entity, 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 a jointly controlled entity of the Group, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interest in the jointly controlled entity that are not related to the Group.

3. Significant Accounting Policies (continued)

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are 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 associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 that associate.

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

In the Company's statement of financial position, investments in associates are stated at cost less any identified impairment loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 profit or loss in the period in which the item is derecognised.

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.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment including 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 accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost or deemed cost of items of property, plant and equipment 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 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.

Properties under development

Properties under development classified as non-current assets include properties in the course of construction for future use in the production or supply of goods or services or for administrative purposes. Properties under development are carried at cost less any recognised impairment loss. The cost of properties comprises land cost, development expenditure, other directly attributable expenses and, where appropriate, borrowing costs capitalised.

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 to sell 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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies (continued)

Impairment losses on assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition.

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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 and the Company's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 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 asset 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.

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 loan receivable, amounts due from jointly controlled entities, trade and other receivables, amounts due from subsidiaries, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

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 or not classified as held-to-maturity investments, financial assets at fair value through profit or loss or loans and receivables.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

For 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, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where 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 an available-for sale financial asset, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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.

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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of 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 the amounts are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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 losses 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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity 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.

Repurchase 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.

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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities (including amounts due to subsidiaries, amount due to a minority shareholder of a subsidiary, corporate bonds, bank borrowings, trade and other payables, amounts due to associates and amount due to a jointly controlled entity) 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 expired, 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. 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. Cost is calculated using the 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, and 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. Provisions are measured at 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).

3. Significant Accounting Policies (continued)

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 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 classifying 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.

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. Significant Accounting Policies (continued)

Foreign currencies (continued)

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 year, 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 as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 the 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 tax liabilities for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business 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 for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

3. Significant Accounting Policies (continued)

Taxation (continued)

Other than deferred tax 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 the 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 it relates 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.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

For share option schemes, the fair value of services received, determined by reference to the fair value of share options granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. 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 and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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 agency and management

Revenue from the provision of property agency and 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 have been delivered to the purchasers.

Deposits and instalments received from purchasers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

Hotel investment and management

Revenue from hotel investment 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 from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. 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.

Dividend income

Dividend income from investments is recognised when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

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 judgements, 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.

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves 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.

Amortisation of concession intangible assets held by jointly controlled entities and amortisation of additional cost of investments in jointly controlled entities

Amortisation of concession intangible assets held by jointly controlled entities and amortisation of the Group's additional cost of investments in jointly controlled entities are calculated based on the ratio of the actual traffic volume of the underlying toll expressways compared to the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements of the respective jointly controlled entities.

Adjustments may need to be made to the carrying amounts of the Group's interests in jointly controlled entities and share of results of jointly controlled entities should there be a material difference between the total expected traffic volume and the actual results.

Resurfacing obligations related to toll expressways operated by jointly controlled entities

Certain jointly controlled entities of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations.

The amount expected to be required to settle the obligations at the end of the reporting period is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate.

4. Key Sources of Estimation Uncertainty (Continued)

Resurfacing obligations related to toll expressways operated by jointly controlled entities (continued)

Adjustments may need to be made to the carrying amount of the Group's interests in jointly controlled entities and share of results of jointly controlled entities should there be a material change in the expected expenditures, resurfacing plan and discount rate.

Depreciation of power plant operated by a jointly controlled entity

Depreciation of power plant operated by a jointly controlled entity is calculated based on units-of-production method which are based on the expected volume of production and expected useful life of the power plant. Adjustments may need to be made to the carrying amount of the Group's interests in jointly controlled entities and share of profits of jointly controlled entities should there be a material change in the expected volume of production or useful life of the power plant.

5. Turnover and Segment Information

Turnover comprises mainly income from property letting, agency 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.

The Group's operating 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	-	development of investment properties, property letting, agency and management
Hotel, restaurant and catering operation	-	hotel ownership and management, restaurant operations and food catering
Property development	-	development and sale of stock of properties and investment properties held for sale
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 jointly controlled entities
Other operations	-	manufacture and sales of food, project management and others

5. Turnover and Segment Information (continued)

Information regarding the above segments is reported below.

Segment revenue

	2011			2012		
	External HK$'000	*Inter-segment HK$'000*	*Combined HK$'000*	***External HK$'000***	***Inter-segment HK$'000***	***Combined HK$'000***
Property investment	649,699	58,940	708,639	**706,971**	**55,229**	**762,200**
Hotel, restaurant and catering operation	388,126	285	388,411	**461,000**	**228**	**461,228**
Property development	1,918,387	-	1,918,387	**1,266,595**	**-**	**1,266,595**
Toll road investment	2,274,571	-	2,274,571	**2,385,666**	**-**	**2,385,666**
Power plant	1,530,301	-	1,530,301	**1,493,314**	**-**	**1,493,314**
Treasury income	106,027	-	106,027	**246,328**	**-**	**246,328**
Other operations	105,591	19,884	125,475	**-**	**-**	**-**
Total segment revenue	6,972,702	79,109	7,051,811	**6,559,874**	**55,457**	**6,615,331**

Segment revenue includes turnover as presented in consolidated statement of comprehensive income, sale of investment properties held for sale and treasury income of the Group, and the Group's attributable share of revenue of jointly controlled entities engaged in toll road investment and power plant.

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 comprehensive income as follows:

	2011 HK$'000	***2012 HK$'000***
Total segment revenue from external customers	6,972,702	**6,559,874**
Less:		
Sale of investment properties held for sale included in the segment revenue of property development	(1,519,290)	**(676,700)**
Treasury income	(106,027)	**(246,328)**
Share of revenue of jointly controlled entities engaged in:		
Toll road investment	(2,274,571)	**(2,385,666)**
Power plant	(1,530,301)	**(1,493,314)**
Turnover as presented in consolidated statement of comprehensive income	1,542,513	**1,757,866**

5. Turnover and Segment Information (Continued)

Segment results

	2011				2012			
	The Company and subsidiaries HK$'000	Jointly controlled entities HK$'000	Associates HK$'000	Total HK$'000	The Company and subsidiaries HK$'000	Jointly controlled entities HK$'000	Associates HK$'000	Total HK$'000
Property investment	398,022	(141)	2,585	400,466	436,305	2,588	6,160	445,053
Hotel, restaurant and catering operation	94,013	-	-	94,013	130,267	-	-	130,267
Property development	183,653	(150)	-	183,503	334,897	(103)	-	334,794
Toll road investment	(64,027)	1,128,651	-	1,064,624	(52,377)	1,087,811	-	1,035,434
Power plant	(1,579)	125,008	-	123,429	(1,988)	87,892	-	85,904
Treasury income	106,027	-	-	106,027	246,328	-	-	246,328
Other operations	(3,489)	(1,768)	(2)	(5,259)	(18,686)	(2,146)	5,365	(15,467)
Total segment results	712,620	1,251,600	2,583	1,966,803	1,074,746	1,176,042	11,525	2,262,313

Segment results represent the profit earned by each segment without allocation of corporate administrative expenses and exchange differences, gain arising from changes in fair value of completed investment properties, gain on disposal of a subsidiary, gain on disposal of available-for-sale investments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	2011 HK$'000	2012 HK$'000
Segment results	1,966,803	2,262,313
Unallocated other income	22,351	13,467
Unallocated corporate expenses	(133,918)	(140,163)
	1,855,236	2,135,617
Gain arising from changes in fair value of completed investment properties	4,395,010	2,263,728
Gain on disposal of a subsidiary	-	20,408
Finance costs	(79,145)	(91,461)
Profit before taxation	6,171,101	4,328,292

5. Turnover and Segment Information (continued)

Segment assets and liabilities

Segment assets and liabilities are not disclosed 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.

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 People's Republic of China (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))*	
	2011 HK$'000	***2012 HK$'000***	*2011 HK$'000*	***2012 HK$'000***
Hong Kong	2,700,655	**1,858,068**	16,650,590	**19,235,815**
The PRC	4,272,047	**4,701,806**	60,668	**79,924**
	6,972,702	**6,559,874**	16,711,258	**19,315,739**

Notes:

(a) Revenue from external customers include sale of investment properties held for sale, treasury income, and the Group's share of revenue of jointly controlled entities from Hong Kong and the PRC amounting to HK$690,097,000 (2011: HK$1,561,258,000) and HK$4,111,911,000 (2011: HK$3,868,931,000) respectively, which are excluded from the turnover as presented in consolidated statement of comprehensive income.

(b) Non-current assets exclude financial instruments, interests in jointly controlled entities and interests in associates.

6. Other Income

	2011 HK$'000	***2012 HK$'000***
Included in other income are:		
Interest income from bank deposits	95,302	**186,054**
Interest income from amounts due from jointly controlled entities	10,725	**60,274**
Gain on disposal of available-for-sale investments	6,953	**-**

7. Finance Costs

	2011 HK$'000	***2012 HK$'000***
Interests on:		
Corporate bonds	47,963	**61,831**
Bank borrowings wholly repayable within 5 years	2,144	**14,721**
Loan arrangement fees and others	29,038	**14,909**
	79,145	**91,461**

8. Share of Profits of Jointly Controlled Entities

	2011 *HK$'000*	***2012*** ***HK$'000***
Share of profits of jointly controlled entities before amortisation of additional cost of investments in jointly controlled entities	1,344,536	**1,275,906**
Amortisation of additional cost of investments in jointly controlled entities	(92,936)	**(99,864)**
	1,251,600	**1,176,042**

9. Profit before Taxation

	2011 *HK$'000*	***2012*** ***HK$'000***
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	5,542	**5,542**
Depreciation of property, plant and equipment	67,405	**72,139**
Loss on disposal of property, plant and equipment	278	**4,431**
Net exchange loss (gain)	3,620	**(16,508)**
Rental expense in respect of properties under operating leases	1,445	**169**
Rental income from investment properties, less attributable outgoings of HK$256,128,000 (2011: HK$240,912,000)	(398,956)	**(444,961)**
Charitable donations	4,765	**1,708**
Share of tax of associates (included in share of profits of associates)	511	**1,217**
Share of tax of jointly controlled entities (included in share of profits of jointly controlled entities)	403,525	**408,840**
Staff costs (including Directors' emoluments)	357,447	**402,834**

10. Income Tax Expense

	2011 *HK$'000*	***2012*** ***HK$'000***
Hong Kong Profits Tax		
Current year	54,277	**64,892**
Underprovision in respect of prior years	268	**621**
	54,545	**65,513**
Taxation elsewhere - current year		
PRC Enterprise Income Tax ("EIT")	69,034	**128,535**
PRC Land Appreciation Tax ("LAT")	38,423	**134,261**
	107,457	**262,796**
Deferred tax (note 35)	89,548	**36,864**
	251,550	**365,173**

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

Taxes on profits assessable elsewhere are calculated at the tax rates prevailing in the countries in which the Group operates.

10. Income Tax Expense (continued)

PRC EIT for the year includes PRC withholding tax on dividends declared during the year by the Group's jointly controlled entities amounting to approximately HK$54 million (2011: HK$32 million).

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.

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 35.

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

	2011 *HK$'000*	***2012*** ***HK$'000***
Profit before taxation	6,171,101	**4,328,292**
Tax at Hong Kong Profits Tax rate of 16.5%	1,018,232	**714,168**
PRC LAT (net of tax effect on deduction of EIT)	28,817	**100,696**
Tax effect of expenses not deductible for tax purposes	29,829	**31,471**
Tax effect of income not taxable for tax purposes	(714,099)	**(403,026)**
Tax effect of tax losses not recognised	14,327	**17,582**
Tax effect of utilisation of, and recognition of deferred tax on, tax losses not previously recognised	(6,361)	**(3,612)**
Tax effect of share of profits of jointly controlled entities and associates	(206,940)	**(195,949)**
Underprovision in respect of prior years	268	**621**
Effect of different tax rates of subsidiaries operating in other jurisdictions	14,478	**32,634**
Deferred tax on undistributed earnings of PRC subsidiaries and jointly controlled entities	71,249	**70,073**
Others	1,750	**515**
Income tax expense for the year	251,550	**365,173**

11. Dividends

	2011 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year:		
Final dividend for the year ended 30 June 2011 of HK58 cents per share (2011: for the year ended 30 June 2010 of HK54 cents per share)	473,258	**508,496**
Special final dividend for the year ended 30 June 2011 of HK45 cents per share (2011: Nil)	-	**394,523**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(39)	**(74)**
	473,219	**902,945**
Interim dividend for the year ended 30 June 2012 of HK45 cents per share (2011: for the year ended 30 June 2011 of HK45 cents per share)	394,467	**392,338**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(33)	**(32)**
	394,434	**392,306**
	867,653	**1,295,251**
Dividends proposed:		
Final dividend for the year ended 30 June 2012 of HK54 cents per share (2011: for the year ended 30 June 2011 of HK58 cents per share)	508,453	**470,806**
Special final dividend for the year ended 30 June 2012 of HK40 cents per share (2011: for the year ended 30 June 2011 of HK45 cents per share)	394,489	**348,745**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(74)	**(68)**
	902,868	**819,483**

The proposed final dividend and special final dividend of HK54 cents per share and HK40 cents per share respectively have been proposed by the Directors and are subject to approval by the shareholders in general meeting.

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

12. Earnings per Share

	2011 HK$'000	2012 HK$'000
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purpose of basic and diluted earnings per share	5,576,464	**3,630,684**

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	876,494,527	**874,009,329**
Effect of dilutive potential ordinary shares in respect of share options	490,568	**8,934**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	876,985,095	**874,018,263**

13. 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 2012				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	2,170	-	-	2,470
Mr. Eddie Ping Chang HO	250	1,596	-	-	1,846
Mr. Thomas Jefferson WU	200	4,385	-	12	4,597
Mr. Josiah Chin Lai KWOK	200	4,090	-	12	4,302
Mr. Henry Hin Moh LEE	100	500	-	-	600
Mr. Guy Man Guy WU	200	-	-	-	200
Lady WU Ivy Sau Ping KWOK	200	-	-	-	200
Ms. Linda Lai Chuen LOKE	200	-	-	-	200
Mr. Albert Kam Yin YEUNG	200	3,926	-	12	4,138
Mr. Sunny TAN	200	-	-	-	200
Mr. Carmelo Ka Sze LEE	200	-	-	-	200
Mr. Eddie Wing Chuen HO Junior	200	873	-	12	1,085
Mr. William Wing Lam WONG	200	3,599	19	12	3,830
Ir. Leo Kwok Kee LEUNG	200	3,599	-	12	3,811
Dr. Gordon YEN	27	-	-	-	27
	2,877	24,738	19	72	27,706

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

(a) Directors' emoluments (continued)

	Year ended 30 June 2011				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	1,500	-	-	1,800
Mr. Eddie Ping Chang HO	250	1,119	-	-	1,369
Mr. Thomas Jefferson WU	200	3,000	-	12	3,212
Mr. Josiah Chin Lai KWOK	200	3,000	-	12	3,212
Mr. Henry Hin Moh LEE	200	1,000	-	-	1,200
Mr. Robert Van Jin NIEN	61	620	-	4	685
Mr. Guy Man Guy WU	200	30	-	-	230
Lady WU Ivy Sau Ping KWOK	200	-	-	-	200
Ms. Linda Lai Chuen LOKE	200	-	-	-	200
Mr. Albert Kam Yin YEUNG	200	3,120	-	12	3,332
Mr. Sunny TAN	121	-	-	-	121
Mr. Carmelo Ka Sze LEE	200	30	-	-	230
Mr. Eddie Wing Chuen HO Junior	200	819	-	12	1,031
Mr. Lee Yick NAM	174	30	-	-	204
Mr. William Wing Lam WONG	200	2,860	78	12	3,150
Ir. Leo Kwok Kee LEUNG	200	2,860	-	12	3,072
	3,106	19,988	78	76	23,248

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 2012				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	**300**	**4,340**	**-**	**-**	**4,640**
Mr. Eddie Ping Chang HO	**250**	**3,272**	**-**	**-**	**3,522**
Mr. Thomas Jefferson WU	**200**	**2,923**	**-**	**12**	**3,135**
	750	**10,535**	**-**	**12**	**11,297**

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

(a) Directors' emoluments (continued)

	Year ended 30 June 2011				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	3,000	-	-	3,300
Mr. Eddie Ping Chang HO	250	2,400	-	-	2,650
Mr. Thomas Jefferson WU	200	2,000	-	12	2,212
Mr. Lee Yick NAM	174	-	-	-	174
	924	7,400	-	12	8,336

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

	Year ended 30 June 2012				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	600	6,510	-	-	7,110
Mr. Eddie Ping Chang HO	500	4,868	-	-	5,368
Mr. Thomas Jefferson WU	400	7,308	-	24	7,732
Mr. Josiah Chin Lai KWOK	200	4,090	-	12	4,302
Mr. Henry Hin Moh LEE	100	500	-	-	600
Mr. Guy Man Guy WU	200	-	-	-	200
Lady WU Ivy Sau Ping KWOK	200	-	-	-	200
Ms. Linda Lai Chuen LOKE	200	-	-	-	200
Mr. Albert Kam Yin YEUNG	200	3,926	-	12	4,138
Mr. Sunny TAN	200	-	-	-	200
Mr. Carmelo Ka Sze LEE	200	-	-	-	200
Mr. Eddie Wing Chuen HO Junior	200	873	-	12	1,085
Mr. William Wing Lam WONG	200	3,599	19	12	3,830
Ir. Leo Kwok Kee LEUNG	200	3,599	-	12	3,811
Dr. Gordon YEN	27	-	-	-	27
	3,627	35,273	19	84	39,003

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

(a) Directors' emoluments (continued)

	Year ended 30 June 2011				
	Directors' fees HK$'000	Salaries, bonus and other benefits HK$'000	Share-based payments HK$'000	Contributions to provident fund schemes HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	600	4,500	-	-	5,100
Mr. Eddie Ping Chang HO	500	3,519	-	-	4,019
Mr. Thomas Jefferson WU	400	5,000	-	24	5,424
Mr. Josiah Chin Lai KWOK	200	3,000	-	12	3,212
Mr. Henry Hin Moh LEE	200	1,000	-	-	1,200
Mr. Robert Van Jin NIEN	61	620	-	4	685
Mr. Guy Man Guy WU	200	30	-	-	230
Lady WU Ivy Sau Ping KWOK	200	-	-	-	200
Ms. Linda Lai Chuen LOKE	200	-	-	-	200
Mr. Albert Kam Yin YEUNG	200	3,120	-	12	3,332
Mr. Sunny TAN	121	-	-	-	121
Mr. Carmelo Ka Sze LEE	200	30	-	-	230
Mr. Eddie Wing Chuen HO Junior	200	819	-	12	1,031
Mr. Lee Yick NAM	348	30	-	-	378
Mr. William Wing Lam WONG	200	2,860	78	12	3,150
Ir. Leo Kwok Kee LEUNG	200	2,860	-	12	3,072
	4,030	27,388	78	88	31,584

Mr. Robert Van Jin NIEN retired as an executive director of the Company with effect from 20 October 2010.

Mr. Sunny TAN was appointed as an independent non-executive director of the Company with effect from 22 November 2010.

Mr. Lee Yick NAM resigned as an independent non-executive director of the Company with effect from 14 May 2011.

Mr. Henry Hin Moh LEE resigned as a non-executive director of the Company with effect from 1 January 2012.

Dr. Gordon YEN was appointed as an independent non-executive director of the Company with effect from 12 May 2012.

Other than fees and emoluments of HK$627,000 (2011: HK$929,000) 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.

No Directors waived any emoluments in both years ended 30 June 2012 and 30 June 2011.

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

(b) Highest paid employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2011: four) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining one (2011: one) individual was a director of HHI whose emolument was as follows:

	2011 *HK$'000*	**2012** **HK$'000**
Directors' fees	200	**200**
Salaries, bonus and other benefits	3,250	**4,090**
	3,450	**4,290**

14. Investment Properties

	The Group	
	2011 *HK$'000*	**2012** **HK$'000**
Investment properties at fair value:		
At beginning of the year	13,632,471	**16,779,615**
Additions on subsequent expenditure	105,340	**80,165**
Disposals of assets classified as held for sale	(1,476,997)	**(650,844)**
Transfer from property, plant and equipment	61,244	**142,900**
Gain on disposal of investment properties	62,547	**15,918**
Gain arising from changes in fair value of completed investment properties	4,395,010	**2,263,728**
At end of the year	16,779,615	**18,631,482**
Included in assets classified as held for sale (Note (b))	(1,835,000)	**(1,202,200)**
	14,944,615	**17,429,282**

The Group's investment properties comprise:

	2011 *HK$'000*	**2012** **HK$'000**
Land and buildings in Hong Kong on		
Long leases	10,256,300	**11,444,200**
Medium-term leases	6,489,290	**7,152,500**
	16,745,590	**18,596,700**
Land and buildings in the PRC on medium-term leases	34,025	**34,782**
	16,779,615	**18,631,482**

14. Investment Properties (continued)

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 on the sale of such properties amounting to HK$7,193,000 (2011: HK$28,245,000) have been classified as "Liabilities associated with assets classified as held for sale" at the end of the reporting period.

During the year, gain on disposal of assets classified as held for sale amounting to HK$16 million (2011: HK$63 million) has been recognised in profit or loss. Such gain is included in the segment result of property development in note 5.

Sales of certain units at Broadwood Twelve have not been completed at the end of the reporting period. The Group remains committed to its plan to sell those units within the next financial year but it depends on market situation.

(c) The fair value of the Group's investment properties at 30 June 2011 and 30 June 2012 has been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ"), an independent firm of professional property valuers not connected to the Group. For office premises, serviced apartments, car parks and retail outlets, the valuation is arrived at by using direct comparison method by making reference to comparable sales transactions as available in the relevant market or, where appropriate, by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. For convention and exhibition venue, the valuation is arrived at by capitalising the estimated annual net income, and based on valuer's opinion as to the future trading potential and level of turnover likely to be achieved.

15. Property, Plant and Equipment

	Land and buildings in Hong Kong			
	Hotel property HK$'000	*Other properties HK$'000*	*Other assets HK$'000*	*Total HK$'000*
The Group				
COST				
At 1 July 2010	474,872	403,774	516,749	1,395,395
Additions	-	-	76,288	76,288
Transfer to investment properties (Note)	-	(25,004)	-	(25,004)
Disposals	-	(948)	(10,491)	(11,439)
At 30 June 2011	474,872	377,822	582,546	1,435,240
Additions	-	4,848	24,701	29,549
Transfer to investment properties (Note)	-	(30,755)	-	(30,755)
Disposals	-	-	(10,074)	(10,074)
Disposal of a subsidiary (Note 36)	-	-	(18,725)	(18,725)
At 30 June 2012	**474,872**	**351,915**	**578,448**	**1,405,235**
DEPRECIATION				
At 1 July 2010	176,165	73,993	348,239	598,397
Provided for the year	9,272	11,774	46,359	67,405
Eliminated on transfer (Note)	-	(8,809)	-	(8,809)
Eliminated on disposals	-	-	(9,963)	(9,963)
At 30 June 2011	185,437	76,958	384,635	647,030
Provided for the year	9,272	12,843	50,024	72,139
Eliminated on transfer (Note)	-	(6,877)	-	(6,877)
Eliminated on disposals	-	-	(5,944)	(5,944)
Eliminated on disposal of a subsidiary (Note 36)	-	-	(16,673)	(16,673)
At 30 June 2012	**194,709**	**82,924**	**412,042**	**689,675**
CARRYING VALUES				
At 30 June 2012	**280,163**	**268,991**	**166,406**	**715,560**
At 30 June 2011	289,435	300,864	197,911	788,210

Note: During the year, other properties with an aggregate fair value of HK$142.9 million (2011: HK$61.2 million) were transferred from property, plant and equipment to investment properties. The difference between the fair value of these properties and their carrying value at dates of transfer amounting to HK$119.0 million (2011: HK$45.0 million) has been dealt with in property revaluation reserve.

15. Property, Plant and Equipment (Continued)

An analysis of the carrying values of the land and buildings in Hong Kong is as follows:

	The Group	
	2011	***2012***
	HK$'000	***HK$'000***
Hotel property on land under medium-term leases	289,435	**280,163**
Other properties on land under		
Long leases	198,560	**169,523**
Medium-term leases	102,304	**99,468**
	300,864	**268,991**

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
Other assets	3 to 10 years

16. Investments in Subsidiaries

	The Company	
	2011	***2012***
	HK$'000	***HK$'000***
Unlisted shares, at cost less impairment	1,100,764	**1,167,319**

Particulars of the principal subsidiaries are set out in note 44.

17. Amounts due from Subsidiaries

The amounts due from subsidiaries classified under non-current assets are interest-free, unsecured and have no fixed repayment terms except for the aggregate principal amount of HK$1,072 million as at 30 June 2011 which is repayable in 2013. 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 ranged from 1.3% to 2.2% (2011: 1.2% to 2.0%) per annum, representing the borrowing rates of the relevant subsidiaries.

18. Properties under Development

	The Group	
	2011	2012
	HK$'000	HK$'000
COST		
At beginning of the year	863,835	**978,433**
Additions	114,598	**192,464**
At end of the year	978,433	**1,170,897**

Included in the cost of properties under development is net interest capitalised totalling HK$31.2 million (2011: HK$31.2 million).

The Group's major properties under development are located on land under long leases in Hong Kong.

19. Interests in Jointly Controlled Entities

	The Group	
	2011	2012
	HK$'000	HK$'000
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	1,781,065	**2,373,876**
Additional cost of investments	2,754,162	**2,759,215**
	4,535,227	**5,133,091**
Share of post-acquisition comprehensive income, net of dividends received	3,795,990	**4,062,064**
Less: Accumulated amortisation	(961,978)	**(1,061,842)**
	7,369,239	**8,133,313**
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	**631,867**
Share of post-acquisition comprehensive income, net of dividends received	247,533	**273,577**
	879,400	**905,444**
Other unlisted investments	33,398	**34,032**
	8,282,037	**9,072,789**

19. Interests in Jointly Controlled Entities (continued)

Particulars of the Group's principal jointly controlled entities at 30 June 2011 and 30 June 2012 are as follows:

Name of company	*Issued capital/ registered capital*	*Proportion of issued/ registered capital held by the Group* 2011	2012	*Principal activities*
Incorporated in Hong Kong:				
Grand Site Development Limited ("Grand Site")	2 shares of HK$1 each	50%	**50%**	Development and property investment
Hong Kong Bowling City Limited	10,250,000 "A" shares of HK$1 each 10,250,000 "B" shares of HK$1 each	50%	**50%**	Operation of a bowling center
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")	RMB4,263,000,000	50%	**50%**	Development, operation and management of an expressway
SEC & Hopewell Power (Heyuan) Co., Ltd. ("Heyuan JV")	RMB1,560,000,000	40%	**40%**	Development and operation of a power plant
錦州合錦風電設備有限公司	RMB40,000,000	50%	**50%**	Manufacturing and sales of wind power equipment

Details of the principal jointly controlled entities 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.

19. Interests in Jointly Controlled Entities (continued)

(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 is scheduled to be built in three phases. The operation period for Phase I West is 30 years commencing from 17 September 2003. 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 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). On 2 September 2008, the Group entered into amendment agreements in relation to Phase II West with the PRC joint venture partner to increase the total investment for Phase II West by RMB2,300 million to RMB7,200 million. 35% of the increase in total investment will be funded by an increase in the registered capital of West Route JV by RMB805 million to be contributed by the Group and the PRC joint venture partner in equal share. The additional capital contribution thereon to be made by the Group to West Route JV for the development of Phase II West is RMB403 million. The amendment agreements have been approved by the shareholders of the Company and HHI during the year ended 30 June 2009 and are being processed by the relevant PRC authorities as at the date of these consolidated financial statements approved for issuance.

The currently planned total investment for the Phase III West is RMB5,600 million, 35% of which will be funded by an increase in the registered capital of West Route JV by RMB1,960 million to be contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980 million). During the year ended 30 June 2012, the Group and the PRC partner made capital contributions to West Route JV in respect of Phase III West amounting to RMB484 million (2011: RMB300 million) and RMB484 million (2011: RMB300 million) respectively. As at 30 June 2012, the total capital contributions made to West Route JV in respect of Phase III West by the Group and the PRC partner amounting to RMB980 million (2011: RMB496 million) and RMB980 million (2011: RMB496 million) respectively.

The expiration date of the joint venture operation period for West Route JV was extended from 16 September 2038 to 16 September 2043. As at 30 June 2012, the approved registered capital of West Route JV was RMB4,263 million (2011: RMB4,263 million).

The Group is entitled to 50% of the distributable profits from the operation of West Route JV. At the end of the respective operation 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 the relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and 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.

19. Interests in Jointly Controlled Entities (continued)

The summarised financial information in respect of the Group's share of the assets, liabilities, income and expenses of its jointly controlled entities which are accounted for using the equity method is set out below:

	2011 HK$'000	***2012 HK$'000***
Current assets	2,994,614	**4,909,222**
Non-current assets	14,942,138	**16,086,500**
Current liabilities	(4,911,124)	**(5,078,082)**
Non-current liabilities	(6,890,104)	**(8,921,990)**
Income	5,826,299	**6,034,205**
Expenses	(4,220,729)	**(4,301,216)**
Other comprehensive income	353,225	**101,801**

20. Interests in Associates

	The Group	
	2011 HK$'000	***2012 HK$'000***
Cost of investments, unlisted	5	**5**
Share of post-acquisition comprehensive income, net of dividends received	27,392	**21,236**
	27,397	**21,241**

	The Company	
	2011 HK$'000	***2012 HK$'000***
Unlisted shares, at cost	5	**5**

Particulars regarding the principal associate at 30 June 2011 and 30 June 2012, which is incorporated and operating in Hong Kong, are as follows:

	Proportion of nominal value of issued capital held by the Group		
Name of company	*2011 %*	***2012 %***	*Principal activities*
Granlai Company Limited	46	**46**	Property investment

20. Interests in Associates (continued)

The summarised financial information in respect of the Group's associates is set out below:

	2011 HK$'000	2012 HK$'000
Total assets	67,575	**57,655**
Total liabilities	(8,975)	**(11,517)**
Net assets	58,600	**46,138**
Group's share of net assets of associates	27,397	**21,241**
Revenue	6,008	**27,235**
Profit for the year	5,622	**24,135**
Group's share of profits of associates for the year	2,583	**11,525**

21. Available-for-sale Investments

	The Group and the Company	
	2011 HK$'000	2012 HK$'000
Unlisted equity investments, at cost	3,197	**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.

22. Amounts due from Jointly Controlled Entities

The amounts due from jointly controlled entities classified as non-current assets at the end of the reporting period represent advances to Grand Site, a joint venture company holding the Lee Tung Street Project. The balance is subordinated which shall not be repaid until the loan and all amounts owing under the banking facilities that have been granted to Grand Site have been paid. The balances are unsecured, interest-free and have no fixed repayment terms.

The amounts due from jointly controlled entities classified as current assets at the end of the reporting period represent shareholders' loans to West Route JV in respect of Phase III West and Heyuan JV amounting to RMB30 million (2011: RMB500 million) and RMB500 million (2011: RMB300 million) respectively. The balances are unsecured, carry fixed interest rate ranged from 5.7% to 6.0% (2011: 5.3% to 5.8%) per annum, and repayable within one year after the end of the reporting period.

23. Inventories

	The Group	
	2011	2012
	HK$'000	HK$'000
Hotel and restaurant inventories	22,800	**7,261**

The cost of inventories recognised as an expense during the year amounted to HK$92,139,000 (2011: HK$138,289,000).

24. Stock of Properties

The cost of properties recognised as an expense during the year amounted to HK$211,985,000 (2011: HK$215,305,000).

At 30 June 2012, the stock of properties under development of HK$580 million (2011: HK$349 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 and other receivables net of allowances for doubtful debts by age, presented based on the invoice date:

	The Group	
	2011	2012
	HK$'000	HK$'000
Receivables aged		
0 - 30 days	24,082	**21,469**
31 - 60 days	6,786	**1,922**
Over 60 days	7,350	**8,648**
	38,218	**32,039**
Less: Allowance for doubtful debts	(1,430)	**(62)**
	36,788	**31,977**
Interest receivable on bank deposits	26,515	**30,811**
Dividend receivable from a jointly controlled entity	302,854	**340,141**
	366,157	**402,929**

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$9,334,000 (2011: HK$17,922,000) 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:

	2011 HK$'000	2012 HK$'000
0 - 30 days	15,308	7,631
31 - 60 days	1,339	1,235
Over 60 days	1,275	468
Total	17,922	9,334

Movement in the allowance for doubtful debts:

	2011 HK$'000	2012 HK$'000
Balance at beginning of the year	1,310	1,430
Recognition (reversal) of impairment losses	121	(1,368)
Amounts written off as uncollectible	(1)	-
Balance at end of the year	1,430	62

26. 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 0.01% to 3.60% (2011: 0.01% to 4.15%) per annum.

Included in the bank balances and cash are restricted bank balances of HK$439 million (2011: HK$304 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 held by subsidiaries amounting to approximately RMB1,480 million (2011: RMB1,165 million), US$1 million (2011: US$1 million) and HK$375 million (2011: HK$378 million) which are denominated in currencies other than the functional currencies of the respective subsidiaries.

The bank balances classified as non-current assets at 30 June 2011 represented bank deposits with maturity over twelve months at the end of reporting period.

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 0.01% to 3.05% (2011: 0.01% to 1.78%) per annum.

Included in bank balances and cash are bank deposit amounting to approximately RMB75 million (2011: RMB202 million) which is denominated in currency other than the functional currency of the Company.

27. Trade and other Payables

The following is an analysis of trade and other payables outstanding by age, presented based on the invoice date:

	The Group	
	2011	***2012***
	HK$'000	***HK$'000***
Payables aged		
0 - 30 days	161,395	**171,582**
31 - 60 days	17,823	**30,123**
Over 60 days	82,229	**86,521**
	261,447	**288,226**
Retentions payable	33,525	**40,781**
Accrued construction costs	155,418	**182,710**
Accrued staff costs	32,961	**35,957**
Accrued interest on corporate bonds and bank borrowings	24,287	**26,696**
	507,638	**574,370**

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$32,908,000 (2011: HK$23,732,000) is due beyond twelve months from the end of the reporting period.

28. Amounts due to Associates and a Jointly Controlled Entity

The Group

The amounts due to associates and a jointly controlled entity are unsecured, interest-free and repayable on demand.

The Company

The amounts due to associates 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 within one year or on demand.

30. Amount due to a Minority Shareholder of a Subsidiary

The amount due to a minority shareholder of a subsidiary is interest-free, unsecured and not expected to be repayable within one year after the end of the reporting period.

The principal amount due to the minority shareholder of HK$79 million had been initially reduced to its present value of HK$60 million based on management's estimates of future cash payments with a corresponding adjustment of approximately HK$19 million which was regarded as a deemed contribution from the minority shareholder during the year ended 30 June 2008. The effective interest rate adopted for measurement at fair value at initial recognition of the amount due to a minority shareholder of a subsidiary is 3.25%, representing the borrowing rate of the subsidiary.

31. Corporate Bonds

The corporate bonds with principal amount of RMB1,380,000,000 (approximately HK$1,683,600,000 (2011: approximately HK$1,661,520,000)) are due on 13 July 2012 and carry interest at fixed rate of 2.98% (2011: 2.98%) per annum. The other corporate bonds with principal amount of RMB600,000,000 (approximately HK$732,000,000 (2011: approximately HK$722,400,000)) are due on 18 May 2014 and carry interest at fixed rate of 1.55% (2011: 1.55%) per annum. Both corporate bonds are unsecured and issued by HHI.

32. Bank Borrowings

	The Group	
	2011	***2012***
	HK$'000	***HK$'000***
Bank borrowings, unsecured	965,900	**3,036,800**
Carrying amount repayable:		
Within one year	604,700	**70,800**
In the second to fifth years inclusive	361,200	**2,966,000**
	965,900	**3,036,800**
Less: Amounts due for settlement within one year under current liabilities	(604,700)	**(70,800)**
Amounts due for settlement after one year	361,200	**2,966,000**

Included in bank borrowings are approximately HK$1,586 million (2011: HK$361 million) which carry interest at fixed rates ranging from 1.73% to 3.98% (2011: 1.73%) per annum, whereas the remaining HK$1,451 million (2011: HK$605 million) carry interest at floating rates ranging from 0.62% to 1.86% (2011: 0.52% to 0.67%) per annum.

Included in bank borrowings are borrowings of the subsidiaries approximately RMB300 million (2011: RMB300 million) and HK$71 million (2011: HK$25 million) which are denominated in currencies other than the functional currencies of the respective subsidiaries.

33. Share Capital

	Number of shares		*Nominal value*	
	2011	***2012***	*2011*	***2012***
	'000	***'000***	*HK$'000*	***HK$'000***
The Group and the Company				
Ordinary shares of HK$2.50 each				
Authorised	1,200,000	**1,200,000**	3,000,000	**3,000,000**
Issued and fully paid				
At beginning of the year	876,269	**876,643**	2,190,673	**2,191,608**
Issued during the year	374	**74**	935	**185**
Repurchased during the year	-	**(4,854)**	-	**(12,135)**
At end of the year	876,643	**871,863**	2,191,608	**2,179,658**

33. Share Capital (continued)

During the year ended 30 June 2012, the Company issued a total of 74,000 (2011: 374,100) ordinary shares at the subscription price of HK$21.45 each (2011: HK$21.45 each for 135,600 ordinary shares and HK$22.44 each for 238,500 ordinary shares) for a total cash consideration of approximately HK$1.6 million (2011: HK$8.3 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 end 30 June 2012, the Company repurchased a total of 4,854,000 ordinary shares of the Company on Stock Exchange for a total consideration (including transaction costs) of approximately HK$96 million. The issued share capital of the Company has been reduced by par value of the ordinary shares repurchased and cancelled, as follows:

Month	*Number of ordinary shares repurchased*	*Purchase price per share Highest*	*Lowest*	*Total consideration paid (including transaction costs)*
	'000	*HK$*	*HK$*	*HK$'000*
November 2011	1,625	19.70	18.60	31,383
December 2011	3,229	20.00	19.88	64,595
	4,854			95,978

These repurchases were effected by the Directors pursuant to the mandate from the shareholders with a view to benefiting the shareholders as a whole by the enhancement of the earnings per share of the Group.

At 30 June 2012, the Company's 72,000 (2011: 72,000) issued shares with an aggregate nominal value of HK$180,000 (2011: HK$180,000) 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.

Share option schemes

(a) The Company

In 2003, the Company adopted a share option scheme ("HHL 2003 Scheme") which is effective for a period of 10 years. The principal purpose of this scheme is to provide incentives to Directors and any eligible persons the Board may approve from time to time. The Board is authorised under the share option scheme to grant options to Executive Directors and employees of the Company or any of its subsidiaries and 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.

33. Share Capital (continued)

Share option schemes (continued)

(a) The Company (continued)

The following table discloses details of share options which were granted by the Company at nominal consideration and movements in such holdings:

Date of grant	Subscription price per share HK$	Outstanding at 1 July 2010	Movements during the year: Granted	Exercised	Lapsed	At 30 June 2011: Outstanding	Exercisable	Weighted average share price at the date of exercise HK$
		Number of shares under options granted						
Directors								
10 October 2006	22.44	288,000	-	-	-	288,000	230,400	N/A
Employees								
10 October 2006	22.44	5,272,800	-	(238,500)	(73,900)	4,960,400	3,747,600	24.86
15 November 2007	36.10	4,572,800	-	-	(556,800)	4,016,000	2,409,600	N/A
24 July 2008	26.35	1,388,000	-	-	(320,000)	1,068,000	427,200	N/A
11 March 2009	21.45	1,344,000	-	(135,600)	(179,200)	1,029,200	376,400	24.44
		12,865,600	-	(374,100)	(1,129,900)	11,361,600	7,191,200	
Weighted average exercise price		HK$27.61	N/A	HK$22.08	HK$30.12	HK$27.55	HK$27.20	

Date of grant	Subscription price per share HK$	Outstanding at 1 July 2011	Movements during the year: Granted	Exercised	Lapsed	At 30 June 2012: Outstanding	Exercisable	Weighted average share price at the date of exercise HK$
		Number of shares under options granted						
Directors								
10 October 2006	22.44	288,000	-	-	-	**288,000**	**288,000**	N/A
Employees								
10 October 2006	22.44	4,960,400	-	-	(416,000)	**4,544,400**	**4,544,400**	N/A
15 November 2007	36.10	4,016,000	-	-	(128,000)	**3,888,000**	**3,110,400**	N/A
24 July 2008	26.35	1,068,000	-	-	(128,000)	**940,000**	**640,800**	N/A
11 March 2009	21.45	1,029,200	-	(74,000)	(383,200)	**572,000**	**303,200**	23.66
		11,361,600	-	(74,000)	(1,055,200)	**10,232,400**	**8,886,800**	
Weighted average exercise price		HK$27.55	N/A	HK$21.45	HK$24.21	**HK$27.93**	**HK$27.47**	

The dates of grant of options referred to above represent the dates on which the options were accepted by the grantees.

33. Share Capital (continued)

Share option schemes (continued)

(a) The Company (continued)

The followings are the particulars of share options granted under HHL 2003 Scheme:

Date of Grant	*Number of share options*	*Vesting period*	*Exercisable period*	*Exercise price per share HK$*
8 September 2004	2,700,000	-	Exercisable within three years from the date of grant	17.10
2 September 2005	1,250,000	2 September 2005 to 1 March 2006	2 March 2006 to 1 March 2009	19.94
2 September 2005	1,250,000	2 September 2005 to 1 March 2007	2 March 2007 to 1 March 2009	19.94
10 October 2006	1,792,000	10 October 2006 to 31 October 2007	1 November 2007 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2008	1 November 2008 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2009	1 November 2009 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2010	1 November 2010 to 31 October 2013	22.44
10 October 2006	1,792,000	10 October 2006 to 31 October 2011	1 November 2011 to 31 October 2013	22.44
15 November 2007	1,049,600	15 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014	36.10
15 November 2007	1,049,600	15 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014	36.10
24 July 2008	357,600	24 July 2008 to 31 July 2009	1 August 2009 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2010	1 August 2010 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2011	1 August 2011 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2012	1 August 2012 to 31 July 2015	26.35
24 July 2008	357,600	24 July 2008 to 31 July 2013	1 August 2013 to 31 July 2015	26.35
11 March 2009	352,000	11 March 2009 to 17 March 2010	18 March 2010 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2011	18 March 2011 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2012	18 March 2012 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2013	18 March 2013 to 17 March 2016	21.45
11 March 2009	352,000	11 March 2009 to 17 March 2014	18 March 2014 to 17 March 2016	21.45

33. Share Capital (continued)

Share option schemes (continued)

(a) The Company (continued)

Share option expenses charged to profit or loss are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	*Number of options granted*	*Fair value of options granted HK$*	*Closing share price at date of grant HK$*	*Exercise price HK$*	*Expected volatility*	*Option life*	*Risk-free rate*	*Expected dividend yield*	*Suboptimal exercise factor*
2 September 2005	2,500,000	6,819,000	19.60	19.94	23.30%	3.4 years	3.660%	4.10%	2
10 October 2006	8,960,000	43,981,000	22.25	22.44	26.00%	7 years	3.956%	3.80%	2
15 November 2007	5,248,000	43,669,000	35.10	36.10	33.00%	7 years	3.384%	4.70%	2
24 July 2008	1,788,000	13,475,000	26.25	26.35	33.54%	7 years	3.598%	3.01%	1.61
11 March 2009	1,760,000	9,142,000	21.45	21.45	34.37%	7 years	1.872%	4.53%	2.2

Expected volatility was determined by using the historical volatility of the Company's share price over previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised total expense of HK$785,000 for the year (2011: HK$1,709,000) in relation to share options granted by the Company.

(b) HHI

A share option scheme ("HHI Scheme") was adopted by HHI pursuant to the written resolutions of the shareholders 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 Scheme shall be valid and effective for a period of 10 years and the principal purpose of which is to provide incentives to directors and any eligible persons the Board of HHI may approve from time to time. The Board of HHI is authorised to grant options under the HHI Scheme to executive directors and employees of the Company, HHI or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in HHI.

Options granted must be taken up within 28 days from the date of the offer letter upon payment of HK$1 per each grant of option, payable as consideration on acceptance, which is recognised as income when received.

33. Share Capital (continued)

Share option schemes (continued)

(b) HHI (continued)

The following table discloses the details of share options granted under the HHI Scheme by HHI to its directors and employees, who are not directors of the Company, at nominal consideration:

		Number of shares under options granted						
			Movements during the year			*At 30 June 2011*		
Date of grant	*Subscription price per share HK$*	*Outstanding at 1 July 2010*	*Granted*	*Exercised*	*Lapsed*	*Outstanding*	*Exercisable*	*Weighted average share price at the date of exercise HK$*
17 October 2006	5.858	4,440,000	-	-	(72,000)	4,368,000	3,552,000	N/A
19 November 2007	6.746	360,000	-	-	-	360,000	216,000	N/A
24 July 2008	5.800	400,000	-	-	-	400,000	160,000	N/A
		5,200,000	-	-	(72,000)	5,128,000	3,928,000	
Weighted average exercise price		HK$5.915	N/A	N/A	HK$5.858	HK$5.916	HK$5.905	

		Number of shares under options granted						
			Movements during the year			***At 30 June 2012***		
Date of grant	***Subscription price per share HK$***	***Outstanding at 1 July 2011***	***Granted***	***Exercised***	***Lapsed***	***Outstanding***	***Exercisable***	***Weighted average share price at the date of exercise HK$***
17 October 2006	5.858	4,368,000	-	-	(288,000)	**4,080,000**	**4,080,000**	N/A
19 November 2007	6.746	360,000	-	-	-	**360,000**	**288,000**	N/A
24 July 2008	5.800	400,000	-	-	-	**400,000**	**240,000**	N/A
		5,128,000	-	-	(288,000)	**4,840,000**	**4,608,000**	
Weighted average exercise price		HK$5.916	N/A	N/A	HK$5.858	**HK$5.919**	**HK$5.910**	

33. Share Capital (continued)

Share option schemes (continued)

(b) HHI (continued)

The followings are the particulars of share options granted under HHI Scheme:

Date of Grant	*Number of share options*	*Vesting period*	*Exercisable period*	*Exercise price per share HK$*
17 October 2006	1,240,000	1 December 2006 to 30 November 2007	1 December 2007 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2008	1 December 2008 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2009	1 December 2009 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2010	1 December 2010 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2011	1 December 2011 to 30 November 2013	5.858
19 November 2007	152,000	19 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014	6.746
24 July 2008	160,000	1 August 2008 to 31 July 2009	1 August 2009 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2010	1 August 2010 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2011	1 August 2011 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2012	1 August 2012 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2013	1 August 2013 to 31 July 2015	5.800
11 March 2009	80,000	18 March 2009 to 17 March 2010	18 March 2010 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2011	18 March 2011 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2012	18 March 2012 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2013	18 March 2013 to 17 March 2016	4.470
11 March 2009	80,000	18 March 2009 to 17 March 2014	18 March 2014 to 17 March 2016	4.470

The 400,000 share options with exercise price at HK$4.470 per share granted in the financial year ended 30 June 2009 were lapsed in the same year. There was no financial impact to the consolidated financial statements of the Group for the year and no valuation on these share options was performed.

33. Share Capital (continued)

Share option schemes (continued)

(b) HHI (continued)

Share option expenses charged to profit or loss are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	*Number of options granted*	*Fair value of options granted HK$*	*Closing share price at date of grant HK$*	*Exercise price HK$*	*Expected volatility*	*Option life*	*Risk-free rate*	*Expected dividend yield*	*Suboptimal exercise factor*
17 October 2006	6,200,000	5,814,000	5.70	5.858	23.00%	7 years	3.969%	4.75%	2
19 November 2007	760,000	705,000	6.55	6.746	23.83%	7 years	3.330%	5.78%	2
24 July 2008	800,000	843,000	5.80	5.800	25.94%	7 years	3.600%	4.66%	1.31

Expected volatility was determined by using the historical volatility of the HHI's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised total expense of HK$56,000 for the year (2011: HK$162,000) in relation to share options granted by HHI.

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 vest.

No shares were awarded in both years presented. 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.

(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 vest.

No shares in HHI were awarded in both years presented.

34. Share Premium and 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.

Share premium and capital redemption reserve

The application of share premium and capital redemption reserve is governed by Section 48B and Section 49H respectively of the Hong Kong Companies Ordinance.

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 controlled entities 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 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.

Investment revaluation reserve

Investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments have been disposed of or are determined to be impaired.

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.

34. Share Premium and Reserves (continued)

The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	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 2010	8,768,037	72,110	9,872	68,659	(2,178)	4,619,227	13,535,727
Profit for the year and total comprehensive income for the year	-	-	-	-	-	1,463,428	1,463,428
Shares issued	9,411	-	-	(2,086)	-	-	7,325
Transaction costs attributable to issue of shares	(8)	-	-	-	-	-	(8)
Recognition of equity-settled share-based payments	-	-	-	1,709	-	-	1,709
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	(867,653)	(867,653)
At 30 June 2011	8,777,440	72,110	9,872	68,282	(2,178)	5,215,002	14,140,528
Profit for the year and total comprehensive income for the year	-	-	-	-	-	2,619,270	2,619,270
Shares issued	1,916	-	-	(514)	-	-	1,402
Transaction costs attributable to issue of shares	(1)	-	-	-	-	-	(1)
Share repurchased and cancelled	-	12,135	-	-	-	(95,978)	(83,843)
Recognition of equity-settled share-based payments	-	-	-	785	-	-	785
Forfeiture of vested share options	-	-	-	(3,134)	-	3,134	-
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	(1,295,251)	(1,295,251)
At 30 June 2012	**8,779,355**	**84,245**	**9,872**	**65,419**	**(2,178)**	**6,446,177**	**15,382,890**

35. 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:

The Group

	Accelerated tax depreciation HK$'000	*Fair value adjustments on investment properties HK$'000*	*Undistributed earnings of PRC subsidiaries and jointly controlled entities HK$'000*	*Tax losses HK$'000*	*Others HK$'000*	*Total HK$'000*
At 1 July 2010	230,954	19,800	127,621	(154,129)	(2,417)	221,829
Exchange adjustments	-	-	10,247	-	-	10,247
Charge to profit or loss	28,072	16,030	38,974	5,750	722	89,548
At 30 June 2011	259,026	35,830	176,842	(148,379)	(1,695)	321,624
Exchange adjustments	-	-	1,984	-	-	1,984
Charge (credit) to profit or loss	31,000	(12,705)	16,078	2,331	160	36,864
At 30 June 2012	290,026	23,125	194,904	(146,048)	(1,535)	360,472

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$1,615 million (2011: HK$1,542 million) to offset against future profits. A deferred tax asset of HK$146 million (2011: HK$148 million) in respect of tax losses of HK$885 million (2011: HK$897 million) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$730 million (2011: HK$645 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

36. Disposal of a Subsidiary

During the year, the Group completed the disposal of the entire interest in a subsidiary, namely Bayern Gourmet Food Company Limited ("BGF"), to an independent third party for a net cash consideration of HK$62 million. BGF is principally engaged in manufacture and sales of food which is included in "other operations" in the Group's segment information.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	2,052
Inventories	15,950
Trade and other receivables	28,805
Deposits and prepayments	3,097
Bank balances and cash	5,658
Trade and other payables	(7,363)
Tax liabilities	(1,908)
	46,291
Net assets attributable to non-controlling interests	(4,699)
Gain on disposal of a subsidiary	20,408
Net consideration received	62,000
Sale consideration received, satisfied in cash	64,590
Expenses paid on disposal	(2,590)
	62,000
Net cash inflow on disposal of a subsidiary	
Net consideration received in cash	62,000
Less: bank balances and cash disposed of	(5,658)
	56,342

36. Disposal of a Subsidiary (continued)

BGF did not contribute significantly to the Group's cash flows, revenue, expenses, income tax expense or profit attributable to owners of the Company for the year ended 30 June 2012 and as such, the disposal of BGF does not constitute a discontinued operation.

37. Project Commitments

(a) Hopewell Centre II

Hopewell Centre II is one of the new major property projects of the Group. On 26 June 2012, the Group received a land premium offer for Hopewell Centre II and accepted such offer on 25 July 2012. The amount of the land premium payable by the Group to the Government is HK$3,726 million. Under the current plan, the estimated total investment cost (including land premium) for the development will be around HK$9 billion, which has taken into account the estimated investment cost for a road improvement scheme, a green park open to the public, and an extensive tree-planting plan. Up to the end of the reporting period, the Group has incurred approximately HK$500 million in the project.

(b) Expressway projects

As at 30 June 2012, the Group had agreed, subject to approval of relevant authorities, to make additional capital contributions of approximately RMB403 million (2011: RMB403 million) to a jointly controlled entity, West Route JV, for the development of Phase II West.

As at 30 June 2012, the Group had no outstanding commitment to make capital contributions to West Route JV for the development of Phase III West (2011: RMB484 million).

In addition to the above, the Group's attributable share of the commitments of certain jointly controlled entities of the Group in respect of the acquisition of property and equipment and the construction of Phase III West, which had been contracted for but not provided totalled approximately HK$511 million at 30 June 2012 (2011: HK$1,099 million).

(c) Lee Tung Street Project

The Group and a joint venture partner jointly hold and are developing the Lee Tung Street Project in Wan Chai through their shareholdings of 50% each in a joint venture company. The Group's total commitment to the project was approximately HK$4.5 billion at the end of the reporting period. This represented 50% of its total budgeted development and related costs. Up to the end of the reporting period, a total of approximately HK$2.1 billion (2011: HK$1.8 billion) had been contributed by the Group to the joint venture company to finance project development costs. The remaining development costs will be funded by the project loan.

(d) Liede Integrated Commercial Project

Under a cooperation agreement entered into by the Group and a PRC party to develop and lease a commercial and hotel complex property in Guangzhou, the PRC, the Group is mainly responsible for fitting-out the property and purchasing the machinery and equipment required for its operation at a total cost of not less than RMB1,000 million. When its development has been completed, the Group will be entitled to operate the property for a specified period by paying fixed amounts of monthly rental. These will increase progressively to a maximum annual rental of RMB148 million. The total rental payable during the operating period will be approximately RMB3.0 billion. Up to the end of the reporting period, the Group had not incurred any material cost concerning this property project.

37. Project Commitments (continued)

(e) Hopewell New Town

	2011 HK$'000	2012 HK$'000
Authorised but not yet contracted for	479,275	302,749
Contracted for but not provided	592,753	565,239
	1,072,028	867,988

(f) Heyuan Power Plant Project

The Group's share of the commitments of the joint venture company in respect of the development of the power plant is as follows:

	2011 HK$'000	2012 HK$'000
Contracted for but not provided	38,449	85,459

(g) Property renovation

	2011 HK$'000	2012 HK$'000
Contracted for but not provided	4,591	11,499

38. Operating Lease Commitments

The Group as lessor

Rental income from investment properties earned during the year is approximately HK$701 million (2011: HK$640 million). At the end of the reporting period, the investment properties of the Group with an aggregate carrying amount of approximately HK$16,762 million (2011: HK$13,778 million) which were rented out under operating leases. These properties have committed tenants for the next one to six 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:

	The Group	
	2011 HK$'000	2012 HK$'000
Within one year	371,217	435,842
In the second to fifth years inclusive	397,039	568,045
After five years	147,222	133,585
	915,478	1,137,472

39. Contingent Liabilities

(a) Disposal of CEPA

In connection with the disposal by the Group of its interests in Consolidated Electric Power Asia Limited ("CEPA") in previous years, the Group has entered into an agreement with the purchaser under which the purchaser and its affiliates have agreed to release and discharge the Group from all claims whatsoever that they may have against the Group arising under the sale agreement. The Group has also agreed to release and discharge the purchaser and its affiliates from all claims whatsoever that the Group may have against them. In this connection, the Group has given certain performance undertakings and indemnities to the purchaser and its affiliates, for which a provision totalling approximately HK$54 million was made in the consolidated financial statements for previous years. This provision represents management's best estimate of the costs and expenses that would be required to discharge the Group's obligations and liabilities under the agreement. The Directors are of the opinion that the provision is not expected to be payable within one year from the end of the reporting period, and it is therefore classified as non-current.

(b) Guarantees

The Group

A subsidiary of the Company has acted as the guarantor for the repayment of mortgage bank loans amounting to HK$441 million as of 30 June 2012 (2011: HK$384 million) granted to purchasers of its properties.

The Company acted as the guarantor of bank loan facilities of Grand Site to the extent of HK$2,500 million (2011: Nil), of which HK$1,445 million had been utilised as at 30 June 2012 (2011: Nil). The Group's equity interest in Grand Site has been pledged to banks concerned to secure the banking facilities that have been granted to Grand Site. The carrying amount of the pledged equity interest as at the end of the reporting period was insignificant to the Group.

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.

The Company

At 30 June 2012, the credit facilities of the Company's subsidiaries and jointly controlled entities to the aggregate extent of HK$10,350 million (2011: HK$8,382 million) are guaranteed by the Company. Such facilities were utilised in relation to utility deposit guarantee and bank borrowings to the extent of HK$3,212 million (2011: HK$962 million) at the end of the reporting period.

40. 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$20,000 per month (increases to HK$25,000 per month effective 1 June 2012).

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 charged to profit or loss for the year of HK$9,809,000 (2011: HK$9,796,000) 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.

41. Related Party Transactions

In addition to the balances of the Group and the Company 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 paid or payable to the Group's key management personnel amounted to HK$51.3 million (2011: HK$41.4 million). Such remuneration is determined by the Board having regard to the performance of individuals and market trends.

42. 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 and premium, 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.

43. Financial Instruments

(a) Categories of financial instruments

	The Group		*The Company*	
	2011	***2012***	*2011*	***2012***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
Financial assets:				
Loans and receivables at amortised cost (including bank balances and cash)	9,314,224	**11,147,583**	16,943,207	**18,296,541**
Available-for-sale investments	3,197	**3,000**	3,197	**3,000**
	9,317,421	**11,150,583**	16,946,404	**18,299,541**
Financial liabilities				
Liabilities at amortised cost	3,656,696	**5,761,973**	1,715,374	**1,920,349**

43. Financial Instruments (continued)

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include loan receivable, available-for-sale investments, amounts due from jointly controlled entities, bank deposits, trade and other receivables, amounts due from subsidiaries, bank balances and cash, trade and other payables, amounts due to associates/subsidiaries/a jointly controlled entity/a minority shareholder of a subsidiary, bank borrowings and corporate bonds. 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 and the Company'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 and the Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange fluctuations arise. Certain of the Group's and the Company's financial assets and liabilities are denominated in Hong Kong dollars ("HKD"), Renminbi ("RMB") or United States dollars ("US dollars") which are currencies other than the functional currencies of the respective group entities. Besides, certain jointly controlled entities of the Group had outstanding bank borrowings denominated in HKD and US dollars that are not the functional currencies of those jointly controlled entities (i.e. RMB). The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

The Group

	Assets		*Liabilities*	
	2011	***2012***	*2011*	***2012***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
HKD	378,346	**374,192**	5,603	**8,297**
RMB	3,135,286	**2,441,074**	361,200	**366,000**
US dollars	5,513	**4,984**	326	**-**

The Company

	Assets		*Liabilities*	
	2011	***2012***	*2011*	***2012***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
RMB	243,765	**91,420**	-	**-**
US dollars	2	**3**	-	**-**

43. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risks (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis

As HKD are pegged to US dollars, it is assumed that there would be no material currency risk exposure on between these two currencies. The Group's and the Company's foreign currency risk is mainly concentrated on the fluctuations of RMB against HKD. The sensitivity analysis below includes only currency risk related to RMB and HKD/US dollars denominated monetary items of group entities whose functional currencies are HKD and RMB respectively. The sensitivity analysis of the Company also includes currency risk exposure on inter-company balances.

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% (2011: 5%) change in foreign currency rates.

The Group

At the end of the reporting period, if the exchange rate of RMB against HKD/US dollars had been strengthened/weakened by 5% (2011: 5%), the Group's profit before taxation (including the impact on the Group's share of profits of jointly controlled entities) would increase/decrease by approximately HK$181.1 million for the year ended 30 June 2012 (2011: increase/decrease by approximately HK$225.9 million).

The Company

At the end of the reporting period, if the exchange rate of RMB against HKD/US dollars had been strengthened/weakened by 5% (2011: 5%), the Company's profit before taxation would increase/decrease by approximately HK$4.6 million for the year ended 30 June 2012 (2011: increase/decrease by approximately HK$12.2 million).

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits, amounts due from jointly controlled entities, bank borrowings and corporate bonds which are interest-free or carry fixed interest rates. The Company is exposed to fair value interest rate risk in relation to bank deposits and amounts due from subsidiaries which are interest-free. 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 Company is exposed to cash flow interest rate risk in relation to bank deposits carried at floating interest rates. The Group's and the Company'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 prevailing market interest rates in the next twelve months are expected to have limited fluctuation, the Directors are of the opinion that the Group's and the Company's exposures to cash flow interest rate risk is minimal. Accordingly, no sensitivity analysis is presented.

43. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

The Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company 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 or the Company as disclosed in note 39(b).

The Group's credit risk is primarily attributable to its amounts due from jointly controlled entities, trade and other receivables, 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 is responsible to exercise joint control on the financial and operating activities of the jointly controlled entities with the joint venture partners to ensure the jointly controlled entities maintaining favorable financial position in order to reduce such credit risk.

Other than the amounts due from jointly controlled entities and dividend receivable from a jointly controlled entity, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. In order to minimise the credit risk, the Directors reviews the recoverable amount of each individual amounts due from subsidiaries 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 Company's credit risk is significantly reduced.

The credit risks of the Group and the Company on liquid funds are limited because the counterparties are banks with good reputation.

Liquidity risk

The Group's total assets less current liabilities and the Group's net current assets at 30 June 2012 amounted to HK$38,755 million (2011: HK$35,334 million) and HK$8,225 million (2011: HK$7,966 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 2012, the Group has unutilised syndicated loan facilities of HK$5,620 million (2011: HK$6,420 million) and other facilities of HK$463 million (2011: HK$1,000 million).

Included in the bank borrowings are carrying amount of approximately HK$1,380 million (2011: Nil) due within one year for which the Group expects, and has discretion, to roll over the amount for at least twelve months after the end of the reporting period under its existing loan facility with the same lenders and on similar term. Accordingly, the amount is classified as non-current liabilities and presented in the time band of "1-5 years" in the liquidity risk table.

The following tables detail the contractual maturity of the Group and the Company for their 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 and the Company 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.

43. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

The Group

	Weighted average interest rate %	Repayable on demand or less than 1 month HK$'000	1-2 months HK$'000	Over 2 months but not more than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30.6.2012 HK$'000
2012								
Trade and other payables	-	148,851	3,384	8,897	75,552	1,692	238,376	238,376
Rental and other deposits	-	13,710	9,772	47,492	105,398	1,660	178,032	178,032
Amounts due to associates	-	887	-	-	-	-	887	887
Amount due to a jointly controlled entity	-	10,057	-	-	-	-	10,057	10,057
Amount due to a minority shareholder of a subsidiary	-	-	-	-	71,055	-	71,055	60,253
Corporate bonds	1.55-2.98	1,685,386	1,928	9,418	742,009	-	2,438,741	2,415,600
Bank borrowings	0.62-3.98	70,800	10,690	53,455	3,073,980	-	3,208,925	3,036,800
		1,929,691	25,774	119,262	4,067,994	3,352	6,146,073	5,940,005

	Weighted average interest rate %	Repayable on demand or less than 1 month HK$'000	1-2 months HK$'000	Over 2 months but not more than 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 30.6.2011 HK$'000
2011								
Trade and other payables	-	173,821	9,042	11,164	25,520	-	219,547	219,547
Rental and other deposits	-	12,467	9,115	54,112	91,649	255	167,598	167,598
Amounts due to associates	-	14,460	-	-	-	-	14,460	14,460
Amount due to a jointly controlled entity	-	6,848	-	-	-	-	6,848	6,848
Amount due to a minority shareholder of a subsidiary	-	-	-	-	31,474	47,495	78,969	66,021
Corporate bonds	1.55-2.98	-	10,312	50,565	2,406,758	-	2,467,635	2,383,920
Bank borrowings	0.52-1.73	604,700	1,038	5,191	370,997	-	981,926	965,900
		812,296	29,507	121,032	2,926,398	47,750	3,936,983	3,824,294

In addition, as mentioned in note 39, 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 and Grand Site of HK$441 million (2011:HK$384 million) and HK$2,500 million (2011:Nil), respectively, of which no financial liability was recognised in the consolidated statement of financial position as financial guarantee contracts. In the event due to a failure by the purchasers or Grand Site to repay their borrowings, the Company will 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.

43. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

The Company

	Repayable on demand or less than 1 month HK$'000	*1-2 months HK$'000*	*Over 2 months but not more than 1 year HK$'000*	*1-5 years HK$'000*	*Over 5 years HK$'000*	*Total undiscounted cash flows HK$'000*	*Carrying amount at 30.6.2012 HK$'000*
2012							
Non-interest bearing							
Trade and other payables	8,425	-	-	-	-	8,425	8,425
Amounts due to associates	887	-	-	-	-	887	887
Amounts due to subsidiaries	1,911,037	-	-	-	-	1,911,037	1,911,037
	1,920,349	-	-	-	-	1,920,349	1,920,349

	Repayable on demand or less than 1 month HK$'000	*1-2 months HK$'000*	*Over 2 months but not more than 1 year HK$'000*	*1-5 years HK$'000*	*Over 5 years HK$'000*	*Total undiscounted cash flows HK$'000*	*Carrying amount at 30.6.2011 HK$'000*
2011							
Non-interest bearing							
Trade and other payables	6,908	-	-	-	-	6,908	6,908
Amounts due to associates	14,460	-	-	-	-	14,460	14,460
Amounts due to subsidiaries	1,694,006	-	-	-	-	1,694,006	1,694,006
	1,715,374	-	-	-	-	1,715,374	1,715,374

In addition, as mentioned in note 39, the Company has, at the end of the reporting period, given financial guarantees to banks in respect of banking facilities granted to its subsidiaries and Grand Site of HK$7,850 million (2011:HK$8,382 million) and HK$2,500 million (2011:Nil), respectively, of which no financial liability was recognised in the Company's statement of financial position as financial guarantee contracts. In the event due to a failure by its subsidiaries and Grand Site to repay their borrowings, the Company will 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.

(c) Fair value

The fair value of financial assets and liabilities is 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 costs in the consolidated financial statements approximate their fair values.

44. Principal Subsidiaries

The following list contains only the details of the subsidiaries at 30 June 2011 and 30 June 2012 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.

		Proportion of nominal value of issued capital held by the Company				
		Directly		Indirectly		
Name of company	*Paid up issued/ registered capital*	*2011* %	*2012* %	*2011* %	*2012* %	*Principal activities*
Incorporated in Hong Kong:						
Banbury Investments Limited	2 shares of HK$1 each	100	**100**	-	**-**	Property investment
Bayern Gourmet Food Company Limited (i)	3,000,000 shares of HK$1 each	-	**-**	90	**-**	Manufacture and sales of food
Broadwood Twelve Management Limited	1 share of HK$1 each	-	**-**	100	**100**	Property management
Chee Shing Company Limited	9,680 shares of HK$100 each	100	**100**	-	**-**	Provision of management services
Exgratia Company Limited	2 shares of HK$1 each	100	**100**	-	**-**	Property investment
GardenEast Limited	10,000 shares of HK$100 each	-	**-**	100	**100**	Property investment
GardenEast Management Limited	300,000 shares of HK$1 each	-	**-**	100	**100**	Property management
HH Finance Limited	100,000 shares of HK$10 each	100	**100**	-	**-**	Loan financing
HHI Finance Limited	1 share of HK$1 each	-	**-**	70.27	**70.87**	Loan financing
Hopewell Centre Management Limited	209,200 shares of HK$100 each	-	**-**	100	**100**	Property management
Hopewell China Development (Superhighway) Limited (ii)	2 shares of HK$1 each and 4 non-voting deferred shares of HK$1 each	-	**-**	68.51	**69.10**	Investment in expressway project
Hopewell Construction Company, Limited	200,000 shares of HK$100 each	-	**-**	100	**100**	Construction, project management and investment holding

44. Principal Subsidiaries (continued)

Name of company	*Paid up issued/ registered capital*	*Proportion of nominal value of issued capital held by the Company* Directly 2011 %	Directly 2012 %	Indirectly 2011 %	Indirectly 2012 %	*Principal activities*
Incorporated in Hong Kong: (continued)						
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (ii)	2 shares of HK$1 each and 2 non-voting deferred shares of HK$1 each	-	-	70.27	**70.87**	Investment in expressway project
Hopewell Hotels Management Limited	3,000,000 shares of HK$1 each	-	-	100	**100**	Hotel management
Hopewell Property Management Company Limited	2 shares of HK$100 each	-	-	100	**100**	Building and carpark management
Hopewell Property and Facility Management Limited	1 share of HK$1 each	-	-	100	**100**	Property management
Hopewell Real Estate Agency Limited	30,000 shares of HK$100 each	-	-	100	**100**	Property agency and investment holding
Hopewell Wind Power (Hong Kong) Limited	1 share of HK$1 each	-	-	100	**100**	Investment in a wind power project
H-Power Investor (HK) Limited	1 share of HK$1 each	-	-	87.5	**87.5**	Investment in a power station project
International Trademart Company Limited	2 shares of HK$1 each and 10,000 non-voting deferred shares of HK$1 each	-	-	100	**100**	Property investment and operation of a trademart
Island Century Limited	1 share of HK$1 each	-	-	-	**100**	Provision of cleaning services
IT Catering and Services Limited	2 shares of HK$1 each	-	-	100	**100**	Restaurant operations and provision of catering services
KITEC Management Limited	300,000 shares of HK$1 each	-	-	100	**100**	Property management
Kowloon Panda Hotel Limited	2 shares of HK$100 each and 20,000 non-voting deferred shares of HK$100 each	-	-	100	**100**	Property investment, hotel ownership and operations
Panda Place Management Limited	300,000 shares of HK$1 each	-	-	100	**100**	Property management

44. Principal Subsidiaries (continued)

Name of company	*Paid up issued/ registered capital*	*Proportion of nominal value of issued capital held by the Company* *Directly* *2011* *%*	*2012* *%*	*Indirectly* *2011* *%*	*2012* *%*	*Principal activities*
Incorporated in Hong Kong: (continued)						
QRE Plaza Limited	1,000 shares of HK$100 each	-	-	100	100	Property investment
QRE Plaza Management Limited	300,000 shares of HK$1 each	-	-	100	100	Property management
Slipform Engineering Limited	1,000,001 shares of HK$1 each	-	-	100	100	Construction, project consultant and investment holding
The Marquee Wedding Concept Company Limited	1 share of HK$1 each	-	-	100	100	Provision of wedding and related services
Wetherall Investments Limited	2 shares of HK$1 each and 2 non-voting deferred shares of HK$1 each	-	-	100	100	Property investment and investment holding
Yuba Company Limited	10,000 shares of HK$1 each	-	-	100	100	Property investment
Established in the PRC:						
廣州市合和(花都)置業發展有限公司	RMB99,200,000 (registered capital)	-	-	95	95	Property development
廣州市冠暉物業管理有限公司	RMB3,000,000 (registered capital)	-	-	91.84	91.84	Property management
廣州誠滿物業管理有限公司	RMB950,000,000 (registered capital)	-	-	100	100	Property management
Incorporated in the British Virgin Islands:						
Anber Investments Limited	1 share of US$1 each	-	-	100	100	Investment holding
Hopewell (Huadu) Estate Investment Company Limited	1 share of US$1 each	100	100	-	-	Investment holding
Hopewell Wind Power Limited	1 share of US$1 each	-	-	100	100	Investment holding
Procelain Properties Ltd. (iii)	1 share of US$1 each	-	-	100	100	Property investment
Singway (B.V.I.) Company Limited (iii)	1 share of US$1 each	-	-	100	100	Property investment
Yeeko Investment Limited	1 share of US$1 each	-	-	100	100	Investment holding

44. Principal Subsidiaries (continued)

Name of company	*Paid up issued/ registered capital*	*Proportion of nominal value of issued capital held by the Company* Directly 2011 %	Directly 2012 %	Indirectly 2011 %	Indirectly 2012 %	*Principal activities*
Incorporated in the Cayman Islands:						
Hopewell Highway Infrastructure Limited (iv)	2,961,690,283 shares of HK$0.1 each	-	**-**	70.27	**70.87**	Investment holding

Notes:

(i) The Group disposed of its 90% interest in Bayern Gourmet Food Company Limited in July 2011.

(ii) Operating principally in the PRC

(iii) Operating principally in Hong Kong

(iv) Hopewell Highway Infrastructure Limited, a company listed on the Hong Kong Stock Exchange, is operating in Hong Kong and the PRC through its subsidiaries and jointly controlled entities.

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.

Particulars of the subsidiaries, including those subsidiaries not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Hong Kong Companies Ordinance.

45. Approval of Financial Statements

The financial statements on pages 105 to 174 were approved and authorised for issue by the Board of Directors on 20 August 2012.

List of Major Properties

A. Completed Properties

1) Investment Properties and Hotel Property (Unless Otherwise Specified, these Properties are Held Under Medium Term Leases):

Property	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
Panda Hotel					
- Hotel property	3 Tsuen Wah Street, Tsuen Wan, New Territories	Hotel operation, commercial and carparks	5,750	40,855*	100
- Shopping arcade				21,337*	100
				62,192*	
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

* Excluding carparking spaces.

2) Stock of Properties or Investment Property Held for Sale:

Property	Location	Existing Use	Site area (sq.m.)	Gross floor area[i] (sq.m.)	Group's interest (%)
Hopewell New Town	Huadu district, Guangzhou, China	Residential, commercial, logistic and social facilities	610,200[ii]	27,900	95
Broadwood Twelve	12 Broadwood Road, Happy Valley, Hong Kong	Residential use	2,116	3,521	100

B. Properties and Stock of Properties Under Development:

Property/land	Location	Existing Use	Stage of completion	Expected completion date	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	Under planning stage	2020	610,200[ii] & [iv]	833,300[iv]	95
Lee Tung Street Project	Lee Tung Street/ McGregor Street, Wan Chai, Hong Kong	Residential, commercial and other facilities	Under construction	2015	8,220	77,573	50
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 planning stage	2018	5,835.8[v]	101,600[vi]	100

Notes:
(i) This represents gross floor area of unsold completed units.
(ii) This site area covers all phases of development.
(iii) This represents approximate gross floor area under present planning.
(iv) 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.
(v) Total development site area of the land required for the property development is about 9,840 sq.m. of which a total of 5,835.8 sq.m. are held by the Group and the remaining will be acquired by the Group mainly by way of land exchange with the government at a land premium of HK$3,725,930,000.
(vi) The Group announced in November 2008 to reduce the gross floor area from the original plan of 164,091 sq.m. (as per the Town Planning Board Approval obtained in 1994) to about 101,600 sq.m.

Glossary

"2011 Annual General Meeting"	the annual general meeting of the Company held at Auditorium, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 20 October 2011 at 11:00 a.m.
"2012 Annual General Meeting"	the annual general meeting of the Company to be held at Auditorium, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 18 October 2012 at 11:00 a.m.
"Average Occupancy Rate"	the average of the Occupancy Rate as at the end of each month in the relevant period
"Board"	the Board of Directors of the Company
"CBD"	Central business district
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL"	Hopewell Holdings Limited
"Director(s)"	director(s) of the Company
"DPS"	dividend per share
"DTT"	Deloitte Touche Tohmatsu
"EBIT"	earnings before interest and tax
"EPS"	earnings per share
"F&B"	food and beverage
"FY07"	the financial year ended 30 June 2007
"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 ending 30 June 2013
"FY14"	the financial year ending 30 June 2014
"FY15"	the financial year ending 30 June 2015
"FY16"	the financial year ending 30 June 2016
"GDP"	Gross Domestic Product
"GFA"	Gross floor area
"GPCG"	Guangdong Provincial Communication Group Company Limited
"Group"	the Company and its subsidiaries

Glossary

"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
"ESW Ring Road"	Guangzhou East-South-West Ring Road
"Heyuan Power Plant"	the ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
"Heyuan JV"	SEC & Hopewell Power (Heyuan) Co., Ltd., the joint venture company holding Heyuan Power Plant
"HHI"	Hopewell Highway Infrastructure Limited
"HHI Award Scheme"	the share award scheme adopted by HHI on 25 January 2007
"HHI Board"	the board of directors of HHI
"HHI Group"	HHI and its subsidiaries
"HHI Shares"	ordinary shares of HK$0.10 each in the capital of HHI
"HHL Award Scheme"	the share award scheme adopted by the Company on 25 January 2007
"HHL website"	the website of the Company at http://www.hopewellholdings.com
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of PRC
"Hong Kong Government"	the Government of Hong Kong
"HZM Bridge"	the Hong Kong-Zhuhai-Macau Bridge
"2011/12 Interim Report"	the interim report of the Company for the six months ended 31 December 2011
"JCE/JCEs"	jointly controlled entity/entities
"JV"	Joint venture
"KITEC F&B"	IT Catering & Services Limited, the food and beverage operations of the KITEC
"KITEC"	Kowloonbay International Trade and Exhibition Centre
"km"	kilometre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Liede Company"	Guangzhou Liede Economic Company Limited
"Liede Project"	Liede Integrated Commercial (Operating Lease) Project
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of PRC
"MICE"	meeting, incentives, convention and exhibition
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules

Glossary

"MPF Schemes"	the mandatory provident fund schemes set up by the Group
"MWh"	Megawatt hour
"Nan Yue"	Guangdong Nan Yue Logistics Company Limited
"Occupancy rate"	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those where 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
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta
"RMB"	Renminbi, the lawful currency of PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shenzhen Energy Group"	Shenzhen Energy Group Company Limited
"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
"URA"	Urban Renewal Authority
"US" or "USA" or "United States"	the United States of America
"US$" or "USD"	US Dollars, the lawful currency of USA
"VAT"	Value-added tax
"West Route PRC Partner"	Guangdong Provincial Highway Construction Company Limited
"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 GBS, KCMG, FICE
Chairman

Mr. Eddie Ping Chang HO
Vice Chairman

Mr. Thomas Jefferson WU*
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#

Mr. Eddie Wing Chuen HO Junior

Mr. William Wing Lam WONG

Ir. Leo Kwok Kee LEUNG

Mr. Sunny TAN##

Dr. Gordon YEN##

* 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

Remuneration Committee

Ms. Linda Lai Chuen LOKE
Chairman

Mr. Guy Man Guy WU

Mr. Carmelo Ka Sze LEE

Dr. Gordon YEN

Company Secretary

Mr. Richard Cho Wa LAW

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+

Agricultural Bank of China Limited
Bank of China Limited
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
China Merchants Bank Co., Limited
Chong Hing Bank Limited
Citibank, N.A.
Credit Agricole Corporate and Investment Bank
DBS Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Mizuho Corporate Bank, Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
Tai Fung Bank Limited
Wing Lung Bank Limited

+ 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

Senior Investor Relations Manager
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	23 February 2012
Ex-dividend Date	7 March 2012
Closure of Register of Members	9 March 2012
Interim dividend paid *(HK45 cents per share)*	15 March 2012
Final results announcement	20 August 2012
Closure of Register of Members	11 October 2012 to 18 October 2012 (both days inclusive)
2012 Annual General Meeting	18 October 2012
Ex-dividend Date	22 October 2012
Closure of Register of Members	25 October 2012
Proposed final dividend and special final dividend payable# *(HK54 cents and HK40 cents per share)*	31 October 2012

Subject to approval by shareholders at the 2012 Annual General Meeting to be held on 18 October 2012.

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www.toppanvite.com

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