



HOPEWELL HOLDINGS LIMITED

Stock Code: 54



Annual Report

2013/14

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

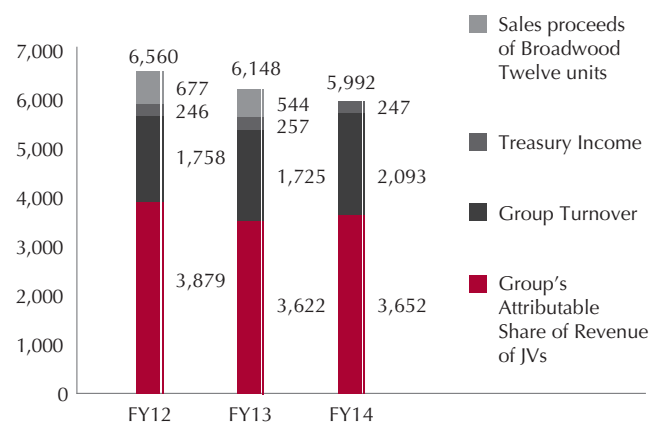
The Group is actively engaged in property development and investment, highway infrastructure, power, hotel & hospitality and other businesses. While achieving substantial long term growth, the Group recognises the vital importance of promoting sustainable development. It devotes significant resources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

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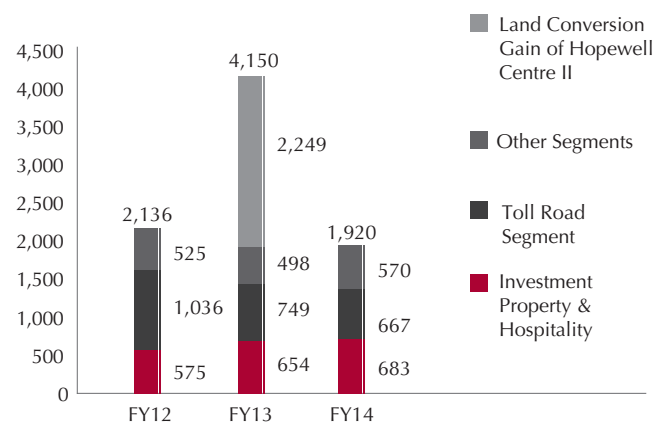
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Financial Highlights

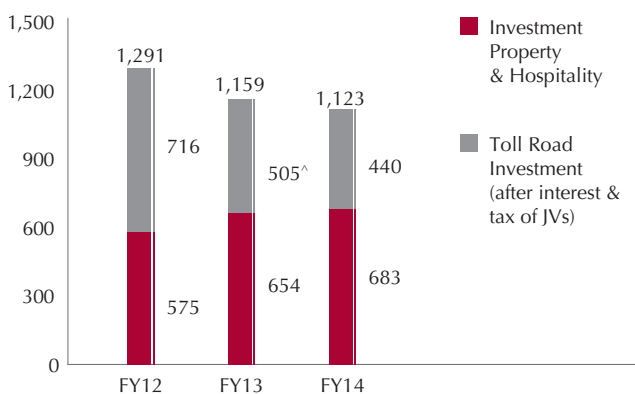
Revenue (HK\$m)



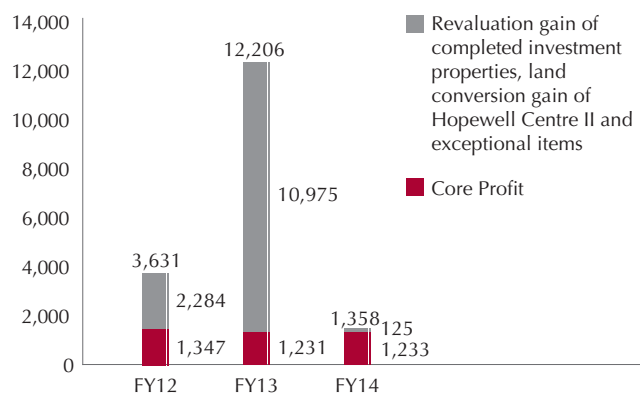
Earnings before Interest and Tax (HK\$m)



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



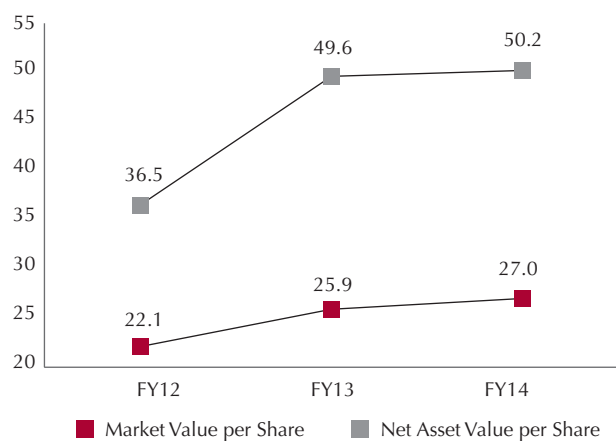
Profit Attributable to Owners of the Company (HK\$m)



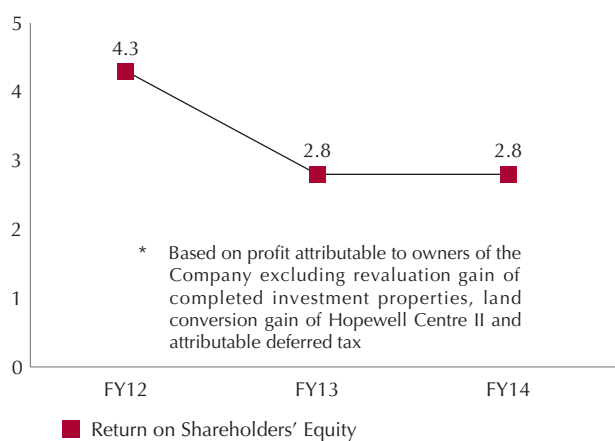
* Being the EBIT net of the proportional share by non-controlling interests

[^] Tariff cut in Guangdong since 1 June 2012

Net Asset vs Market Value per share (HK\$)



Return on Shareholders' Equity*



5-Year Financial Summary

Consolidated Results (in HK\$ million)

	Year ended 30 June				
	2010	2011	2012	2013	2014
Turnover	1,374	1,543	1,758	1,725	2,093
Earnings before interest and tax	3,784	1,855	2,136	4,150	1,920
Profit before taxation	5,328	6,171	4,328	12,768	1,945
Taxation	(187)	(252)	(365)	(295)	(329)
Profit before non-controlling interests	5,141	5,919	3,963	12,473	1,616
Non-controlling interests	(314)	(343)	(332)	(267)	(258)
Profit attributable to owners of the Company	4,827	5,576	3,631	12,206	1,358

Consolidated Statement of Financial Position (in HK\$ million)

	As at 30 June				
	2010	2011	2012	2013	2014
Investment properties	10,582	14,945	17,429	26,320	26,839
Property, plant and equipment	797	788	716	686	740
Properties under/for development	864	978	1,171	7,393	7,877
Interests in JVs	7,038	8,282	9,073	9,177	8,984
Amounts due from JVs (non-current)	1,600	1,753	2,117	3,513	763
Other non-current assets	56	32	24	41	40
Properties held for sale (Hopewell New Town and Broadwood Twelve)	3,541	2,407	1,992	1,676	1,486
Amounts due from JVs (current)	–	970	652	690	2,251
Bank balances and cash	3,469	6,223	7,976	5,357	5,210
Other current assets	231	452	491	551	480
Total assets	28,178	36,830	41,641	55,404	54,670
Corporate bonds and bank borrowings (non-current)	–	2,745	3,698	4,212	3,498
Other non-current liabilities	340	442	475	505	536
Corporate bonds and bank borrowings (current)	–	605	1,754	2,965	2,625
Other current liabilities	1,018	891	1,132	1,210	1,119
Total liabilities	1,358	4,683	7,059	8,892	7,778
Non-controlling interests	2,610	2,800	2,784	3,269	3,117
Shareholders' equity	24,210	29,347	31,798	43,243	43,775
Per Share Basis	2010	2011	2012	2013	2014
Basic earnings per share (HK cents)	550	636	415	1,397	156
Dividend per share (HK cents)	99	148	139	100	130
— Interim	45	45	45	45	50
— Final	54	58	54	55	60
— Special	–	45	40	–	20 [#]
Net asset value per share (HK\$)	27.6	33.5	36.5	49.6	50.2

Represent distribution in specie of shares in HHI.

Financial Ratios	2010	2011	2012	2013	2014
Net debt to shareholders' equity (excluding equity shared from HHI Group)	Net cash	Net cash	Net cash	6%	3%
Return on shareholders' equity*	13.6%	4.1%	4.3%	2.8%	2.8%
Dividend payout ratio*	30%	56% [#]	64% [#]	71%	78% ^Δ

* Excluding revaluation gain of completed investment properties, land conversion gain of Hopewell Centre II and attributable deferred tax.

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

Δ Excluding distribution in specie of shares in HHI.

Chairman's Statement

I am pleased to report to shareholders that the Group achieved profit attributable to owners of the Company of HK\$1,358 million for the financial year ended 30 June 2014. The Group's total revenue for the year — including the sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and its share of the revenues of JVs engaged in toll roads and power plant operations — amounted to HK\$5,992 million, 3% less than the previous year's figure. Revenue of its prime-earning businesses increased, principally due to the continued growth of investment property business, the robust growth of toll revenue of Phase II West and the uptake of toll revenue in Phase III West under its first full-year operation, which were offset by the fewer sales recognition of residential units at Broadwood Twelve. The Group's earnings before interest and tax (EBIT), before land conversion gain of Hopewell Centre II, rose slightly by 1% year-on-year to HK\$1,920 million. This is mainly due to the earnings growth of investment property business, Hopewell New Town and Phase II West, which was partly offset by Phase III West's net loss mainly caused by its higher interest expenses in its first full-year operation and a decrease in the EBIT of Panda Hotel. Due to last year's HK\$2,249 million one-off land conversion gain of Hopewell Centre II and this year's lower fair value gain of completed investment properties of HK\$125 million as compared to last year's figure of HK\$8,725 million, the Group's basic earnings per share amounted to HK\$1.56, a 89% decrease on the previous year's HK\$13.97.

Final Cash Dividend and Special Final Dividend

The Board has proposed a final cash dividend of HK60 cents per share ("Final Cash Dividend") for the year ended 30 June 2014. Together with an interim cash dividend of HK50 cents per share that has already been paid, the total cash dividends for the year will amount to HK110 cents per share. This represents an increase of 10% on the last financial year's total cash dividends of HK100 cents per share, and represents a payout ratio of 78% of the Company's profit attributable to owners of the Company, excluding the fair value gain on completed investment properties.

To broaden HHI's shareholder base and enhance the market liquidity of its shares, the Board has also proposed a special final dividend to be effected by way of a distribution in specie of shares in HHI. Eligible shareholders will receive one ordinary share in HHI ("HHI Share(s)") for every multiple of 20 ordinary shares in the Company ("Special Final Dividend") held by them as at the close of business on Monday, 27 October 2014 ("the Record Date").

The Group currently owns an aggregate of 2,098,850,098 HHI Shares, representing approximately 68.1% of the issued share capital of HHI. As at 25 August 2014 (being the latest practicable date), there were 871,255,221 ordinary shares in the Company in issue. On the assumption that there is no change in the issued share capital of the Company up to the Record Date, a maximum of 43,562,761 HHI Shares will be distributed and, based on the closing price per HHI Share of HK\$4.06 on 25 August 2014 as traded on The Stock Exchange of Hong Kong Limited, the maximum aggregate market value of the HHI Shares to be distributed (“the Distribution Shares”) is approximately HK\$177 million, which represents a distribution of approximately HK20 cents per share of the Company; and the Group’s holding of HHI Shares immediately after completion of the distribution will be reduced to a maximum extent, to 2,055,287,337 HHI Shares, representing approximately 66.7% of the issued share capital of HHI (assuming that the issued share capital of HHI remains the same up to the date of completion of the distribution).

The final aggregate market value of the Distribution Shares will be calculated based on the fair value of the Distribution Shares at the dividend settlement date and the issued shares of the Company at the Record Date. Therefore, the final aggregate market value of the Distribution Shares may be different from the above figure.

Total dividends for this year therefore comprise the interim cash dividend, the Final Cash Dividend and non-cash Special Final Dividend by way of a distribution in specie of HHI Shares, which altogether represents a payout ratio of 92% of the Company’s profit attributable to owners of the Company, excluding the fair value gain on completed investment properties.

Subject to shareholders’ approval at the 2014 Annual General Meeting to be held on Tuesday, 21 October 2014, the proposed Final Cash Dividend will be paid on Friday, 31 October 2014 to shareholders who are registered at the close of business on the Record Date.

A circular containing, among others, further details of the Special Final Dividend, including the arrangements regarding fractional entitlements and overseas shareholders’ entitlement and the timetable for the distribution of HHI Shares to the qualifying shareholders will be dispatched in due course.

Closure of Register of Members

To ascertain shareholders’ eligibility to attend and vote at the 2014 Annual General Meeting to be held on Tuesday, 21 October 2014, the Register of Members of the Company will be closed from Wednesday, 15 October 2014 to Tuesday, 21 October 2014, 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 2014 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 Tuesday, 14 October 2014.

Chairman's Statement

To ascertain shareholders' entitlement to the proposed Final Cash Dividend and/or Special Final Dividend, the Register of Members of the Company will be closed for one day on Monday, 27 October 2014, if and only if the proposed Final Cash Dividend and/or Special Final Dividend are approved by the shareholders at the 2014 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 Cash Dividend and/or 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 Friday, 24 October 2014.

Business Review

The low interest rate environment in developed countries continued to support the recovery of the world economy. During the year under review, the pace of the recovery has accelerated. As shown in their lower sovereign bond yields, the national debt crisis in the Eurozone seemed to be diminishing. Though the unemployment situation in many European countries remains bleak, their economies are now stabilised and showing signs of improvement. The US economy showed even faster advancement, as evidenced by the growing strength in its labor market and gradual rise in housing prices. The Federal Reserve's quicker steps to taper off its quantitative easing measures indicate the US economy is making good progress towards economic recovery.

The PRC's economy continued to be the main contributor to the world's GDP growth. While the Central Government persisted in its policies to stimulate domestic consumption, alleviate inflation, tighten market liquidity and bring property prices under control, the PRC's economy still experienced healthy expansion. Its GDP in the second quarter of 2014 grew by 7.5% year-on-year, a similar figure to 2013.

Under an improving macro-economic environment and a stable PRC economy, Hong Kong's economy remained steady. With its strong fundamental advantages, Hong Kong's GDP continued to grow, unemployment rate stayed low, domestic consumption stood strong, and tourist visitations remained robust.

Investment Properties and Hospitality

The favorable economic environment provided a solid foundation for the growth of the Group's investment property and hospitality business. Total revenue from the two business segments grew annually by 7% to HK\$1,344 million, making the five-year compound annual growth rate of the two segments' revenue reaching 10%. During the year under review, total revenue and EBIT from investment properties increased by 12% and 9% respectively. The key growth contributor was the Group's office rental business which continued its strong performance driven by Hong Kong's stable demand for office space, continued trend of decentralisation, redevelopment and revitalization of the Wan Chai and Kowloon East areas, and its proactive asset enhancement and management efforts. In the past year, the Group's office space maintained high occupancy rate and its spot and average rental rates both rose healthily.

200 Queen's Road East Project and Hopewell Centre II

Pre-sales of the residential portion of 200 Queen's Road East Project, The Avenue, was launched in November 2013 and attracted strong market response. As of 14 August 2014, 1,185 units or 93% of the total number of units had been sold, generating a total sales proceeds of approximately HK\$12.2 billion at the project level. The project's retail portion, Avenue Walk, is targeted for grand opening in the second half of 2015. It will further enlarge the Group's rental property portfolio, and will create a new high-end retail neighborhood which comprises shops and restaurants exhibiting the "East-meets-West" culture of Hong Kong, further realising the project's synergy with the Group's other properties in the area.

Site formation work of Hopewell Centre II is in progress and construction of the hotel is planned to be completed in 2018. In response to the Wan Chai community's call for better connectivity and environmental protection, and the increasing demand for meeting, conference and convention facilities in Hong Kong, the Group has recently submitted an application to refine and enhance the development scheme approved in 2009 to the Town Planning Board. Under the current planning, this will have no impact on the construction progress.

As Wanchai undergo redevelopment, significant changes are expected in the future. The Group is now exploring the development opportunities of the Group's various plots of land so as to enhance the synergy with the Group's existing properties and development in Wan Chai. Recently, the Group purchased a new plot of land on Schooner Street in a government land sale, which is in proximity to the Group's Wan Chai property portfolio including the various plots in Hill Side Terrace and Nam Koo Terrace ("Hill Side Terrace Cluster") and Miu Kang Terrace, which are wholly owned by the Group.

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

Infrastructure

During the year under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West, Phase II West and Phase III West increased by 11% to 613,000 vehicles, while their aggregate average daily toll revenue increased by 6% to RMB11.2 million. The growth in toll revenue was mainly due to the robust growth of Phase II West and the uptake in Phase III West after its opening on 25 January 2013. The combined toll revenue of HHI Group's four projects amounted to RMB4,078 million.

Corporate Sustainability

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations in Hong Kong and the PRC. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group has established 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 an independently verified Sustainability Report under the Global Reporting Initiative (GRI) Sustainability Reporting Framework this year. The report will present its company-wide commitment to sustainable development during the year under review, and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its JVs.

Prospects

The overall world economy seems to be on the path to gradual recovery. With its sovereign debt crisis diminishing, the Eurozone is finally forecasted to have moderate GDP growth this year, despite the political tension in Ukraine. The US economy is expected to continue its advancement. While the tapering pace of its quantitative easing measures and the timing of its interest rate hike remain unclear, which continue to be unstabilising factors affecting the US economy and global financial markets, the improvement in the economic outlook of the US has been encouraging. Should it sustain, the US economic recovery will likely become a key growth driver to the global economy.

In the PRC, the Central Government would continue its effort in shifting the economy from a credit-driven, investment- and export-led one into a more technology- and consumption-directed system. Therefore, it is expected that liquidity in the PRC to stay tight, measures to curb speculative housing demand to remain in force, and its GDP growth to maintain at a relatively lower level of 7-8%, which would still make it a great contributor to the world's economic growth. With the improving economic outlook of the US and Eurozone and the stable economic growth of the PRC, Hong Kong's economy is expected to remain steady. Export would likely rise caused by the higher demand from developed economies, unemployment rate should stay low, and the service sector and domestic consumption will continue their expansion.

With the favorable economic backdrop, the demand for office space in Hong Kong is expected to be stable, and the overall trend of decentralisation in the office market should continue.

Improving economic condition in developed countries and the steady economic environment of the PRC will drive tourist visitation to Hong Kong. Tourist arrivals should maintain its growth, mainly contributed by the healthy increase in business and leisure travel from the PRC. This trend will continue to favor Hong Kong's hospitality industry. While some high-net-worth PRC tourists may reduce their expenditure, overall tourist spending and local consumption in Hong Kong are expected to remain stable. The resulting extended high level of retail sales will continue to benefit Hong Kong's retail property market.

In the past year, the Hong Kong government implemented several measures to curb speculation activities in the residential sales market. Overall transaction volume of residential units first contracted due to regulations, but has regained some momentum in recent months. The tight supply of new residential properties is expected to keep transaction prices especially those in the primary market steady.

The Group will continue to capitalise on the favorable conditions of the different segments in Hong Kong's property market through proactive enhancement and management of its existing property portfolio. All the efforts — such as the adoption of co-termination strategy to attract high-quality sizeable office tenants, continuous enhancement of property facilities, revamp of Hopewell Centre's podium façade, renovation of certain guestrooms in Panda Hotel targeting high-spending travelers, implementation of marketing plan to strengthen Panda Hotel's MICE business, and repositioning of E-Max as an entertainment hub — will expand its competitive advantages, strengthen its image as a landlord of premium properties in Hong Kong, and eventually bring sustainable growth to the Group's business and shareholders' value.

Chairman's Statement

The Group's new major projects in the pipeline, Hopewell Centre II and the 200 Queen's Road East Project, will both generate tremendous synergies with the Group's existing properties in Wan Chai. The combination of the two projects together with Hopewell Centre, Wu Chung House retail outlets, GardenEast and QRE Plaza will form an attractive lifestyle hub drawing in attention, visitation, business, residence and spending.

Pre-sale of The Avenue has been encouraging, soon bringing in a large group of high-income households to the area. Avenue Walk combining with Hopewell Centre II and the Group's existing retail space will form one of Wan Chai's largest retail clusters.

As one of Hong Kong's largest hotels once completed, Hopewell Centre II is set to take advantage from Hong Kong's limited supply of large-scale premium hotels in prime locations. With its comprehensive conference facilities, it is also well-positioned to capitalise on the opportunities created from the lack of conference venues in the city.

In addition to the two key projects, the Group is formulating development plans for the site consisting of the properties at 155-167 Queen's Road East. The recent purchase of new plot of land on Schooner Street also marked the Group's active participation in acquiring land which synergises with its existing property portfolio and involvement in the redevelopment of Wan Chai. As part of its long-term growth strategy, the Group will continue to look for opportunities to increase its land reserves in locations synergising with its existing properties.

On the transportation front, the Western Delta Route is now the main artery of a regional expressway network that covers the most prosperous cities on the western bank of the Pearl River Delta (PRD), including Guangzhou, Foshan, Zhongshan and Zhuhai, and reduces the travelling time between them. It will also offer convenient access to the Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge, which media reports say is scheduled to open by the end of 2016. The urbanisation of cities in the western PRD region will accelerate, creating economic growth that will benefit the Group.

Acknowledgement

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

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 26 August 2014

Awards & Recognition

8/2013

Caring Organisation for Retired Athletes Certificate

HHL was awarded Caring Organization for Retired Athletes certificate by Sports Federation & Olympic Committee of Hong Kong, China, in recognition of the Group's support of Hong Kong Athletes Career & Education Programme and assistance on the career development of retired athletes.

11/2013

Lifetime Achievement Award

Sir Gordon Ying Sheung WU, Chairman of HHL, was awarded the prestigious Lifetime Achievement Award of Hong Kong Business Awards 2013 by the South China Morning Post and DHL, in recognition of his long term business and social contribution to Hong Kong.

1/2014

Hong Kong Outstanding Corporate Citizenship Logo

HHL received Hong Kong Outstanding Corporate Citizenship Logo (Enterprise Category) of the 4th Hong Kong Corporate Citizenship Program in recognition of the ongoing efforts of HHL in fulfilling the corporate social responsibility and integrating it into the business model and daily operation.

2/2014

Caring Company Logo

HHL and ten of its subsidiaries received the Caring Company Logo 2013/2014 by the Hong Kong Council of Social Service. Among these, HHL, Hopewell Highway Infrastructure Limited, Hopewell Real Estate Agency Limited, Hopewell Property Management Co., Limited, Hopewell Centre Management Limited and KITEC Management Limited have received the honours for more than five consecutive years, while Panda Hotel has been awarded the honour for more than ten consecutive years and received the accolade of 10 Years Plus Caring Company Logo.

4/2014

4th Asian Excellence Recognition Awards 2014 & Asia's Best CEO (Investor Relations)

HHL was awarded Best IR (Best Investor Relations) and Best CSR (Best Corporate Social Responsibility) awards for four consecutive years at the 4th Asian Excellence Recognition Awards 2014, organised by Corporate Governance Asia. Mr. Thomas Jefferson WU, Managing Director of HHL has also been honoured as Asia's Best CEO (Investor Relations) in Hong Kong for three consecutive years, which is a recognition of his managing achievements. The award serves to recognise excellence in investor communications, business ethics, corporate social responsibility, environmental practices and financial performance.

4/2014

5th Manpower Developer Award Scheme

HHL was presented Renewing Manpower Developer 1st of the 5th ERB Manpower Developer Award Scheme by Employees Retraining Board. It affirms the remarkable efforts of HHL on manpower training and development and emphasis on employees' personal enhancement.

6/2014

Family-Friendly Employers Award Scheme

HHL won Family-Friendly Employer Award (Corporations Category) and Special Mention of 2013/14 Family-Friendly Employers Award Scheme by Family Council in recognition of HHL's long term commitment in implementing family-friendly policies and practices.

8/2014

Hang Seng Corporate Sustainability Index

HHL was selected as constituent stock of Hang Seng Corporate Sustainability Index for two consecutive years, and HHL and Hopewell Highway Infrastructure Limited were selected as constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index for four consecutive years. These honours recognise the outstanding achievements of the Group on corporate sustainability.

Profile of Directors

Executive Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE

Aged 78, 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

Council Member	United Nations Association of China
Advisor	China Development Bank

In Hong Kong

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

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

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

He also received Honorary Doctorate Degrees from the following universities:

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

His additional awards and honours include:

Awards and Honours	Year Awarded
The Lifetime Achievement Award of 2013 Hong Kong Business Awards by the South China Morning Post and DHL	2013
The Lifetime Achievement Award of the 9th Asia Business Leaders Award by CNBC	2010
Officer de L'Ordre de la Couronne by HM Albert II, King of Belgium	2007
The Order of Croatian Danica with figure of Blaz Lorkovic by the Republic of Croatia	2007
Gold Bauhinia Star (G.B.S.) by the Hong Kong 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. Eddie Ping Chang HO

Aged 81, 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.

Mr. Thomas Jefferson WU

Aged 41, 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 organisational 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, 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 Standing Committee on Disciplined Services Salaries and Conditions of Service and a member of its Steering Committee on the Promotion of Electric Vehicles, the Vice Patron of the Community Chest of Hong Kong, as well as a member of the Board of Directors of the Hong Kong Sports Institute Limited and the Asian Youth Orchestra Limited. He is also a member of the Business School Advisory Council of The Hong Kong University of Science and Technology. In addition, he is an independent non-executive director of Melco 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 the Hong Kong Baptist 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 Vice President (Asia/Oceania) of International Ice Hockey Federation, the Co-founder and Chairman of the Hong Kong Amateur Ice Hockey Club and the Hong Kong Academy of Ice Hockey. He is also the 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 2011, 2012 and 2013, and named the "Asia's Best CEO (Investor Relations)" in 2012, 2013 and 2014.

Mr. WU is the son of Sir Gordon WU, the Chairman of the Board, and Lady WU, a Non-Executive Director of the Company. Besides, Mr. Guy Man Guy WU, an Independent Non-Executive Director, is the cousin of Mr. WU.

Mr. Josiah Chin Lai KWOK

Aged 62, 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 63, 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 Authorised Person, and a member of The Hong Kong Institute of Architects and various professional bodies.

Mr. William Wing Lam WONG

Aged 57, 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 55, 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 served as committee members to a number of Professional Institutions and was the Chairman of the Civil Division (2011-2012) of the Hong Kong Institution of Engineers ("HKIE"), and a Council Member of the HKIE (since 2012). He was also the Chairman of the Hong Kong Branch of the Chartered Institution of Highways and Transportation (2006-2007). He was elected as an Election Committee Member by the Engineering Subsector for the nomination and election of the Chief Executive of HKSAR in 2012. 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 65, 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 organisations, 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 JP

Aged 54, 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 five other public companies listed on the Stock Exchange, namely, CSPC Pharmaceutical Group Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company, Limited and Termbay Industries International (Holdings) Limited. He is also an independent non-executive director of KWG Property Holding Limited, Ping An Insurance (Group) Company of China, Ltd and Esprit Holdings Limited, three other public companies listed on the Stock Exchange. He is currently 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. He was a non-executive director of The Cross-Harbour (Holdings) Limited, a public company listed on the Stock Exchange, from March 2001 to December 2012.

Independent Non-Executive Directors

Mr. Guy Man Guy WU

Aged 57 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.

He is the cousin of Mr. Thomas Jefferson WU, the Managing Director (a son of Sir Gordon WU, the Chairman and a substantial shareholder of the Company, and Lady WU, a non-executive director and a substantial shareholder of the Company).

Ms. Linda Lai Chuen LOKE

Aged 76 and an Independent Non-Executive Director of the Company, she joined the Board in August 1991 and is currently a member of both the Audit Committee and the Remuneration Committee of the Company. She was the Chairman of the Remuneration Committee during the period from February 2012 to January 2013. A graduate of the University of California at Berkeley, she has over 30 years of professional experience in the securities and investment field. She was the emeritus Managing Director of Dean Witter Reynolds (Hong Kong) Limited and Vice President (Private Wealth Management) at Morgan Stanley Inc.

Mr. Sunny TAN

Aged 40, he was appointed as an Independent Non-Executive Director of the Company in November 2010 and the Chairman of the Audit Committee of the Company in May 2011. Mr. TAN was an executive director of Luen Thai Holdings Limited (“Luen Thai”), a listed public company in Hong Kong, from May 2006 to December 2012. Mr. TAN joined Luen Thai in 1999 and is currently the chief financial officer thereof. Prior to joining Luen Thai, Mr. TAN worked at the investment banking division of Merrill Lynch (Asia Pacific). In 2006, he was appointed as a special advisor to the Governor of Commonwealth of the Northern Mariana Islands. Mr. TAN was appointed as the Executive Vice Chairman of the Hong Kong General Chamber of Textiles in 2009 and is currently the 5th vice chairman of Tung Wah Group of Hospitals, vice chairman of Group 12 and general council member of the Federation of Hong Kong Industries (“FHKI”) and executive committee member of the Hong Kong Shippers’ Council. Mr. Tan was the past chairman of Entrepreneurs’ Organisation Hong Kong Chapter. In 2013, Mr. Tan was awarded “Young Industrialist Award 2013” which was organized by the FHKI. Mr. Tan was also appointed as an advisory board member of the Center for Family Business at the Chinese University of Hong Kong and the member of the Joint Committee on Student Finance of Education Bureau Government Secretariat, Hong Kong Government. 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 44, he was appointed as an Independent Non-Executive Director and a member of the Remuneration Committee of the Company in May 2012. He was appointed as the Chairman of the Remuneration Committee of the Company in February 2013. 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 a Non-Executive Director of Fountain Set (Holdings) Limited (“Fountain Set”), a public company listed on the Stock Exchange, and previously served as an Executive Director of Fountain Set from September 2004 to May 2013. 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.

Mr. Ahito NAKAMURA

Aged 62, he was appointed as an Independent Non-Executive Director of the Company in December 2012. Mr. NAKAMURA is the managing director of PIA Entertainment (H.K.) Co., Limited and J-Macau Consulting Limited. Mr. NAKAMURA is also an Executive Board Member of The Macao-Japan Chamber of Commerce. He was previously employed by the Company as Treasurer during 1992 to 1997. Mr. NAKAMURA was awarded a Bachelor of Arts degree in Economics from Keio University, Japan in 1975.

Management Discussion and Analysis

Business Review

1. Properties

A. Investment Properties and Hospitality

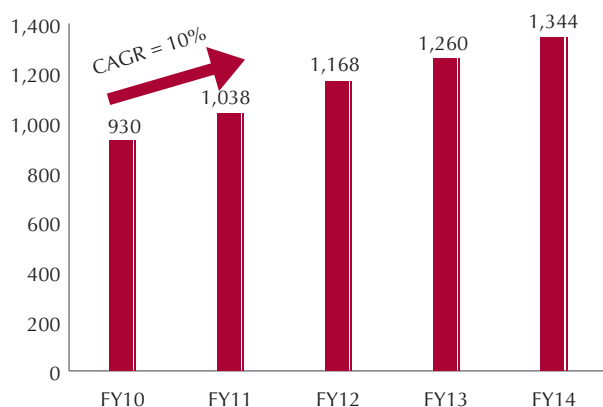
The Group's investment property and hospitality businesses consist of its wholly-owned investment property portfolio and its hotel, restaurant and catering operation. The revenue from these businesses amounted to HK\$1,344 million for the year under review, an increase of 7% year-on-year.

HK\$ million	Revenue		Change in Revenue
	2013	2014	YoY
Investment Properties			
Rental income — office	268	328	+22%
Rental income — retail	225	241	+7%
Rental income — residential	73	76	+4%
Convention and exhibition	59	55	-7%
Air conditioning & management fee	130	137	+5%
Carpark & others	43	53	+23%
Investment Properties sub-total	798	890	+12%
Hospitality			
Room Revenue	245	234	-4%
Restaurants, catering operations and others	217	220	+1%
Hospitality sub-total	462	454	-2%
Total	1,260	1,344	+7%

The EBIT of the investment property and hospitality businesses increased by 4% to HK\$683 million year-on-year. The five-year compound annual growth rates of revenue and EBIT of the Group's investment properties and hospitality businesses between FY10 and FY14, excluding any gain on completion, were 10% and 12% respectively.

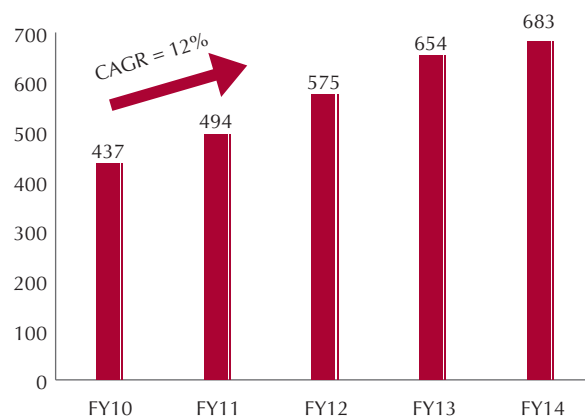
Revenue – Investment Properties & Hospitality*

(HK\$ in million)



EBIT – Investment Properties & Hospitality*

(HK\$ in million)



* Excluding any gain on completion of property

Investment Properties

The revenue of the Group's property letting, agency and management operations amounted to HK\$890 million during the year under review, an increase of 12% year-on-year. Their EBIT increased by 9% to HK\$556 million year-on-year. The five-year compound annual growth rate of revenue and EBIT of the Group's investment property between FY10 and FY14, excluding any gain on completion, were 10% and 10% respectively.

The Group continues to adopt a proactive approach to achieving sustainable growth and strengthening its brand by actively managing its properties and focusing strongly on their services and quality. The Group has achieved rental growth on its properties, which are well positioned to benefit from the decentralisation trend and expected strong rental growth, due to the redevelopment and revitalisation potential of the areas in which they are located.

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

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate
	FY13	FY14	YoY	
Hopewell Centre	97%	96%	-1%	+15%
KITEC Office	96%	96%	0%	+20%
KITEC E-Max	88%	85% ^{N1}	-3%	+11%
Panda Place	97%	97%	0%	+23%
QRE Plaza	88%	94%	+6%	0%
GardenEast (apartments)	93%	95%	+2%	+6%

N1: The occupancy rate for FY14 was lower due to the closure of certain portions of retail space in E-Max for refurbishment commencing in April 2013.

Office Actual and Target Rental Rates

	Growth Target												Average Spot Rent (HK\$/sq.ft.)		
	Rental Income ^{N1} (HK\$m)						Average Passing Rent (HK\$/sq.ft.)								
	Actual			Target ^{N2}			Actual			Target ^{N2}			Actual		
	FY13	FY14	yoy	FY15	yoy	FY16	yoy	FY13	FY14	yoy	FY15	yoy	FY13	FY14	yoy
Office															
Hopewell Centre	186	236	+27%	250	+6%	270	+8%	31.6	37.7	+19%	40.0	+6%	42.7	46.5	+9%
KITEC	80	89	+12%	120	+35%	135	+13%	10.8	13.0	+20%	15.0	+15%	15.1	19.0	+26%

N1: Excluding tenancies for the Group's own use

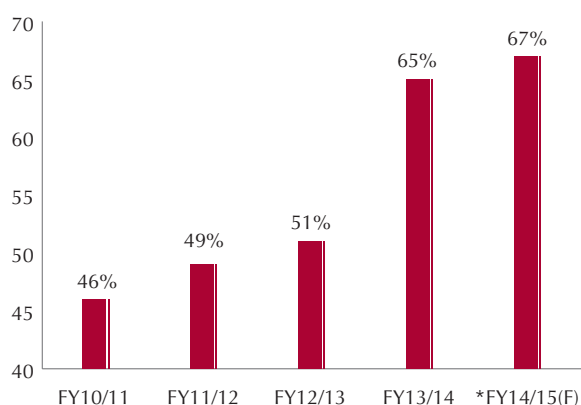
N2: Target (not less than)

Hopewell Centre

Hopewell Centre, the Group's 840,000-square-foot flagship property, had an average overall occupancy rate of 96% during the year under review. Its aggregate overall revenue (excluding the Group's tenancies for its own use) increased by 18% year-on-year to HK\$387 million, and higher rents were achieved for renewals and new leases of both its office and retail spaces. Benefiting from the continuous decentralisation trend, a boost in rental income is expected as Nissan Global Company Limited, which is currently located in Central, has committed to lease three floors or approximately 46,000 sq.ft. of office space in Hopewell Centre as its global headquarter in June 2014. In addition, Nissan's luxury vehicle division, INFINITI, has also committed to lease a duplex showroom on G/F of Hopewell Centre.

The Group is also continuing to carry out enhancements being made to the building's specifications and services as well as refining the tenant mix in order to maintain its competitive edge and raise rental rates. In view of the strong demand and in order to optimise rental income, the Group has relocated a portion of its corporate offices from 57/F to the lower floors. In June 2014, the Group signed an offer letter with a multi-national insurance company, which has committed to lease the entire 57/F of approximately 15,000 sq.ft.. With the new leases signed, the average spot rent for office had exceeded HK\$50 per sq.ft. in June 2014. The adoption of a co-termination strategy has increased the number of both quality and sizeable tenants (those who leased a GRA of more than 15,000 sq.ft.) for its office space. The Group believes it can improve the tenant mix and achieve a better rental yield on bigger floor plates. The proportion of sizeable tenants occupying an area of over 15,000 sq.ft. increased from 51% in FY13 to 65% in FY14.

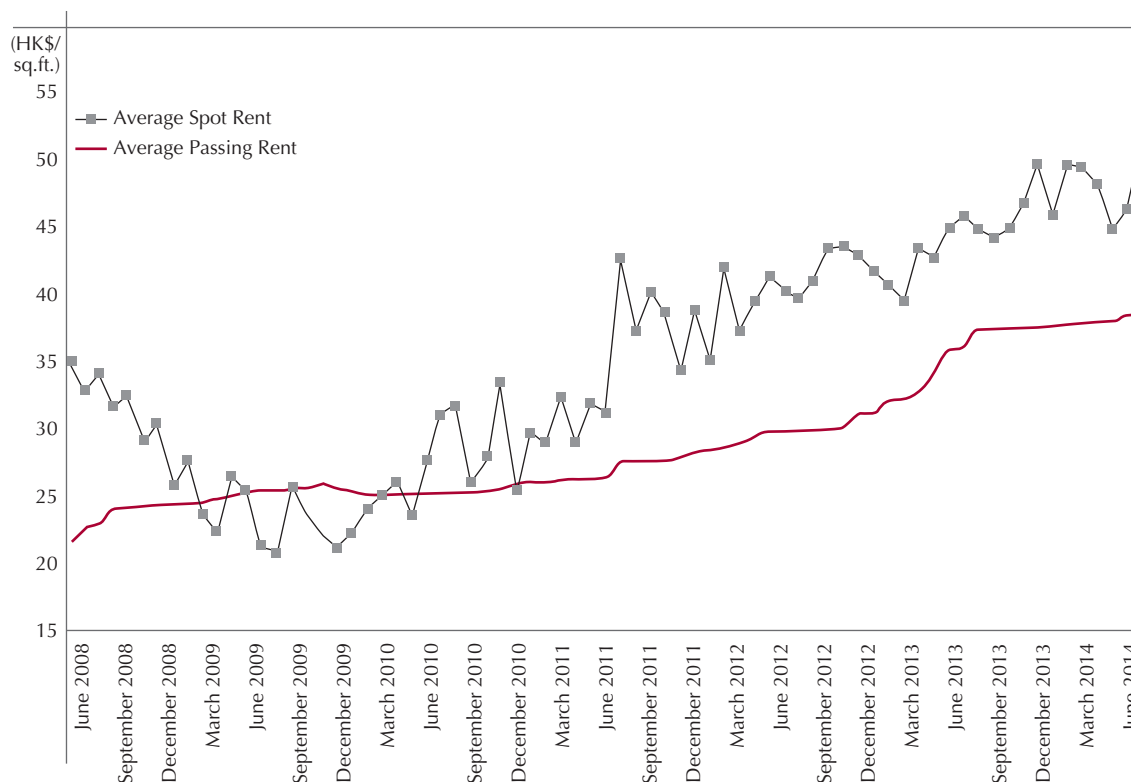
Sizeable tenants at Hopewell Centre (% to total office space – occupying 15,000 sq.ft. or above)



* Based on contract on hand as at 30 June 2014

Office rental income (excluding the Group's tenancies for its own use) for FY14 increased by 27% to a historical high of HK\$236 million. Average occupancy rate for office remained at high level of 95% for FY14. Its average passing rent increased by 19% to HK\$37.7 per sq.ft. in FY14 from HK\$31.6 per sq.ft. in FY13 and the average spot rent for office rose by 9% to HK\$46.5 per sq.ft. in FY14. Rental revenue target for office (excluding tenancies for the Group's own use) is aimed to be not less than HK\$250 million and HK\$270 million for FY15 and FY16, which represent a year-on-year increase of 6% and 8% respectively. The Group aims to achieve an average passing rent for office of not less than HK\$40.0 per sq.ft. in FY15, which represents 6% increase year-on-year.

Hopewell Centre Office Average Spot and Average Passing Rent (FY09 - FY14)



In consideration of a growth of upmarket consumption power, some retail portion of Hopewell Centre will be replaced with high quality F&B and lifestyle stores offering diversified dining and shopping experiences. An European café has been introduced on 17/F to attract footfall to Hopewell Centre. The one and only one revolving restaurant in Hong Kong on 62/F of Hopewell Centre has been a renowned landmark since its opening in the 1980s. The restaurant has transformed from a self-operated local buffet restaurant, R66, to a high-end Spanish restaurant View 62 in 2012, by the inspiration of Michelin-starred chef Paco Roncero; and now it will become a worldwide gourmet restaurant to be run by the same operator of L'Atelier de Joël Robuchon, a three Michelin-starred restaurant in Hong Kong. The new restaurant is targeted to open in the first quarter of 2015.

Taking the connectivity between Hopewell Centre and Hopewell Centre II into consideration, there are several new plans to enhance the layout of the retail portion and new designs of the Hopewell podium façade. The Group has commenced refurbishment works to introduce a duplex luxury automobile showroom on G/F facing Queen's Road East to uplift the image of Hopewell Centre, while the affected tenants have been relocated to Wu Chung House. Nissan's luxury automobile brand, INFINITI, has committed to lease the duplex showroom of around 12,000 sq.ft. and is targeted to open in the fourth quarter of 2014. The revamp of the podium façade is targeted to start in the fourth quarter of 2014 and complete in 2015. With all these astonishing factors, the overall average occupancy of Hopewell Centre's retail portion in FY14 reaches high at 98%.

“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 25 high-profile F&B outlets, plus 34 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 the rental performance of its portfolio 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.

Marketing and promotional activities have succeeded in attracting increased traffic and renowned retailers to “The East”, such as the MINI car showroom. During the year under review, QRE Plaza’s rental income increased by 18% compared to the previous financial year and maintained a high average occupancy at 94% in FY14. A new duplex Irish pub is being introduced on 2/F to enrich the nightlife scene among the buildings of “The East”; the variety of cuisine has grown to include Korean and Italian.

Wu Chung House (Retail Outlets)

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. The opening of the only Rolls-Royce car showroom in Hong Kong at Wu Chung House was followed by McLaren’s first Asia showroom, thus expanding the car showroom cluster at “The East”. To enrich its nightlife scene further and synergise with the QRE Plaza, the previous fast food restaurants on 2/F of Wu Chung House were closed and replaced by a German cuisine restaurant operator.

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 services have enabled these serviced apartments to attract residents and repeat guests from around the world, especially banking, finance and investment professionals.

GardenEast’s overall revenue rose by 8% year-on-year. The average occupancy rate of its serviced apartments remained high at 95% during the year under review, whereas their average rental rate increased by 6% year-on-year.

As of 30 June 2014, GardenEast’s retail premises were fully let to quality F&B operators.

KITEC

KITEC’s aggregate overall revenue remained stable with a total revenue of HK\$403 million in FY14 (including office, retail, C&E, The Metroplex, air conditioning and management fees and F&B business and excluding tenancies for the Group’s own use). The growth in office rental income was partly offset by the drop in retail rental income due to the renovation works. Through the continuous enhancements being made to KITEC’s building specifications and the efforts to add value to the property, KITEC has been able to retain its existing tenants and attract new quality tenants. Overall revenue for KITEC is aimed to be not less than HK\$480 million for FY15, which represents a year-on-year increase of 19%.

KITEC Office

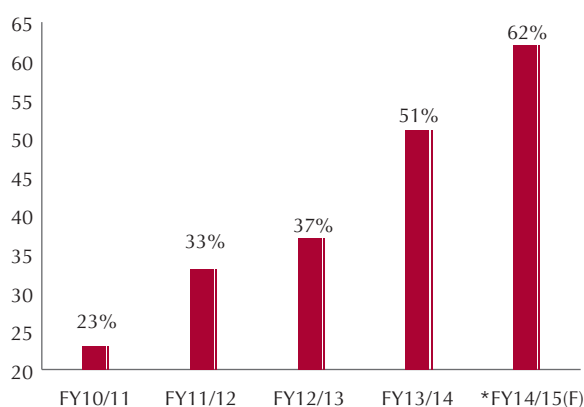
In the 2013 Policy Address, the Hong Kong Government proposed the establishment of “Kai Tak Fantasy”, a recreational landmark on the tip of the former runway in the Kai Tak Development Area. The first berth of the Kai Tak Cruise Terminal commenced operations in June 2013. The Policy Address also stated that Kowloon East (including Kai Tak) will be developed into another CBD.

Furthermore, the Stage 2 Public Consultation on the Environmentally Friendly Linkage System (EFLS) began on 28 October 2013. The EFLS will play an important role in energising Kowloon East, and the Government is collecting opinions from professional bodies about the best way to realise this concept. The latest proposal includes an EFLS station adjacent to KITEC, which would increase mobility and accessibility in the area. The Energizing Kowloon East Office (EKEO), which is carrying out feasibility studies to explore ways to improve the pedestrian environment in the Kowloon Bay Business Area (KBBA), has proposed a greenery walkway link from the MTR Kowloon Bay station to KITEC. This would create a cluster effect that would increase the flow of traffic to the Kowloon East district, and therefore demand for KITEC's services and other offerings.

As one of the initiators of the "Energising Kowloon East" programme, the Hong Kong Government has already relocated some of its departments to Kowloon East. With the advantage of its strategic location, KITEC has managed to achieve better rental yields on bigger floor plates by attracting some sizeable tenants who have leased more than 15,000 sq.ft. of GRA.

In view of the rising need of office space, a conversion of 6/F of E-Max to office areas and conference facilities has begun in phases since August 2014 and is planned to complete by the first quarter of 2015. After the conversion, KITEC office's GFA will be approximately 750,000 sq.ft. and its rental income is expected to increase; meanwhile KITEC signed an offer letter with Hospital Authority in April 2014, which committed to lease approximately 117,000 sq.ft. (portion of 6/F, whole 7/F and portion of 12/F) in 4 phases at a rental rate of approximately HK\$20.0 per sq.ft., starting from September 2014. This, together with the Labour Department (GFA of 49,000 sq.ft.) and Registration and Electoral Office (GFA of 90,000 sq.ft.), makes the Government and related organisations an anchor tenant of KITEC office with GFA of approximately 256,000 sq.ft. in total. The table below shows details of its major office space tenants during the year.

**Sizeable tenants at KITEC Office
(% to total office space –
occupying 15,000 sq.ft. or above)**

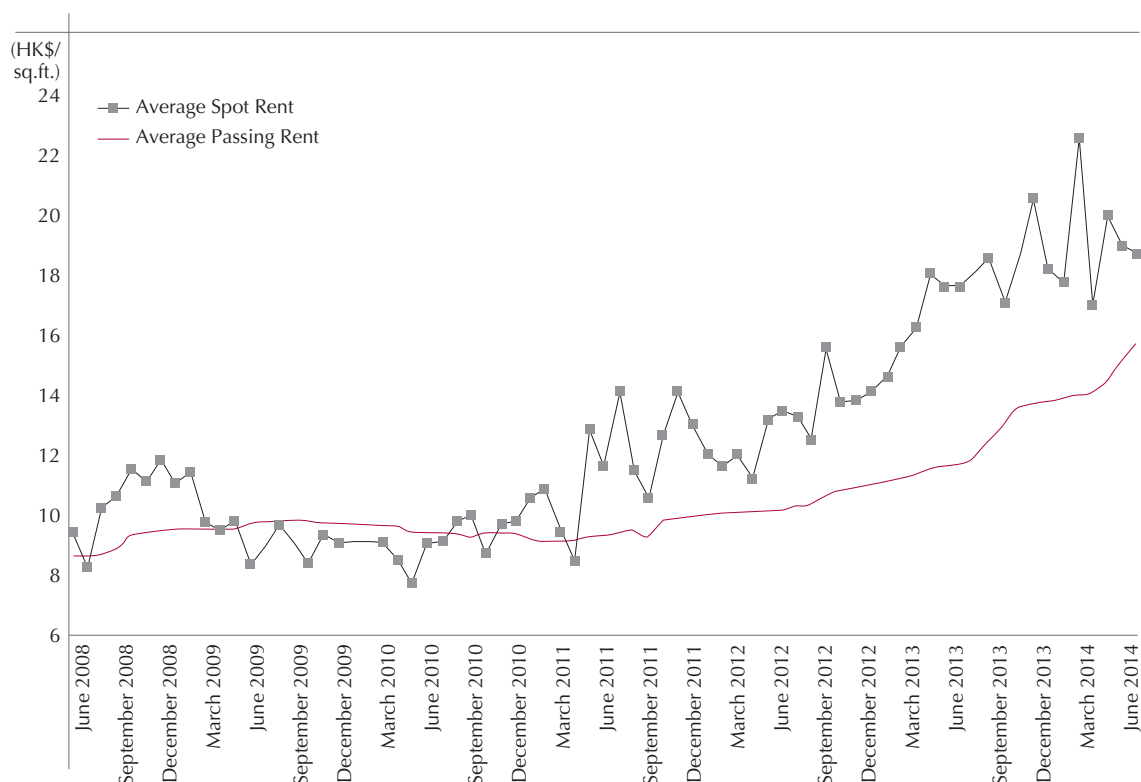


* Based on contract on hand as at 30 June 2014

The co-termination strategy to accommodate sizeable and quality tenants proves successful. With a view to optimising its tenant mix continuously, maintaining high occupancy rates and securing rental income in advance, the Group will continue to adopt similar approach to meet market needs. The proportion of sizeable tenants occupying an area of over 15,000 sq.ft. increased from 37% in FY13 to 51% in FY14.

KITEC's office rental income (excluding the Group's tenancies for its own use) for FY14 increased by 12% to a historical high of HK\$89 million. Average occupancy rate remained at the high level of 96% during the year. Its average passing rent increased 20% to HK\$13.0 in FY14 from HK\$10.8 in FY13 and their average spot rent increased by 26% year-on-year to HK\$19.0 per sq.ft. Rental revenue target for office (excluding tenancies for the Group's own use) is aimed to be not less than HK\$120 million and HK\$135 million for FY15 and FY16, which represent a year-on-year increase of 35% and 13% respectively. The Group aims to achieve an average passing rent for office of not less than HK\$15.0 per sq.ft. during FY15 which represents 15% increase year-on-year.

KITEC Office Average Spot and Average Passing Rent (FY09 - FY14)



The Metroplex (multi-cinema complex)

The Metroplex, an upscale cineplex operated in-house, comprises of 9 houses with a total capacity of over 1,100 people. Its red carpet grand opening, attended by celebrities and the public, was successfully launched on 3 June 2014, screening local blockbuster “Overheard 3”.

Given KITEC’s uniqueness of having world-class event facilities under one roof, Sundance Institute and The Metroplex will present the Sundance Film Festival — Hong Kong Selects, a screening series of new American independent films in Hong Kong accompanied by a delegation of filmmakers and festival organisers in September 2014. Drawing on the Sundance Film Festival’s 30-year history of discovery and innovation and The Metroplex’s commitment in supporting film culture, Sundance Film Festival — Hong Kong Selects will offer the Hong Kong Premieres of 8 new films direct from the 2014 Festival in Park City, Utah, USA. This first-ever Sundance Film Festival event in Hong Kong further unites world-class independent films with the rich cinematic history of Hong Kong and adds to Sundance Institute’s efforts to connect audiences to filmmakers and their work throughout the year and outside the USA.

The Metroplex commenced operation in February 2014 and as of June 2014 have had 4 community screenings for over 700 school students, 6 sponsor screenings for charitable groups. On the corporate social responsibility side, it also hired Diamond Cab. During this period, 11 Gala Premieres, 7 exclusive film programs and 118 movies were shown at The Metroplex. From February to June 2014, The Metroplex enjoyed a market share of around 23% of the total premieres in Hong Kong. It also partnered with 2 largest and popular local film festivals. The wide range of film genres have attracted different groups of customers and the number of audience has exceeded 110,000 since its operation commenced. The Metroplex has provided a solid entertainment anchor for E-Max and at the same time upgraded E-Max’s image and provided a steady increase in traffic flow and demographic mix. In addition, the increase in traffic flow has also benefitted the F&B tenants of E-Max. Together with the retail tenant mix revamp currently underway, the exercise will enhance the overall attractiveness and profile of E-Max to other potential retail tenants and visitors alike. In conjunction with the already highly-efficient C&E venues within KITEC, The Metroplex will play an important role in accomplishing the business goals of rental increment for general retail, increasing visitor flow and diversity, upgrading property image and leasing profile, and positioning itself as the preferred cinema for industry events and the movie-going general public. Located in KITEC, The Metroplex is also positioned to be an event venue for small-to-medium-sized corporate conferences during non-typical movie hours on weekday mornings.

E-Max

E-Max is an entertainment-driven shopping arcade that includes The Metroplex (see above), a live house (“Music Zone@E-Max”) and Star Hall. As part of the project to refurbish its premises, the duty free store on 2/F was relocated to B1/F in October 2013, covering approximately 110,000 sq.ft.. The focus of the second floor has now been changed to general retail stores and the Group is currently under active lease negotiation with various renowned retailers. With The Metroplex and the Music Zone@E-Max on G/F, these will further upgrade the tenant mix on G/F and 2/F, encompass well-known brands to encourage more retail traffic and enable E-Max to achieve higher rental rates.

Foreseeing a high traffic flow and purchasing power in the area, the Group has succeeded in attracting 759 Store, a Japanese-style retail store chain, which committed to lease over 10,000 sq.ft. on 2/F as its flagship store which opened in July 2014. A wide range of new F&B shops will also be added near The Metroplex to satisfy the taste buds of moviegoers and shoppers. Since the Hospital Authority committed to lease a portion of 6/F as office space, the furniture and design shops on 6/F are to be relocated to 5/F and 4/F, starting 1 August 2014. After the space conversion on 6/F is completed, the retail portion’s GFA will measure approximately 760,000 sq.ft. (excluding areas for conference and exhibition). Despite the reallocation of retail areas on 6/F, the refinement of tenant mix will help improve the rental rates and income of E-Max.

Conventions, Exhibitions and Entertainment

Spacious interior design, comfortable environment and comprehensive range of venues have made KITEC one of the most popular spots for hosting concerts, exhibitions, meetings and conferences, banquets and sports in Hong Kong. Over 170 shows, including concerts, sports, movie premiere and musicals events, were staged at the venues during the year under review.

KITEC’s Star Hall continues to present impressive entertainment events, including movie premieres and musical performances. 50 shows were staged at the venue in FY14. These include the Hong Kong Asian Film Festival 2013 opening and closing gala movie presentations held at Star Hall on 25 October 2013 and 19 November 2013 respectively. The RTHK’s 36th Top Ten Chinese Gold Songs Award Presentation was also held at Star hall on 12 January 2014.

KITEC’s conventions, exhibitions and entertainment businesses revenue remained satisfactory at HK\$55 million in FY14 despite a drop of 7% compared to FY13. The decrease was mainly due to the one-off government election events held at most of the venues in September and October 2012. There was also renovation work of Rotunda 2 located on 3/F which started in April 2014 and was completed in June 2014. The refurbishment has upgraded Rotunda 2 and will help boost the competitiveness of its convention and exhibition as well as banqueting business.

Panda Place

Panda Place is a 229,000-square-foot shopping mall located in the heart of Tsuen Wan. A recent renovation project and a refined tenant mix have given it a new look, and it offers both locals and tourists a superb and convenient shopping experience.

The rental income of Panda Place rose by 60% to HK\$53 million compared to FY12 prior to the revamp, mainly due to the completion of renovation works during the fourth quarter of 2012. Its average occupancy rate was 97% in FY14.

Panda Place introduced a span of gourmet restaurants to B1/F, which has increased the traffic flow in the back alley on B1/F. As the next stage in Panda Place's re-branding project to transform the property into a unique and lively shopping mall in Tsuen Wan, the Group has launched an asset enhancement initiative to re-layout 2/F into an Asian epicure by introducing a variety of dining options and it is targeted to open in the fourth quarter of 2014. The Group expects that such move will double the existing rental rate from tenants on 2/F. The new layout of 2/F, together with a span of gourmet restaurants introduced to B1/F, are expected to increase the traffic flow of the shopping mall.

Hospitality

Panda Hotel

Panda Hotel's total revenue decreased by 3% to HK\$325 million during the year. This was primarily due to the new PRC Tourism Law, which came into force on 1 October 2013. Although it mainly targeted the notorious budget tours and dishonest dealings between agencies and local tourist shops, it has inevitably affected the entire tourism business, resulting in a fall in the number of group tourists coming to Hong Kong. Panda Hotel's performance was in line with market trend. Revenue from Panda Hotel's F&B business stayed flat in FY14 as the drop in banquet revenue due to fewer wedding events during the year was offset by the increase in revenue from other F&B outlets such as cafés and bars.

Panda Hotel's room revenue for the year fell by 4% to HK\$234 million. The average room occupancy rate maintained at 93% while the average room rate was down by 3% compared to last year.

Nevertheless, the negative impact on Panda Hotel from the new PRC Tourism Law has been fading out during the second half of FY14. Its performance had improved when compared to the corresponding period of last year. In the second half of FY14, room revenue rose by 4% to HK\$118 million and the average room occupancy rate increased by 3% to 95% compared to the same period of FY13.

Panda Hotel has completed the renovation of two guest floors during the year and will proceed with its guestroom renovation project, which is expected to attract higher-spending travellers.

To maintain its competitiveness and to maximise its revenue, Panda Hotel will continue to diversify its customer mix to include other markets, such as Cambodia, Laos, Russia and India and avoid over-reliance on PRC leisure visitors. The hotel will conduct sales trip to visit developing markets in the coming year and will continue to explore potential leisure markets and MICE business.

Meanwhile, Panda Hotel has proactively strengthened its MICE business, which has received positive market response. This has helped capture more certain revenue sources and increased average room rate and visitors' length of stay. Such move has also helped increase Panda Hotel's publicity.

During the year, Panda Hotel's F&B business strived to maintain the quality and consistency of its operations by strengthening the training of its employees and enhancing its management standards relating to food preparation, facility maintenance and staff development. To capture more F&B and catering businesses, the hotel will introduce joint promotional schemes with event planners and organise more wedding promotional events.

As of 30 June 2014, the market value of hotel amounted to HK\$3,400 million (equivalent to around HK\$3.7 million per room) as estimated by DTZ Debenham Tie Leung Limited ("DTZ"). According to the general market practice, the asset value of hotel is stated at cost less accumulated depreciation in the Group's balance sheet. As of 30 June 2014, the book value of Panda Hotel amounted to HK\$370 million (equivalent to around HK\$0.4 million per room), which implies a hidden value of around HK\$3 billion compared to its market value.

Restaurant & Catering Services

The KITEC F&B business has grown steadily, with total revenue of HK\$120 million as compared to last year's HK\$115 million.

The Group is dedicated to continuously strengthening its F&B business. The KITEC banquet venue and facilities remain as one of the most preferred choices for corporate dinners. The Group has reduced food costs by offering various seasonal menus and by performing cost control activities. In addition, the restaurant outlet, Xi Shan, is repositioned and rebranded for better quality, image and service standards. To enhance food quality and presentation, the outlets will continue to fine-tune their menus and recipes and improve utensils from time to time. Upgrading of equipment and improvement in work efficiency will ensure better workflow. Seasonal promotions and themed buffets will draw guests to Xi Shan and Menu and boost revenue.

In addition, the newly renovated Rotunda 2 will benefit the Group's F&B business by allowing it to charge a higher table price as well as enabling the Group to host more branding events and hence expand its client base.



The Renovated Rotunda 2

To expand its F&B business, the Group offers food and beverage services at The Metroplex at KITEC. These include fine dining at the cinema, private booking, VIP room and lounge, elegant bentos of international cuisine at VIP houses, as well as quality snack food at the cinema snack bar.

B. 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	Completed

Broadwood Twelve is the Group's residential development on Broadwood Road. 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.

Management Discussion and Analysis

Business Review

Sales of Broadwood Twelve residential units commenced in June 2010. As of 14 August 2014, 59 units or 78% of its 76 units had been sold, generating total sales proceeds (including sale of car-parking spaces) of around HK\$2,739 million. Most of the buyers were end-users. The average price of the units sold was around HK\$34,100 per sq.ft. based on saleable area. The estimated total value of the 17 unsold units, as at 30 June 2014, was around HK\$634 million. The Group uploaded the sales brochure of these unsold units on the website in August 2014 and it is ready to re-launch sales.

The number of residential property sales has fallen since the Hong Kong Government implemented Buyer's Stamp Duty, enhanced Special Stamp Duty, and introduced Double Stamp Duty to stabilise the property market. However, the Hong Kong luxury residential market is relatively well supported by limited new supply, especially in prime locations and traditional luxury districts. The Group therefore remains confident about the prospects for the Hong Kong residential property market.

Broadwood Twelve's high-end residential units have also attracted leasing offers from large and well-known corporations, as well as individual professionals. To maximise the Group's income, 9 unsold units were being leased at an average monthly rental rate of about HK\$67 per sq.ft. of saleable floor area, as of 14 August 2014. These units will still be available for sale.

Hopewell New Town

Project Description

Location	Huadu, Guangzhou, the PRC
Total site area	Approximately 610,200 square metres
Total plot ratio GFA	Approximately 1.11 million square metres
Basement car park GFA	Approximately 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

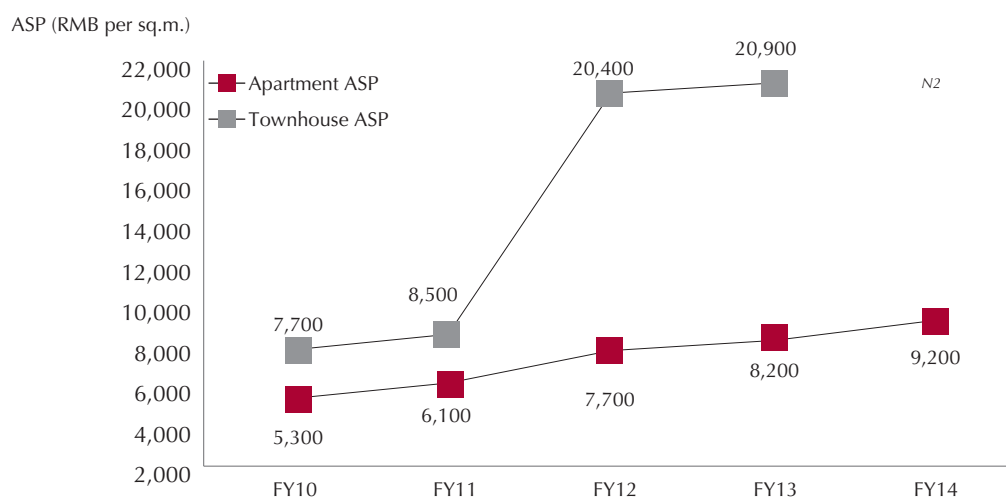
Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. It is strategically located approximately three kilometres from Baiyun International Airport in Guangzhou and close to the highway connecting the airport with Guangzhou city centre. Approximately 359,100 sq.m. of the development (consisting of 158 townhouses and 2,694 apartments) were sold and booked up to 30 June 2014.

The market responded positively to the units offered for sale during the period under review. 396 units or 44,500 sq.m. of apartments and 1 unit or 300 sq.m. of townhouses were sold in FY14 and subsequently up to 14 August 2014. Total sales generated was RMB418 million, with an average selling price for apartments of RMB9,200 per sq.m., 4% higher than that of apartments sold in FY13. The Group expects demand for housing in the area will continue to support sales of the residential units at Hopewell New Town, and plans to strengthen marketing for the sales in FY15.

As for booking of the units sold, 695 units or 67,600 sq.m. of apartments were booked in FY14 and generated revenue of RMB631 million as targeted, representing 62% year-on-year increase. The target revenue for FY15 is RMB590 million, with a total floor area of 57,400 sq.m.

The Group is currently studying various options for the development of a commercial strip with a permissible GFA of 150,000 sq.m. at Hopewell New Town.

Average Selling Price ("ASP")^{N1}



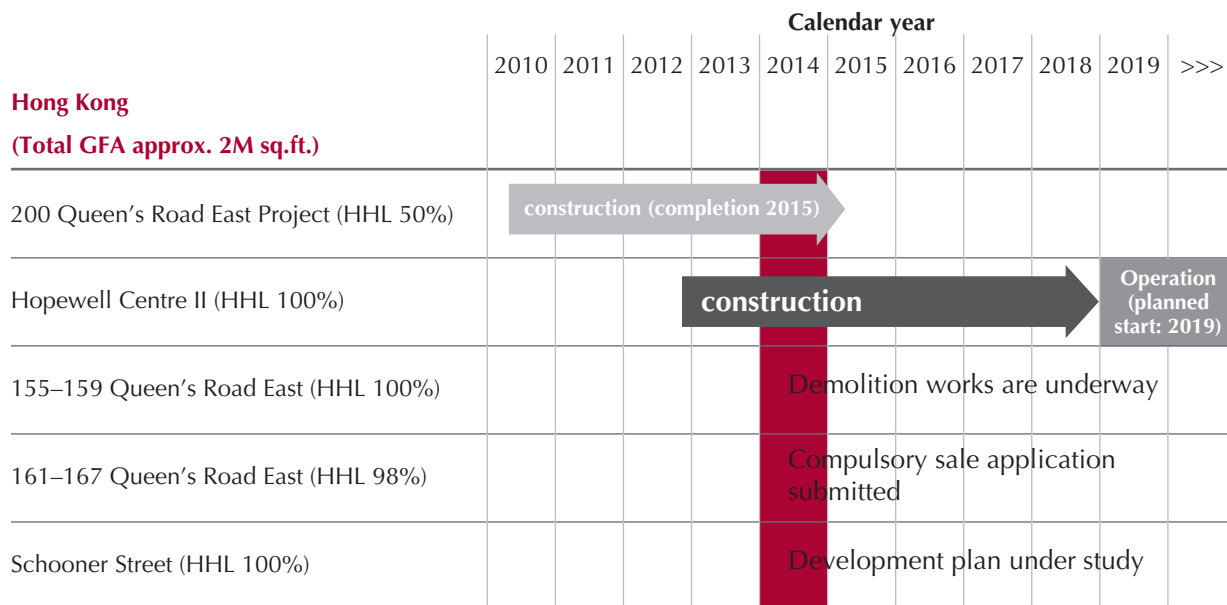
GFA booked (sq.m.)						
	Apartment	41,000	56,000	24,500	41,000	67,600
	Townhouse	13,000	1,000	13,800	1,700	–
Units booked						
	Apartment	366	574	306	333	695
	Townhouse	43	4	48	6	–

N1: Represents the average selling price for residential area booked in each financial year

N2: No sales of townhouse booked in FY14

C. Properties Under/For Development

Construction Timeline for Projects*



* Present planning, subject to change

200 Queen's Road East 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\$9.6 billion (HHL's share: HK\$4.8 billion)
Total site area	Around 88,500 square feet
Total GFA	Around 835,000 square feet
Residential GFA and no. of units	Around 731,000 square feet, 1,275 units in total Phase 1: 179 units (saleable area 103,000 square feet) Phase 2: 1,096 units (saleable area 554,000 square feet)
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	<ul style="list-style-type: none">• 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 200 Queen's Road East Project is a URA redevelopment project with residential, commercial and government, institution or community elements. The Group and Sino Land Company Limited ("Sino") formed the 50:50 JV that won the tender for this project in June 2009. The JV creates synergy 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 also 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 strategy.

Management Discussion and Analysis

Business Review

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 create a direct and unique connection between Wan Chai MTR Station and "The East". Its sophisticated network of pedestrian walkways will form the proposed Wan Chai Pedestrian Walkway, which will unite and integrate various parts of the district.

The residential portion, known as The Avenue, consists of four towers with 1,275 residential units in a wide variety of sizes and with various layouts. Its retail portion, Avenue Walk, will be a tree-lined pedestrian walk equipped with lifestyle and wedding related shops and dining options that will be complemented by a beautiful streetscape. Its new identity will harmoniously combine the themes of "Heritage and Modernity" and "East and West". Avenue Walk has received positive responses from potential tenants and it is targeted for grand opening in the second half of 2015. Johnston Tunnel (connecting Wan Chai MTR station and Avenue Walk) has commenced construction in the second quarter of 2014 and it is currently planned to complete construction in 2017, while QRE Tunnel (connecting Avenue Walk and Hopewell Centre) is targeted to complete construction in 2019. With a retail GFA of 86,000 sq.ft., Avenue Walk will further enlarge the Group's rental property portfolio, and it is expected to create synergy among the Group's existing properties, which include Hopewell Centre, QRE Plaza and GardenEast, as well as the future Hopewell Centre II, thus forming one of the largest retail clusters in Wan Chai.

Progress	2014	2015	2016	2017	2018 and Beyond
Avenue Walk	2014-1Q2015: Negotiation with potential tenants				
		1Q-3Q 2015: Tenants move in and shop decoration			
		2H2015: Grand opening			
Johnston Tunnel (Avenue Walk → MTR)	2Q2014: Approved by Government and under construction. Planned to complete construction in 2017				
Queen's Road East Tunnel (Avenue Walk → Hopewell Centre)	Applying for Government approval and planned to complete construction in 2019				

Work on the project's superstructure and fittings out is now underway. The occupation permit of Phase 1 has been obtained in March 2014, Phase 1 and Phase 2 are planned to be completed and ready for handover in fourth quarter of 2014 and second half of 2015 respectively, and the whole development is expected to be completed in 2015. Pre-sales of units received an enthusiastic response when it began last November. As at 14 August 2014, 1,185 units or 574,000 sq.ft. representing 93% of total number of units had been sold. This has generated around HK\$12.2 billion of total sales at JV level before URA's share. Revenue generated from sales of Phase 1 (Site B) residential units and completion gain from the retail portion are scheduled to be booked in FY15, while revenue generated from sales of Phase 2 (Site A) residential units is scheduled to be booked in FY16. Based on the contracted sales and assuming all transactions completed, the Group expects to receive net proceeds of around HK\$1.7 billion (after URA's share, and settlement of outstanding project loan, construction and related costs), of which around HK\$1.1 billion has been received as of 30 June 2014 and further HK\$0.6 billion will be received by the fourth quarter of 2015. The average selling price of these units sold was around HK\$21,200 per sq.ft. of saleable area. In addition, the estimated valuation of the 90 unsold units of approximately 83,000 sq.ft. was around HK\$30,000 per sq.ft.

200 Queen's Road East Project, Wan Chai — The Avenue (sales figure as of 14 August 2014)

Based on saleable area	Phase 2 (Site A)	Phase 1 (Site B)	Total
Total Units	1,096 (554,000 sq.ft.)	179 (103,000 sq.ft.)	1,275 (657,000 sq.ft.)
Units sold	1,015 (478,000 sq.ft.)	170 (96,000 sq.ft.)	1,185 (574,000 sq.ft.)
• As % of total units	93%	95%	93%
• Average selling price (sold units)	HK\$21,500/sq.ft.	HK\$19,700/sq.ft.	

The JV currently plans to invest around HK\$9.6 billion in the project which includes an increment to enhance the quality for upmarket positioning and to cover the increase in material and labour costs (excluding finance cost, agency fee and marketing expenses). As of 30 June 2014, the Group had also injected approximately HK\$2.4 billion of its own funds into it, of which around HK\$1.1 billion has been repaid by the joint venture during the year. At the joint venture level, the sales proceeds generated from the units already sold are sufficient to fund outstanding construction and other related costs, and to repay the project bank loan. The Group will therefore not need to inject further funds into the project.

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. (Subject to S16 application)
Height/No. of storeys	210 mPD/55 storeys
Estimated total investment	Around HK\$9 billion (including land premium of HK\$3,726 million and an estimated investment cost for a road improvement scheme and parks)
Status	Site formation work in progress

The Land Grant execution with a land premium payment of HK\$3,726 million was completed on 24 October 2012, and site formation work is in progress with tower cranes and hoarding erection completed. Site formation works and podium structural framework are targeted to complete by the end of 2015 and in 2016 respectively. According to the current plan, construction of the hotel will be completed in 2018 and the estimated total investment cost (including the land premium) will be around HK\$9 billion. This will be financed by the Group's internal resources and/or external bank borrowings. Upon completion, Hopewell Centre II is expected to be one of largest hotels in Hong Kong with comprehensive conference facilities.

In response to the Wan Chai community's call for better connectivity and environmental protection, and increasing demand for meeting, conference and convention facilities in Hong Kong, the Group has recently submitted an application to refine and enhance the development scheme approved in 2009 to the Town Planning Board. Under the current planning, this will have no impact on the construction progress.

Hopewell Centre II, Wan Chai – Construction Timeline and Capex Plan^{N1}

Major Construction Works

Financial Year	FY13	FY14	FY15	FY16	FY17	FY18	FY19
<u>Stage 1</u> Site preparation works		commenced end-2012					
<u>Stage 2</u> Site formation & foundation works ^{N2}							
<u>Stage 3</u> Podium structural framework							
<u>Later Stage</u> Structural framework, finishing and fitting out works, hotel set up							

*Planned completion
in 2018*

Capex Plan

Financial Year	Upto to 30 June 2014	FY15	FY16	FY17 and Beyond
Amount (HK\$'m)	around 4,350 ^{N3}	180	1,260	3,340

Planned total investment: Approx. HK\$9 billion

N1: Present planning, subject to changes

N2: Including construction of retaining walls, soil and rock export

N3: Include land premium \$3,726m

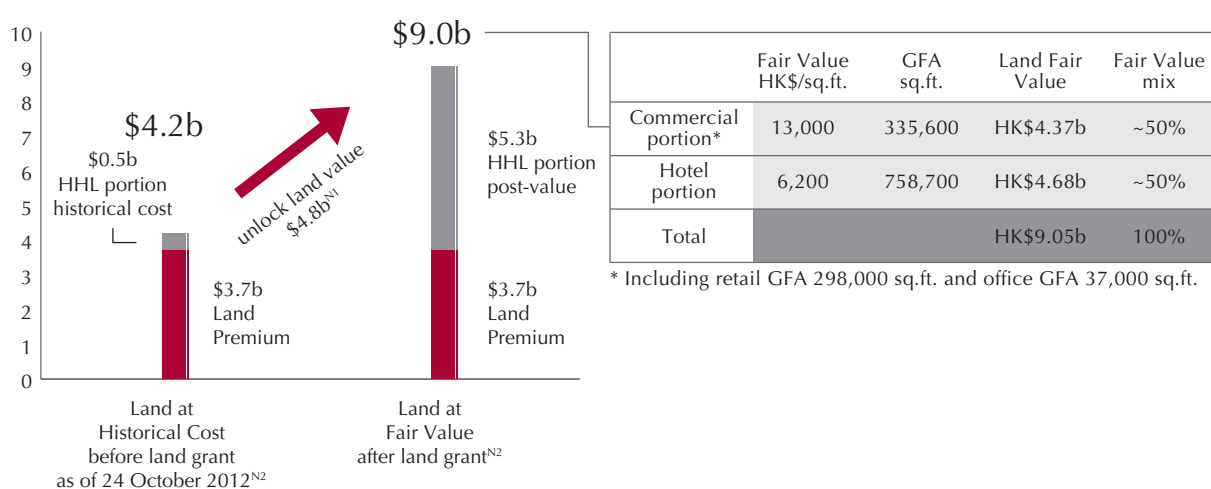
Management Discussion and Analysis

Business Review

After the Land Grant execution in FY13, the market's estimated value of the site of Hopewell Centre II was about HK\$9 billion. On this basis, the value of the portion of land already owned by the Group, after deducting the land premium of about HK\$3.7 billion, would be HK\$5.3 billion, compared to its book value of around HK\$500 million stated at historical cost as of 24 October 2012. Therefore, HK\$4.8 billion of land value has been unlocked. Subsequent to the land conversion in FY13, total development costs of about HK\$142 million (including capitalised finance cost of HK\$41 million) has been incurred as of 30 June 2014.

Hopewell Centre II – Market's Estimated Land Value

(HK\$ in billion)



N1: Of which a land conversion gain of commercial portion of HK\$2.2 billion was booked in HHL's profit & loss account in FY13

N2: As of 30.6.2013

As at 30 June 2014, the market value of the hotel portion of the project amounted to HK\$4,856 million (equivalent to around HK\$4.7 million per room under development) as estimated by DTZ. According to general market practice, the value of the hotel portion of the project is stated at cost of around HK\$2,233 million (equivalent to around HK\$2.2 million per room under development) in the Group's balance sheet as of 30 June 2014. This implies a hidden value of around HK\$2.6 billion compared to its market value.

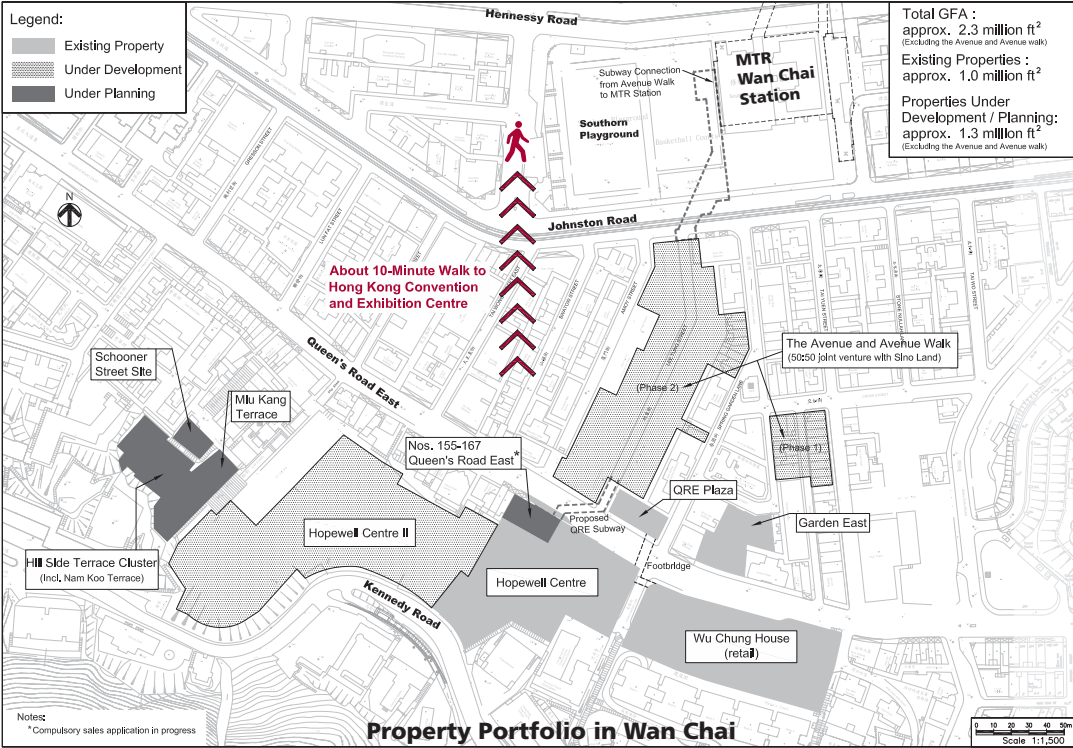
The Hopewell Centre II Green Park Committee has been formed to strive for a better design of the green park. The Group is also looking into the best way to realise the redevelopment potential of the Hill Side Terrace Cluster together with the preservation of Nam Koo Terrace.

A road improvement scheme, a green park open to the public, and an extensive tree-planting plan will all be implemented alongside the project. The road improvement scheme will help to improve the area's traffic flow and enhance the safety of pedestrians, whereas 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, Wan Chai MTR Station and Wan Chai North, via Hopewell Centre and the 200 Queen's Road East Project. This will assist the integration of parts of the Wan Chai district and it will provide access to the Group's properties under "The East" brand. It will also synergise with the Group's current property portfolio in Wan Chai, and enhance its recurrent income base.

Properties For Development in Wan Chai

As redevelopment is undergoing in the district, significant changes in Wan Chai will be foreseen in the future. The Group is now exploring the development opportunities of the Group's various plots of land so as to enhance the synergy with the Group's existing properties and development in Wan Chai. Recently, the Group purchased a new plot of land on Schooner Street in a government land sales in June 2014 and took possession of the site in July 2014. The development plan of the site is currently under study. The Group also acquired the last unit of Miu Kang Terrace in February 2014, attaining 100% ownership. Both the Schooner Street site and Miu Kang Terrace are in proximity to the Group's Wan Chai property portfolio including Hill Side Terrace Cluster, which is also wholly owned by the Group. Besides, the Group has also acquired individual units on several sites along the Queen's Road East for redevelopment, such as 155-159 Queen's Road East where the demolition works are underway. In May 2014, the Group has submitted an application for the compulsory sale for the properties situated at 161-167 Queen's Road East, where 98% of the undivided shares has been acquired, to the Lands Tribunal for the purpose of redevelopment, pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong). The compulsory sale is expected to complete in the middle of 2015.



Management Discussion and Analysis

Business Review

The Group has submitted to the Town Planning Board an application for planning permission under S16 of Town Planning Ordinance for building a commercial building along 155-167 Queen's Road East.

Given the proximity to the Group's portfolio in Wan Chai, the Group believes the assembly of such amalgamation properties into sites has the potential to generate attractive investment returns, and the Group will continue to seek strategic acquisitions actively in the district in order to create synergy to the Group's our existing and future development in the area.

The Group is increasing its exposure in Wan Chai to capture the growth opportunities. Based on HHL's existing investment properties with total attributable GFA of approximately 1.0 million sq.ft and properties under development or planning of around 1.3 million sq.ft. in Wan Chai, the total attributable GFA of HHL's investment properties in Wan Chai will amount to approximately 2.3 million sq.ft., which includes office, retail, residential and hotel space. Upon completion, Hopewell Centre II's retail space and Avenue Walk, together with HHL's existing retail space, will form one of Wan Chai's largest retail clusters.

155-167 Queen's Road East

	155-159 Queen's Road East	161-167 Queen's Road East
Site area (sq.ft.)	2,150	2,850
Existing GFA (sq.ft.)	9,720	19,770
Existing use	Commercial & Residential	Commercial & Residential
Latest development	Demolition works are underway Submitted a planning application to build a commercial building along 155-167 Queen's Road East	Compulsory sale application submitted and expected to complete mid-2015

Schooner Street (I.L 9048)

	Details
Use	Residential
Site Area	2,906 sq.ft.
GFA	14,531 sq.ft.
Height Restriction	No more than 12 storeys

Liede Integrated Commercial (Operating Lease) Project

Project Description

Location	Zhujiangxincheng, Guangzhou's 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	Under construction

Pursuant to an agreement (the "Liede Agreement") entered into by a subsidiary of the Group and the development's landlord (the "Landlord"), Guangzhou Liede Economic Company Limited, the Group's subsidiary will be responsible for fitting out and equipping this commercial complex development when its construction has been completed. The premises will then be leased to the Group's subsidiary under an operating lease, and it will begin to pay rent to the Landlord once its commercial operations commence.

Construction of the project began during the third quarter of 2011. If the Landlord completes its part of the works and hands over the building to the Group's subsidiary to carry out works by end of 2015, under the terms of the Liede Agreement, the completion will be by year end of 2016.

2. Infrastructure

A. Hopewell Highway Infrastructure Limited ("HHI")

Business Performance

During the year under review, the aggregate average daily traffic volume on the GS Superhighway, Phase I West, Phase II West and Phase III West increased by 11% to 613,000 vehicles, while their aggregate average daily toll revenue increased by 6% to RMB11.2 million. The growth in toll revenue was mainly due to the robust growth of Phase II West and the uptake in Phase III West after its opening on 25 January 2013. The combined toll revenue of HHI Group's four projects amounted to RMB4,078 million.

Management Discussion and Analysis

Business Review

Despite a decline of 5% in the average daily toll revenue of the GS Superhighway in the second half of FY14 which resulted mainly from the full opening of the Coastal Expressway on 28 December 2013, it edged up 0.4% to RMB8.7 million in FY14. However, the average daily traffic of the GS Superhighway grew by 4% during the year to 444,000 vehicles and continued to reach historical high level, mainly driven by a 5% growth of Class 1 small cars.

The opening of Phase III West in January 2013 marked the completion of the entire Western Delta Route. During the year under review, the Western Delta Route continued to grow and its total toll revenue accounted for 23% of HHI Group's shared aggregate toll revenue, compared to 18% in FY13.

Phase I West recorded healthy growth and Phase II West maintained robust growth, attributed to the synergy created with each other and Phase III West after its opening in January 2013. During the year under review, the average daily traffic and average daily toll revenue of Phase I West grew by 15% and 10%, amounted to 49,000 vehicles and RMB499,000 respectively. The average daily traffic and average daily toll revenue of Phase II West were 100,000 vehicles and RMB1,559,000, representing growth of 26% and 20% respectively. Phase II West became profitable since the first half of FY14.

Phase III West's traffic and toll revenue have been ramping up steadily. Its average daily traffic and average daily toll revenue grew by 47% and 49% to 20,000 vehicles and RMB434,000 respectively as compared to the period from 25 January to 30 June in 2013. In July 2014, the average daily traffic and average daily toll revenue of Phase III West reached 25,000 vehicles and RMB559,000, continued to rise by 44% and 49% year-on-year respectively.

Financial Year	2013	2014	% Change
GS Superhighway (at JV level)			
Average Daily Traffic (No. of vehicles '000)	427	444	+4%
Average Daily Toll Revenue (RMB'000)	8,651	8,682	+0.4%
Phase I West (at JV level)			
Average Daily Traffic (No. of vehicles '000)	42	49	+15%
Average Daily Toll Revenue (RMB'000)	453	499	+10%
Phase II West (at JV level)			
Average Daily Traffic (No. of vehicles '000)	79	100	+26%
Average Daily Toll Revenue (RMB'000)	1,303	1,559	+20%
Phase III West (at JV level)			
Average Daily Traffic (No. of vehicles '000)	14*	20	+47%
Average Daily Toll Revenue (RMB'000)	291*	434	+49%

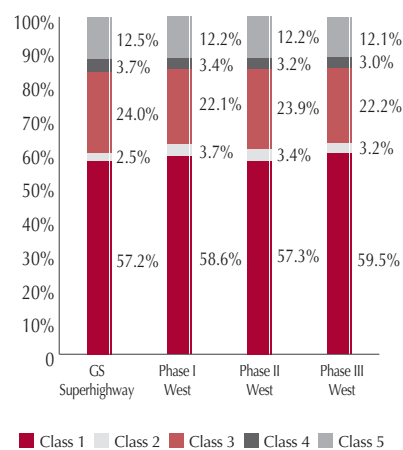
* Phase III West opened on 25 January 2013. Average daily figures are based on the period from 25 January 2013 to 30 June 2013.

Economic Environment

The economic agenda for China in the coming years has been set by the new Chinese leadership. In the course of undertaking a series of structural reforms, the economy maintained a slower paced but sustainable growth. The national GDP of China and Guangdong grew by 7.4% and 7.5% respectively in the first half of 2014. As the core economic region of the Guangdong Province, the PRD region's economy also posted a strong growth. In the first half of 2014, the GDP of three main cities namely Guangzhou, Dongguan and Shenzhen, where the GS Superhighway passes through, recorded 8.3%, 7.5% and 8.0% growth respectively, while the GDP of Foshan, Zhongshan and Zhuhai, where the Western Delta Route passes through, grew by 7.7%, 7.6% and 9.8% respectively. The growth of the above six cities (except Dongguan) outstripped the average of the province and altogether they contributed around 72% to Guangdong's GDP. The total car ownership of Guangdong grew 13% and reached a new record high of 11.8 million vehicles at the end of 2013, in which 71% was accounted for the aforesaid six cities. The prosperous economic development and the rising car ownership in these cities will continue to stimulate demand for transportation, thus further propelling the growth of HHI Group's expressways.

During 2013, driven by the demand in passenger cars, China has recorded a double-digit growth in car sales with around 22 million vehicles sold and remained as the world's largest vehicle sales market for the fifth consecutive year. Looking into 2014, car sales during the first half of the year increased by 8% to around 12 million vehicles. The market outlook for the whole year remains healthy. The China Association of Automobile Manufacturers expects the market to expand by 8% to 10% with total sales of around 24 million vehicles in 2014. Given that Class 1 small cars contributed over 50% to the toll revenue of our expressway projects, HHI believes that the GS Superhighway and the Western Delta Route will continue to benefit from the robust growth of PRC's passenger car sales market.

Toll Revenue Contribution (FY14)



Growth potential of the Western Delta Route

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprised of Phase I West, Phase II West and Phase III West. It is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Macau and Hong Kong. The Twelfth Five-year Plan (2011-2015) of Guangzhou, Foshan, Zhongshan and Zhuhai have revealed a medium term economic plan, targeting on an average annual GDP growth rate of 11.0%, 10.0%, 11.0% and 14.9% respectively. The future healthy economic development of the four main cities on the western bank of the PRD region will create greater demand for transportation along the Western Delta Route.

The Western Delta Route runs along the central axis and locates at the heart of the western bank of the PRD region. It is well connected with the existing Guangzhou Ring Road, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway and will link up with the forthcoming Guangzhou-Gaoming Expressway, HZM Bridge, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will be completed by 2016, 2016, 2018 and 2020 respectively, according to the media reports) to form a comprehensive regional expressway network. With reference to the experience of the GS Superhighway, good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

The HZM Bridge is planned to be opened by the end of 2016 according to the media reports. Cities on the western bank of the PRD region will fall into a 3-hour commuting radius from Hong Kong. The cross border tourism and freight transport between the western bank of the PRD region and Hong Kong will be stimulated due to more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially shortened to around 30 minutes via the HZM Bridge in the future instead of spending as much as 4 hours by land or over 1 hour by sea. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border license for private cars was increased to meet the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the new HZM Bridge border crossing in the long term. The HZM Bridge's opening will foster the region's economic development and integration.



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, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. Media reports the total investments of ongoing projects reached over RMB250 billion as of January 2014. The first phase of Chimelong International Ocean Tourist Resort, one of the Hengqin's signature projects comprised of Chimelong Ocean Kingdom, Hengqin Bay Hotel and International Circus Town with investment of over RMB20 billion, was officially opened on 29 March 2014. The Chimelong Ocean Kingdom started off with receiving around 500,000 visitors during the Lunar New Year holidays (trial opening period), creating a boost to the tourism in Hengqin and Zhuhai. This world-class marine park with resorts and hotels facilities aims to attract more than 20 million tourists a year from around the world according to the media. The first China International Circus Festival was held in Hengqin from 20 November to 1 December 2013. It will be a sustainable event held every two years thereafter. In addition, a 5-square-kilometre Guangdong-Macao Co-operation Industrial Park was established as a platform for stepping up regional co-operation and development. The Macao Trade and Investment Promotion Institute has recently recommended 33 qualified post-screening projects to be developed in the park. Most projects concentrate on cultural, creative and tourism industries and the total estimated project investment amounted to RMB140 billion. Macau will also increase leisure facilities notably with the expansion and construction of new gaming resorts and hotels starting in 2015. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increase in passenger flows and the demand for transportation brought along by the development of the region.

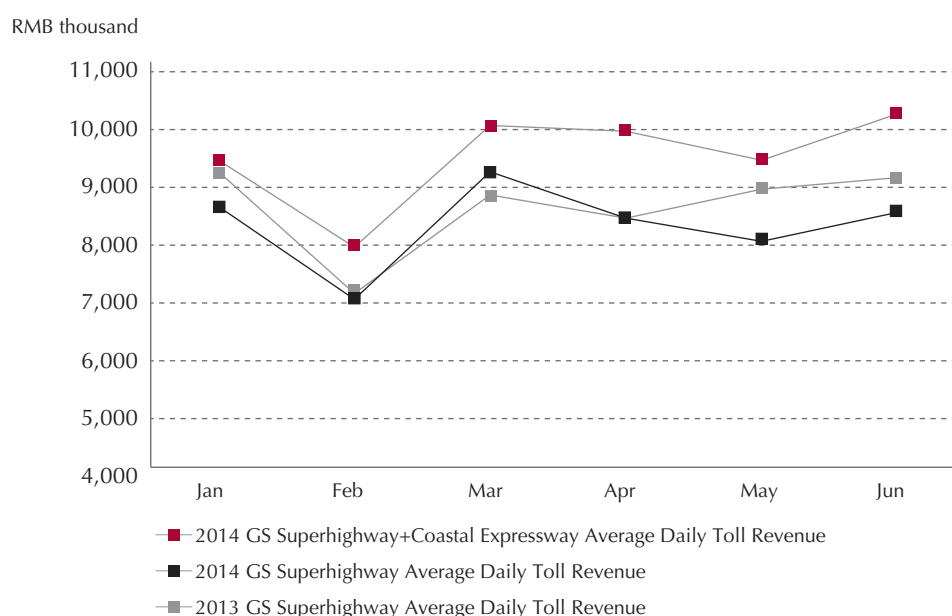
Full Opening of a Parallel Road

The 89-km Coastal Expressway has been fully opened on 28 December 2013 which led to a half-year impact on the FY14 results of HHI. The GS Superhighway's average daily toll revenue dropped by 5% year-on-year in the second half of FY14, mainly due to the full opening of the Coastal Expressway. HHI Group believes the diversion impact from the full opening of the Coastal Expressway on the GS Superhighway has fully been realised.

An 18-km stretch of the Guangzhou-Dongguan section of the Coastal Expressway was toll-free since its opening but such section resumed tolling starting from 1 August 2014. During 1 to 15 August 2014, the average daily toll revenue and average daily traffic of the GS Superhighway decreased by 5% and 1% year-on-year respectively. HHI Group will continue to monitor the situation.

Based on the average daily toll revenue, the market comprising the GS Superhighway and the Coastal Expressway grew around 10%. This will be further supported by the solid demand for toll road usage in Guangdong Province. During January 2014 to June 2014, the provincial freight traffic and passenger traffic both increased by 11% year-on-year. Together with Guangdong's continuous economic growth, HHI Group believes the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.

GS Superhighway / Coastal Expressway: Average Daily Toll Revenue (Monthly)



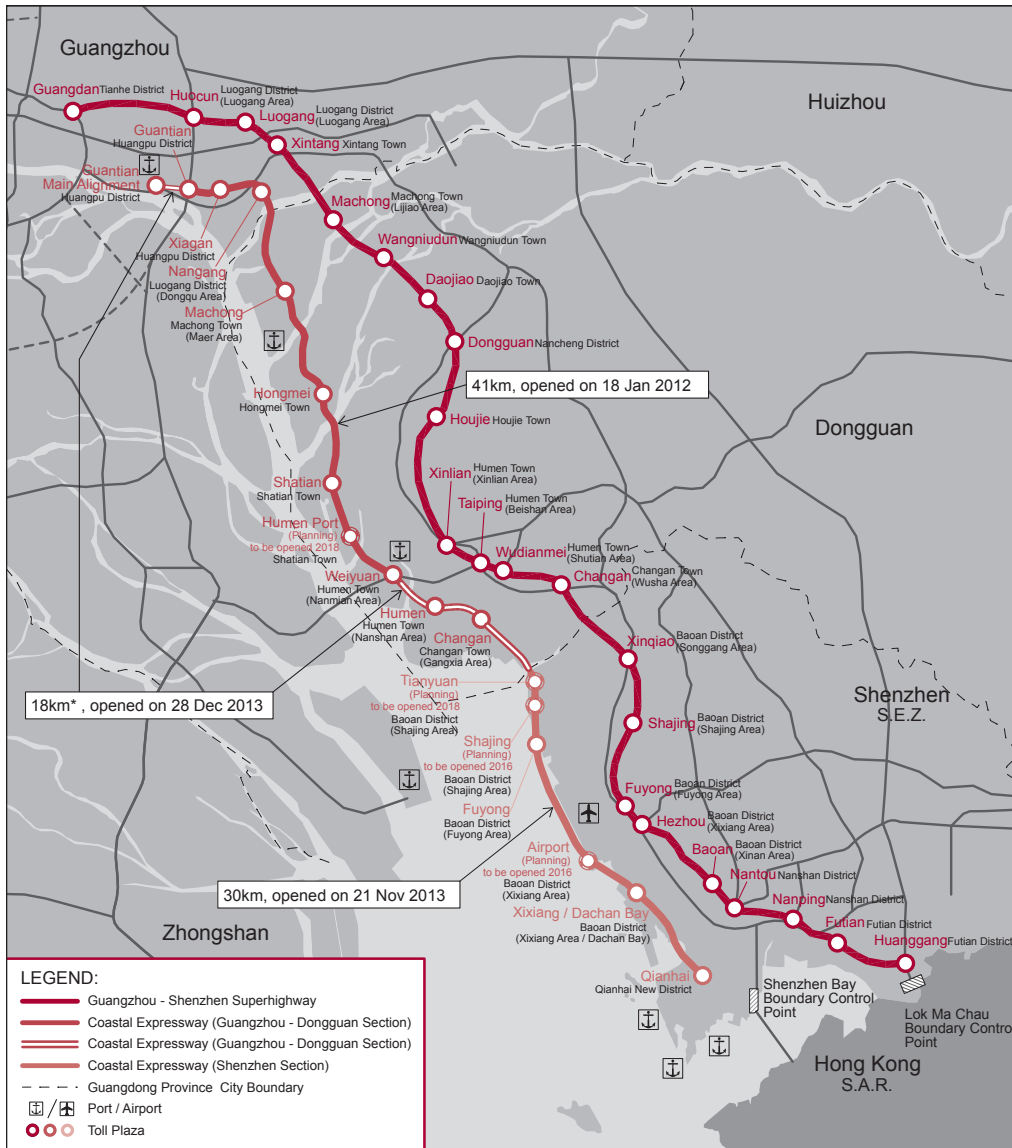
There are two misconceptions concerning the GS Superhighway and the Coastal Expressway. The first is that the travelling distance between Hong Kong and Guangzhou via the GS Superhighway is longer than that via the Coastal Expressway. The second is that the GS Superhighway's tariff is higher than that of the Coastal Expressway. If one includes the connecting roads at both ends of the Coastal Expressway (i.e. the Hong Kong-Shenzhen Western Corridor and the connecting roads to Hong Kong's highway networks and to Guangzhou Ring Road), the total travelling distance from Hong Kong to Guangzhou via the GS Superhighway or the Coastal Expressway differs by about 5%. More specifically, when one compares the entire length of the Coastal Expressway (from its starting point to its ending point) with that of the corresponding section of the GS Superhighway (i.e. the section between Huochun and Nantou), the travelling distances via both routes are also nearly the same. Moreover, the tariff rate for all expressways in Guangdong with 6 or more lanes has been the same since the Tariff Proposal's implementation in June 2012. Thus, there is no difference between the tariff rates of the GS Superhighway and the Coastal Expressway.



In fact, the GS Superhighway remains a more competitive option for road users. Its strategic geographical location offers convenient access to populous downtown areas and major expressways, whereas the Coastal Expressway is designed mainly to connect ports along the eastern shore of the PRD and to serve trucks destined for them. Thus, it attracts different target customers. Moreover, the GS Superhighway is well-equipped with professional patrol and rescue team which provides prompt and efficient service along the entire expressway. The Hezhou interchange has been reopened since 15 November 2013 after reconstruction. The GS Superhighway has therefore become the most convenient hub for traffic between downtown Shenzhen and Shenzhen Baoan International Airport.

Management Discussion and Analysis

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* Toll free since the full opening of the Coastal Expressway on 28 December 2013 and resumed tolling starting 1 August 2014.

Toll Road Policies

Guangdong Tariff Proposal

The tariff rate for all expressways in Guangdong was standardised since the implementation of the Tariff Proposal on 1 June 2012. One year after the implementation of the Tariff Proposal, the average daily toll revenue of the GS Superhighway returned to a positive year-on-year growth of 6% during the first half of FY14, which indicated that the policy impact was subdued. However, mainly affected by the full opening of the Coastal Expressway, the average daily toll revenue recorded a drop of 5% year-on-year in the second half of FY14. The impact of the Tariff Proposal on Phase I West and Phase II West was insignificant, as they have implemented the new tariff since opening.

Holiday Toll-free Policy

As HHI announced on 14 August 2012, the State Council issued the Notice Regarding the Holiday Toll-free Policy (“Notice”) on 2 August 2012. The Notice stipulates that small passenger vehicles with 7 or fewer seats should be entitled to use relevant toll roads free of charge during the four major statutory holidays, namely Lunar New Year, Ching Ming Festival, Labour Day and National Day, as well as the prescribed rest days immediately before and/or after these statutory holidays. During the year under review, the GS Superhighway, Phase I West, Phase II West and Phase III West implemented this policy during the aforesaid four major statutory holidays for a total of 20 days, comparing to 21 days in FY13. Small cars with 7 or fewer seats were exempted from toll charges on HHI Group’s expressways during the holidays. When comparing to the year without this policy (i.e. FY12), the aggregate annual toll revenues of the GS Superhighway, Phase I West and Phase II West in FY14 were reduced by less than 3% as a result of such policy, similar to its impact in FY13.

Regulation on the Administration of Toll Roads (Amendment Proposal)

On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and other relevant industries. Among other matters, the draft amendments included proposed compensation terms for the operators of toll roads suffering from losses of revenue as a result of the Central Government’s implementation of the toll-free policy in the form of an extension of their toll collection periods. No additional information has been released since then. HHI will closely monitor the latest developments concerning the amendments.

National integration on Electronic Toll Collection (“ETC”) network

According to the media, the Ministry of Transport directed the expressways in all provinces in the PRC to form a nationwide inter-connecting ETC network by the end of 2015. Upon completion, the electronic payment card issued by different provinces can be commonly used in all ETC toll lanes in every expressway in PRC. The detailed implementation schedule in Guangdong has yet been released.

Guangdong Province Toll Integration and Toll-by-weight Scheme

According to the Guangdong Provincial Government's requirements, the province's 4 toll integration sub-districts namely the Eastern, Western, Northern and Central Districts, in which the GS Superhighway and Western Delta Route are located, were integrated into a unified toll network on 29 June 2014. After the implementation of Guangdong toll integration, all adjacent expressways in the province are physically connected without toll stations in-between, and every vehicle travelling on expressways in Guangdong only needs to take one entry ticket (with radio frequency identification technology) at an expressway's entrance and pay all the toll charges for its entire trip at any other expressway's exit, without needing to stop when it travels on a series of connecting expressways. The toll revenues collected by all the expressways in Guangdong will be settled via Guangdong Unitoll Collection Incorporated, which is the clearing house that centralises and manages toll data on a daily basis, by means of the toll integration settlement network. The integration measures will boost the efficiency of the province's toll expressways by shortening the time spent on collecting tolls and help to smooth the flow of traffic.

The toll-by-weight scheme was also implemented for trucks on all expressways in the Central District on 29 June 2014 simultaneously, following its implementation in the Northern District in 2009 and the Eastern and Western Districts in 2011. The tariff rates for passenger cars and normally loaded commercial trucks will remain unchanged under the toll-by-weight scheme. Preferential arrangements will be made for unloaded and lightly-loaded trucks, for which the tariff rate will be one class lower. On the other hand, an additional toll based on the ratio of overloaded weights will be charged for overloaded trucks. Based on the data in July 2014, the impact of the toll-by-weight scheme on the toll revenue of the GS Superhighway and Western Delta Route is neutral. Toll revenue from trucks in July 2014 rose slightly compared to the original tariff scheme, and such increase accounted for less than 0.5% of the total toll revenue. Nevertheless, this scheme can help reduce the number of overloaded trucks and the damages so caused to the expressways.

Truck restriction in Guangzhou

In December 2012, the Guangzhou Municipal Government announced the restriction measure for trucks that are not registered in Guangzhou and weighing 15 tons or above to prohibit them from travelling on the Guangzhou Ring Road between 07:00 and 20:00. After a one-year trial period from January 2013 to January 2014, this restriction measure has been further extended for an additional five years since February 2014. The measure had insignificant impact on HHI Group's expressways ever since it was in force.

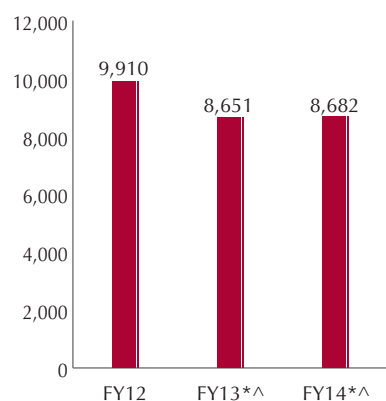
Guangzhou-Shenzhen Superhighway

Project Summary

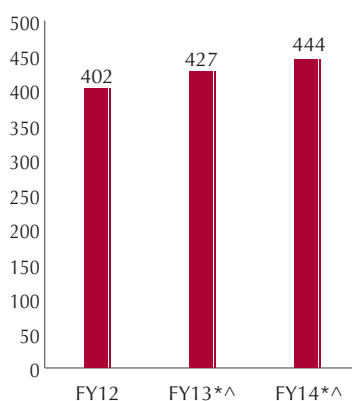
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997 – June 2027
Profit Sharing Ratio	Year 1 – 10: 50%; Year 11 – 20: 48%; Year 21 – 30: 45%

The GS Superhighway is the main expressway connecting the PRD region's three major cities — Guangzhou, Dongguan, Shenzhen and Hong Kong. During the year under review, its average daily toll revenue increased by 0.4% year-on-year to RMB8.7 million, whereas its total toll revenue amounted to RMB3,169 million. Although the average daily toll revenue regained growth momentum and returned to a 6% year-on-year growth during the first half of FY14, it dropped by 5% to RMB8.1 million in the second half of FY14 after the full opening of the Coastal Expressway on 28 December 2013. Meanwhile, despite the fact that the average daily traffic during the second half of FY14 recorded minimal growth of 0.1% year-on-year to 423,000 vehicles, it still increased by 4% year-on-year to 444,000 vehicles in FY14.

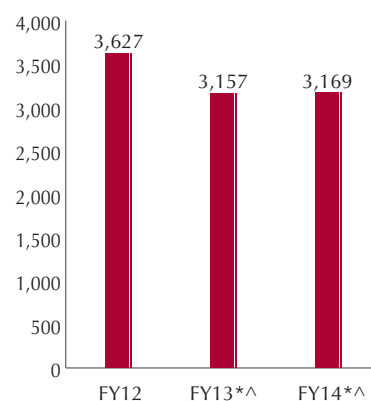
GS Superhighway Average Daily Toll Revenue (RMB thousand)



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



GS Superhighway Annual Toll Revenue (RMB million)

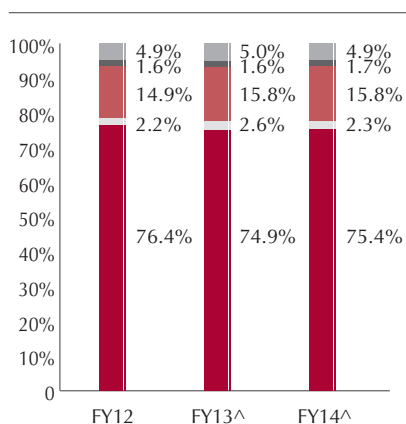


* Guangdong Tariff Proposal was implemented since 1 June 2012.

^ Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

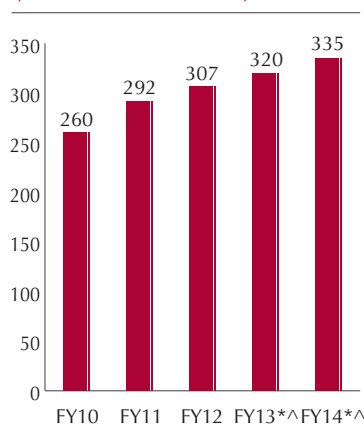
Class 1 small car traffic has benefited from the unremitting growth of passenger car sales in Guangdong. It continued to grow by 5% year-on-year and reached a historical high level, accounting for 75.4% of the GS Superhighway's total traffic volume. The average daily toll revenue of Class 1 small car increased by 1% to RMB5 million, contributing 57.2% to the total toll revenue. The average daily traffic and average daily toll revenue of Classes 4 and 5 also grew 3% and 2% respectively. The average toll revenue per vehicle per km fell by 2%, from RMB0.79 to RMB0.77.

GS Superhighway Traffic Breakdown by Class

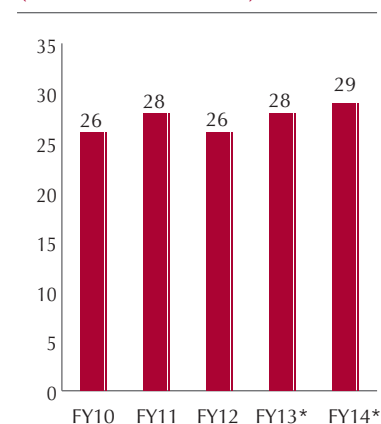


■ Class 1 ■ Class 2 ■ Class 3 ■ Class 4 ■ Class 5

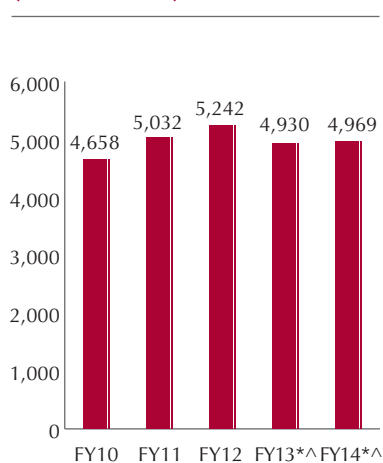
GS Superhighway Class 1 – Average Daily Traffic (FY10-FY14) (No. of vehicles in thousand)



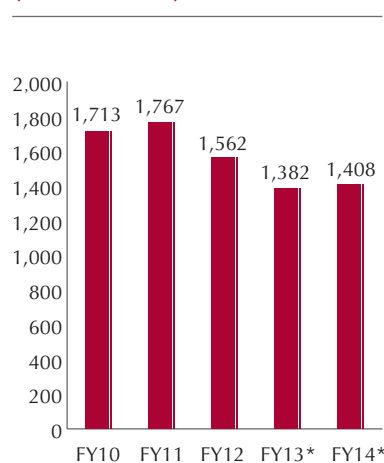
GS Superhighway Class 4 & 5 – Average Daily Traffic (FY10-FY14) (No. of vehicles in thousand)



GS Superhighway Class 1 – Average Daily Toll Revenue (FY10-FY14) (RMB thousand)



GS Superhighway Class 4 & 5 – Average Daily Toll Revenue (FY10-FY14) (RMB thousand)

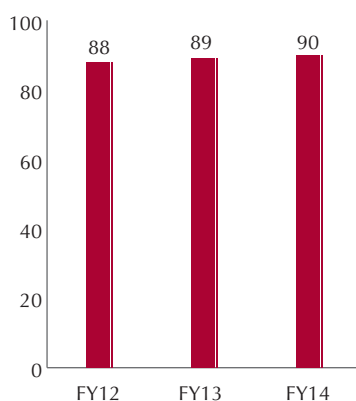


* Guangdong Tariff Proposal was implemented since 1 June 2012.

[^] Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

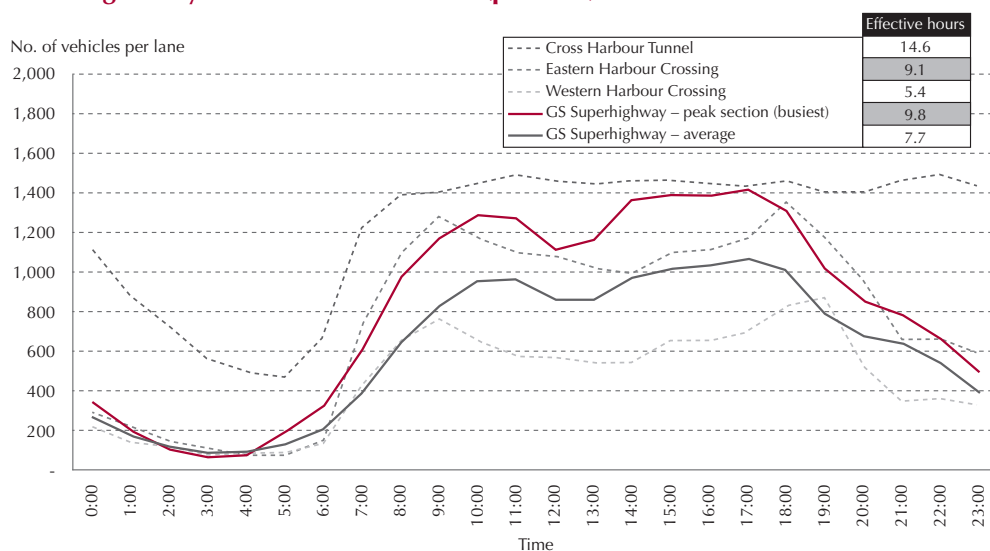
During the year under review, the average daily full-length equivalent traffic volume for the GS Superhighway increased by 1% year-on-year to 90,000 vehicles. This indicates there is still room for traffic to grow on the GS Superhighway.

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



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

GS Superhighway vs Tunnels in Hong Kong – Average Daily Cross Sectional Traffic (per lane)*



Remarks:

* Data being processed, only for demonstration purpose

- (1) Effective hour = average daily cross sectional traffic per lane / 2,000 vehicles per hour
- (2) Average daily traffic distribution pattern of HK tunnels reference to “The Annual Traffic Census – 2013”, Transport Department, The Government of HKSAR
- (3) Average daily traffic of HK Tunnels (Dec 13): Cross Harbour Tunnel 117,000, Eastern Harbour Crossing 73,000, Western Harbour Crossing 65,000
- (4) Average daily traffic of GS Superhighway (Mar 14)

As mentioned earlier in the section headed “Full Opening of a Parallel Road”, HHI Group believes the diversion impact from the full opening of the Coastal Expressway on the GS Superhighway has fully been realised. In fact, the GS Superhighway is comparable in length and it charges the same tariff as the Coastal Expressway. However, the two expressways have different target customers, and the GS Superhighway offers a number of competitive advantages, such as convenient access to populous downtown areas and major expressways, well-equipped facilities, efficient patrol and rescue team and high-quality services. Together with the continuous growth of Guangdong’s economy, these factors lead HHI Group to believe that the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.

Shenzhen Baoan International Airport was expanded by the opening of a new passenger terminal located near the Hezhou interchange on 28 November 2013. GS Superhighway’s Hezhou interchange has been reopened on 15 November 2013, after a temporary closure for reconstruction since January 2013, to capture the traffic to and fro Shenzhen Baoan International Airport directly through its connection with a smooth and convenient local road. Not only this temporary closure had a minimal impact on the GS Superhighway, but also the Hezhou interchange has since then become the most convenient expressway hub for traffic between downtown Shenzhen and the airport, and the GS Superhighway will benefit from the increased volume of passengers and freight arising thereafter.

The GS Superhighway JV has been making incessant progress in increasing its operational efficiency and its ability to cope with increasing traffic by installing automated equipment in the toll lanes or entry lanes. Currently, around 60% of all the toll lanes at entrances to the GS Superhighway have ETC or automatic card-issuing machines. Furthermore, energy-saving LED lights were also installed at the toll plazas and along its entire main alignment in order to reduce energy consumption and lower operating cost.

Phase I of the Western Delta Route

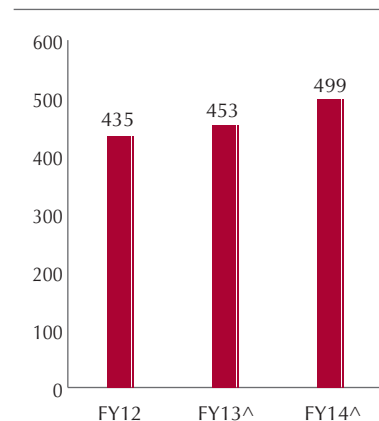
Project Summary

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%

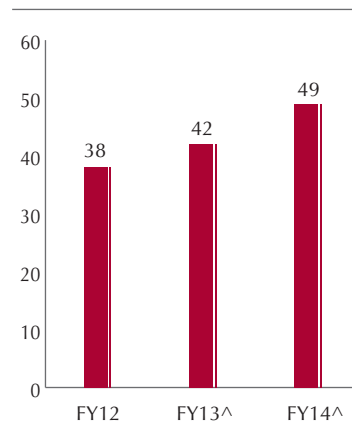
Phase I West connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. As the northern part of the Western Delta Route, Phase I West's synergy with Phase II West and Phase III West as well as the ongoing economic growth of Guangzhou and Foshan will continue to drive the growth of its traffic volume and toll revenue.

The traffic volume and toll revenue of Phase I West grew steadily, mainly driven by a strong rise in the number of Class 1 small cars. During the year under review, its average daily traffic increased by 15% year-on-year to 49,000 vehicles, whereas its average daily toll revenue increased by 10% to RMB499,000. Its total toll revenue for the year amounted to RMB182 million.

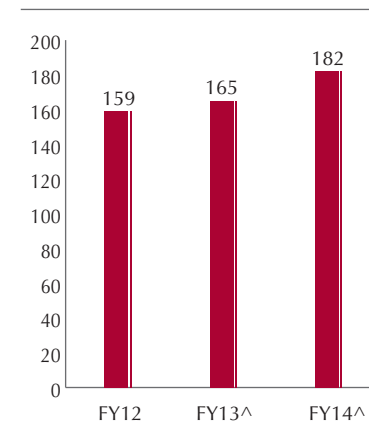
Phase I West Average Daily Toll Revenue (RMB thousand)



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



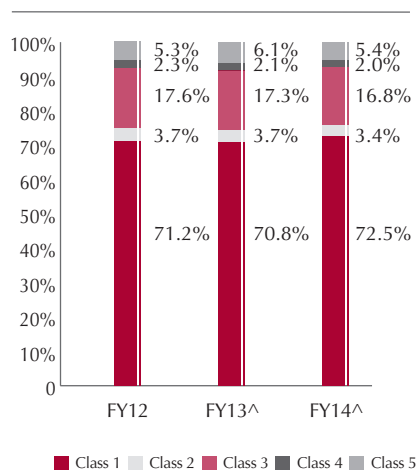
Phase I West Annual Toll Revenue (RMB million)



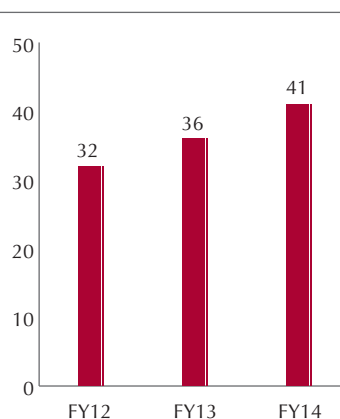
[^] Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

The traffic and toll revenue for Class 1 small cars continued to grow, accounted for 72.5% of Phase I West's total traffic volume. The average daily full-length equivalent traffic on Phase I West amounted to 41,000 vehicles, which represents a growth of 14%.

**Phase I West
Traffic Breakdown
by Class**



**Phase I West
Average Daily Full Length
Equivalent Traffic**
(No. of vehicles in thousand)



[^] Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

A new interchange constructed by Guangzhou-Gaoming Expressway will be connected with Phase I West between its Shizhou and Bijiang interchanges in 2015. This new connection will help to bring in traffic from Foshan to the Western Delta Route.

The Guangzhou Municipal Government announced the imposition of restrictions on trucks not registered in Guangzhou and weighing 15 tons or above in December 2012. Such vehicles have been prohibited from travelling on the Guangzhou Ring Road between 07:00 and 20:00 for one year commencing 10 January 2013. After the one-year trial period, the restriction measure has been extended for an additional five years since 25 February 2014. Its impact on Phase I West has been minimal. The Guangzhou Municipal Government is also considering the imposition of other traffic restrictions on vehicles not registered in Guangzhou during busy hours. However, the date and details of their implementation have not yet been announced. HHI Group will continue to monitor the situation, and it is believed that the impact on Phase I West will be minimal.

Phase II of the Western Delta Route

Project Summary

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
Profit Sharing Ratio	50%

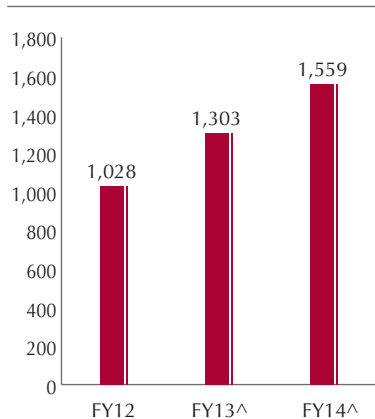
Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also interconnected with National Highway 105, Guangzhou Southern Second Ring Road and Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern end. The healthy economic development of cities alongside will further boost the growth of Phase II West's traffic volume and toll revenue.

The traffic volume and toll revenue of Phase II West have continued to grow robustly ever since it opened in June 2010. During the year under review, its average daily traffic rose by 26% to 100,000 vehicles, whereas its average daily toll revenue grew by 20% to RMB1,559,000 and it became profitable since the first half of FY14. Its total toll revenue for the year amounted to RMB569 million. Class 1 small cars, the main driving force, recorded strong growth and contributed 74.8% to the total traffic volume. The average daily full-length equivalent traffic on Phase II West amounted to 43,000 vehicles, representing a year-on-year growth of 24%.

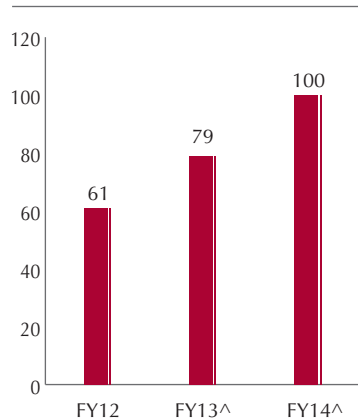
Management Discussion and Analysis

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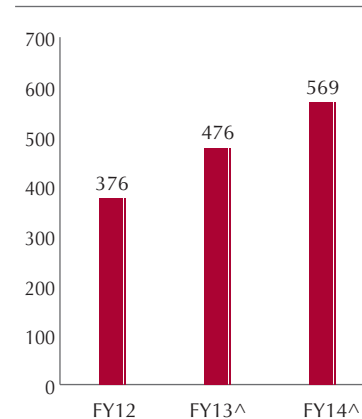
**Phase II West
Average Daily
Toll Revenue (RMB thousand)**



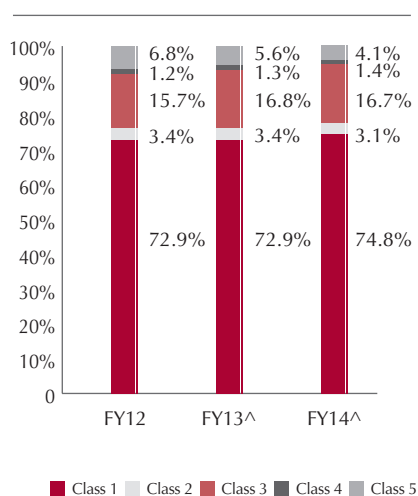
**Phase II West
Average Daily
Traffic (No. of vehicles in thousand)**



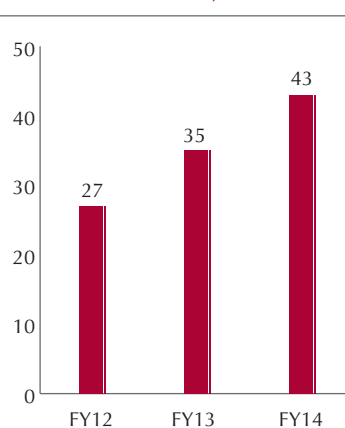
**Phase II West
Annual
Toll Revenue (RMB million)**



**Phase II West
Traffic Breakdown
by Class**



**Phase II West
Average Daily Full Length
Equivalent Traffic
(No. of vehicles in thousand)**



[^] Holiday Toll-free Policy was implemented for a total of 21 days in FY13 and a total of 20 days in FY14.

Phase III of the Western Delta Route

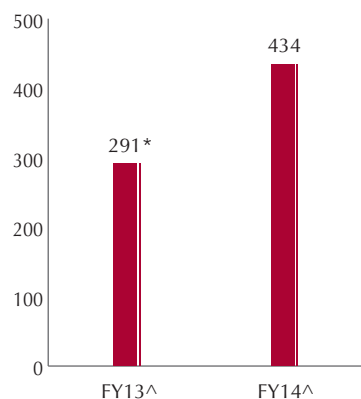
Project Summary

Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	37.7 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	January 2013 – January 2038
Profit Sharing Ratio	50%

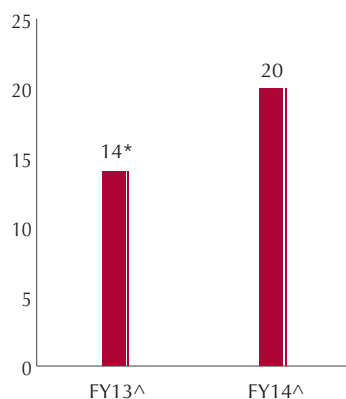
Phase III West is connected to Phase II West at Zhongshan to the north and extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is under construction. It provides the most direct and convenient expressway link between the city centres of Zhongshan and Zhuhai. The completion of the Western Delta Route enhanced connectivity and the synergy between Phase I West, Phase II West and Phase III West. It is expected to stimulate a persistent growth of Phase III West's traffic volume and toll revenue.

The traffic volume and toll revenue of Phase III West have been ramping up steadily. During the year under review, its average daily traffic and average daily toll revenue amounted to 20,000 vehicles and RMB434,000, rose by 47% and 49% respectively when comparing to the period since its opening from 25 January to 30 June in 2013. Its total toll revenue for the year amounted to RMB158 million. The average daily full-length equivalent traffic on Phase III West amounted to 15,000 vehicles. In July 2014, Phase III West's average daily traffic went up further by 44% year-on-year to 25,000 vehicles, bringing its average daily toll revenue to a new level at RMB559,000, which represents a year-on-year growth of 49%.

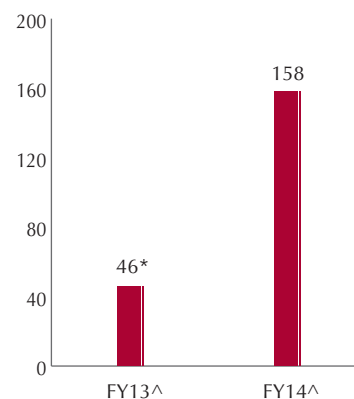
**Phase III West
Average Daily
Toll Revenue (RMB thousand)**



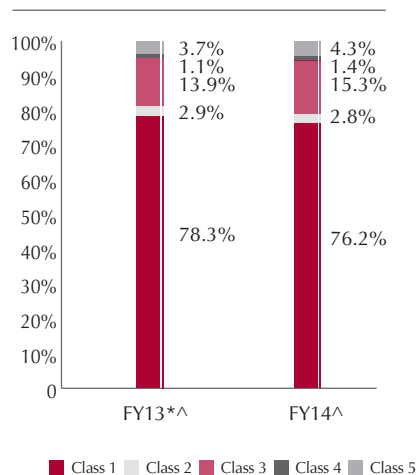
**Phase III West
Average Daily
Traffic (No. of vehicles in thousand)**



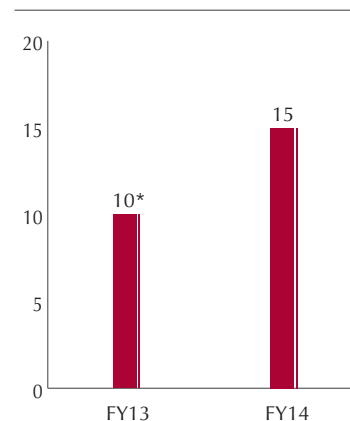
**Phase III West
Annual
Toll Revenue (RMB million)**



**Phase III West
Traffic Breakdown
by Class**



**Phase III West
Average Daily Full Length
Equivalent Traffic
(No. of vehicles in thousand)**

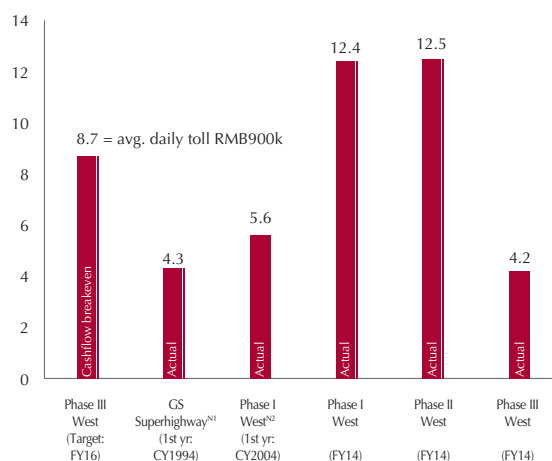


* Phase III West was opened on 25 January 2013.

[^] Holiday Toll-free Policy was implemented for a total of 13 days in FY13 and a total of 20 days in FY14.

Phase III West's performance is expected to improve along with its traffic and toll revenue ramp-up. Based on the annual toll revenues and expenses of the GS Superhighway, Phase I West and Phase II West during their first full year of operation and the actual performance of Phase III West, HHI Group expects that Phase III West's toll revenue may achieve its operating cash flow breakeven target (after taking interest expense payments into account) in FY16 when its average daily toll revenue reaches RMB900,000 (the equivalent of annual toll revenue of RMB8.7 million per km).

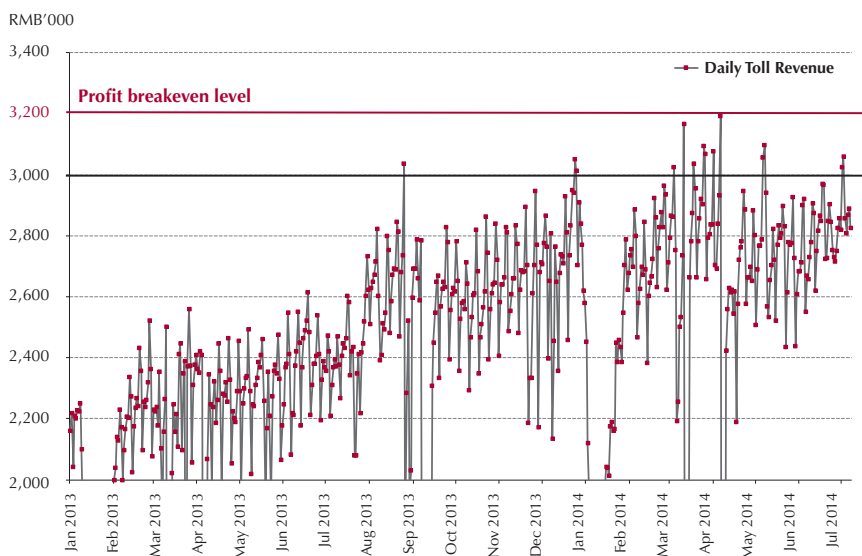
Annual Toll Revenue per km (RMB'm)



N1: Annualised figure for CY94 (GS Superhighway started operation on 18 July 1994)
 N2: Annualised figure for CY04 (Phase I West started operation on 30 April 2004)

After the opening of Phase III West in the second half of FY13, the Western Delta Route continued to maintain its positive operating cash flow (after taking interest expense payments into account) and is targeted to achieve profit breakeven in the second half of FY15 when its average daily toll revenue reaches RMB3.2 million for a full month. Its daily toll revenue has exceeded RMB3 million for several days in 2014 so far.

Western Delta Route (Phases I, II and III West): Daily Toll Revenue*



* Data from 25 January 2013 (when Phase III West commenced operation) to 31 July 2014; Holiday Toll-free Policy was implemented during 9-15 February 2013, 4-6 April 2013, 29 April-1 May 2013, 1-7 October 2013, 31 January-6 February 2014, 5-7 April 2014 and 1-3 May 2014

B. Power

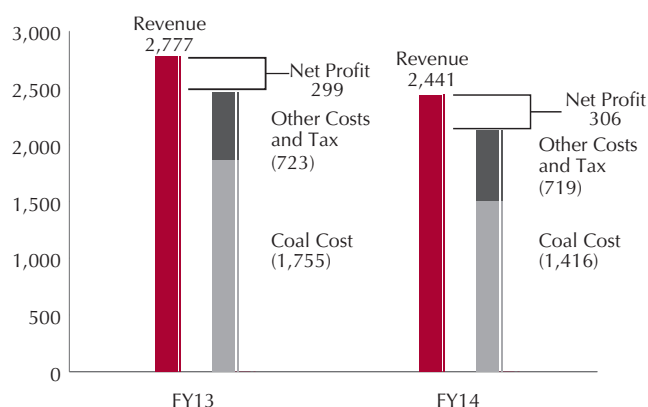
Heyuan Power Plant Phase I

Project Description

Location	Heyuan City, Guangdong Province, PRC
Installed Capacity	2 x 600MW
HHL's stake	35%
JV partner	Shenzhen Energy Group Co., Ltd
Total investment	RMB 4.7 billion (As per final account)
Status	Both units are operational

Key operating data	FY 13	FY 14
Gross Generation	6,600GWh	5,900GWh
Utilisation rate ^{N1} (hours)	63% (5,520hrs)	56% (4,894hrs)
Availability factor ^{N2}	91%	86%
No. of days in which Daily Utilisation rate ^{N3} >80%	36 days	14 days
Average on-grid tariff (with desulphurisation) (excluding VAT) (RMB/MWh)	445.3	440.9^{N4}
Approximate cost of coal (5,500 kcal/kg) (including transportation cost and excluding VAT) (RMB/ton)	705	633

Joint-Venture Level 100% (RMB'M)



	FY13 RMB'M	FY14 RMB'M
Revenue	2,777	2,441
Coal cost	(1,755)	(1,416)
Other costs and tax	(723)	(719)
Net profit	299	306
HHL's share*		
— Revenue	1,111	976
— Net profit	120	122

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

$$\text{N1: Utilisation rate} = \frac{\text{Gross generation during the year under review}}{\text{Total number of hours during the year under review} \times \text{Installed capacity}}$$

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

$$\text{N3: Daily Utilisation rate} = \frac{\text{Daily electricity generation during the year under review}}{24 \text{ hours} \times \text{Installed capacity}}$$

N4: With denitrification tariff:

Unit 1 — from 7 January 2014; Unit 2 — during the year under review

Heyuan Power Plant is one of Guangdong Province's most efficient and environmentally friendly coal-fired power plants. It is also the first in China to be equipped with a flue gas desulphurisation wastewater treatment system.

The plant's utilisation rate decreased during the year under review, primarily due to the slowdown of Guangdong Province's electricity consumption growth and scheduled maintenance. However, its net profit increased by 2% to RMB306 million, as the decline in the cost of coal has offset the impact of the decreased utilisation rate and a reduction in the on-grid electricity tariff. As a result, the plant's net profit margin increased from 11% to 13%.

As of 30 June 2014, the Heyuan JV had repaid RMB1.49 billion or 58% of the original project debt (including shareholder's loans) of RMB2.55 billion. The total outstanding project debt was RMB1.06 billion, including shareholder's loans of RMB400 million provided by the Group to increase the JV's financial resources and reduce its finance costs. Up to 30 June 2014, the Heyuan JV had declared dividends totaled RMB0.60 billion to its shareholders, of which RMB0.21 billion was attributable to the Group.

The on-going economic growth of Guangdong Province indicates that demand for electricity there will remain strong in the long run. The Group therefore expects that the plant will continue to provide it with relatively stable profit contributions.

Heyuan Power Plant Phase II

The Heyuan JV is studying the development of a second phase of the Heyuan Power Plant. This will consist of 2 x 1000MW coal-fired power plant. A feasibility study has already been submitted to the relevant PRC authorities, and the Heyuan JV is currently applying for approvals for the project.

Financial Review

Group Results

Overview

The Group's EBIT (before land conversion gain of Hopewell Centre II) increased by 1% during the year ended 30 June 2014 compared to the previous year. The EBIT of the property letting, agency and management operations, property development of the Hopewell New Town project and Phase II West for the year ended 30 June 2014 continued to grow solidly. The increases in the EBIT from these operations were partly offset by (i) a net loss of Phase III West following its first full-year operation; and (ii) a decrease in the EBIT of Panda Hotel resulting mainly from a decline in the number of group tour customers from Mainland China following the implementation of the new PRC Tourism Law in October 2013. In the absence of the one-off land conversion gain of Hopewell Centre II recorded in the previous year, the Group's EBIT decreased by HK\$2.2 billion to HK\$1,920 million.

The Group's revenue for the year ended 30 June 2014 was 3% lower than the figure for the previous year. The revenue from its prime-earning businesses, namely the investment property and hospitality businesses, and toll road investment continued to grow healthily. The full-year operation of Phase III West and increased sales of the Hopewell New Town project also boosted the revenue. However, these positive factors were offset by a decrease in the sales of residential units at Broadwood Twelve, as well as a decline in Heyuan Power Plant's sales of electricity.

The Group's revenue and EBIT by activities for the year ended 30 June 2014 were as follows:

HK\$ million	Revenue		EBIT*	
	2013	2014	2013	2014
Property letting, agency and management	798	890	509	556
Hotel, restaurant and catering operation	462	454	145	127
Investment properties and hospitality sub-total	1,260	1,344	654	683
Property development	1,009	749	222	299
Toll road investment (after interest and tax of JVs)	2,244	2,419	749	667
Power plant (after interest and tax of JV)	1,378	1,233	146	153
Treasury income	257	247	257	247
Others	–	–	(127)	(129)
Revenue/EBIT (before land conversion gain of Hopewell Centre II**)	6,148	5,992	1,901	1,920
Land conversion gain of Hopewell Centre II	–	–	2,249	–
Revenue/EBIT (Note)	6,148	5,992	4,150	1,920

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

** Land conversion gain refers to the initial fair value gain arising from the conversion of bare land to a revenue generating asset (Hopewell Centre II land conversion)

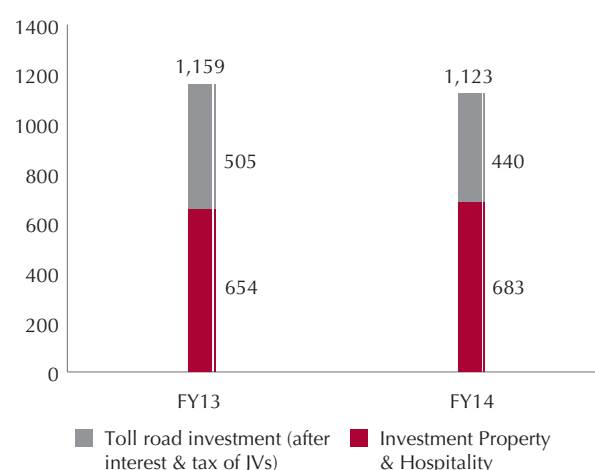
Note:

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

HK\$ million	Results	
	2013	2014
Earnings before interest and tax	4,150	1,920
Finance costs	(107)	(100)
Fair value gain of completed investment properties	8,725	125
Profit before taxation	12,768	1,945
Taxation	(295)	(329)
Profit for the year	12,473	1,616
Attributable to:		
Owners of the Company	12,206	1,358
Non-controlling interests	267	258
	12,473	1,616

HK\$ million	Turnover	
	2013	2014
Revenue per Financial Review	6,148	5,992
Less:		
Sales proceeds of Broadwood Twelve units	(544)	–
Treasury income	(257)	(247)
Share of revenues of JVs engaged in		
— Toll road investment	(2,244)	(2,419)
— Power plant	(1,378)	(1,233)
Turnover per Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,725	2,093

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



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

Revenue

The Group's revenue for the year ended 30 June 2014 amounted to HK\$5,992 million, which was 3% less than the HK\$6,148 million reported for the previous financial year. This revenue included the sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income, and the Group's shares of the revenues of JVs engaged in toll road and power plant operations.

The Group's investment property letting, agency and management division, sales of the Hopewell New Town project and Phase II West business continued to grow healthily. The first full-year operation of Phase III West (opened in January 2013) provided a boost of revenue. However, these positive factors were offset by the recognition of fewer sales of residential units at Broadwood Twelve, and a decline in the amount of electricity sold by Heyuan Power Plant during the year.

Earnings before Interest and Tax

Excluding the one-off land conversion gain of Hopewell Centre II recorded in the previous financial year, the Group's EBIT for the year increased by 1% to HK\$1,920 million. This increase was mainly due to the continued growth of EBIT from the property letting, agency and management operations, property development of the Hopewell New Town project and Phase II West, and the growth was partly offset by (i) a net loss generated by Phase III West following its first full-year operation, and (ii) a reduction in the EBIT of Panda Hotel resulting mainly from a decline in the number of group tour customers from Mainland China following the implementation of the new PRC Tourism Law in October 2013. The management will endeavour to formulate and implement cost-control measures for the Group's corporate administrative costs to enhance shareholder's value.

The Group's EBIT for the year ended 30 June 2014 was HK\$1,920 million, which was lower than the HK\$4,150 million reported for the previous financial year. This was because the Group recognised a one-off land conversion gain amounting to HK\$2,249 million in respect of the commercial portion of the Hopewell Centre II project, after it obtained possession of the site, in the consolidated financial statements for the previous year.

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

The EIT rate applicable for both the GS Superhighway and Phase I West is 25% since 2012 and until the expiry of their contractual operation periods. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 is 12.5%, and this will rise to 25% from 2016 until the expiry of its contractual operation period. Phase III West is exempt from EIT from 2013 to 2015. Its applicable rate from 2016 to 2018 will be 12.5%, and this will rise to 25% from 2019 until the expiry of its contractual operation period.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the year was HK\$1,358 million. Excluding land conversion gain and fair value gain of the Group's completed investment properties, the core profit attributable to owners of the Company during the year was HK\$1,233 million, an increase of HK\$2 million compared with the HK\$1,231 million recorded for the previous financial year.

The profit attributable to owners of the Company decreased, from HK\$12,206 million to HK\$1,358 million. This was mainly due to the lower fair value gain of completed investment properties recorded for the year and the absence of the one-off land conversion gain of Hopewell Centre II that was recognised in the previous financial year.

Major Assets in Balance Sheet (Adjusted Shareholders' Equity)

In order to reflect the underlying economic value of the Group's hotel properties and HHI business, which are stated on the cost basis, supplemental information on the Group's shareholders' equity ("adjusted shareholders' equity") as set out below is presented on the basis that these hotel properties and HHI business were stated at market valuations as at 30 June 2014.

Balance Sheet Highlights

As at 30 June 2014 (HK\$ in million)	HHI Business	HHL-Other Businesses	HHL Group Total	As at 30 June 2014	Panda Hotel	HC II hotel portion	HHI Business
Completed investment properties	–	26,839	26,839	Market value	\$3,400m \$3.7m/room DTZ valuation report	\$4,856m \$4.7m/room DTZ valuation report	\$8,165m 2,099m shares (HHL's 68.1% stake) x HHI's market price @HK\$3.89 as of 30.6.2014
Panda Hotel	–	370	370	Book value	\$370m \$0.4m/room at cost less depreciation	\$2,233m \$2.2m/room at cost	\$6,365m at cost less depreciation
Hopewell Centre II (properties under development)				Hidden value	\$3,030m \$3.5/shares*	\$2,623m \$3.0/shares*	\$1,800m \$2.1/shares*
– Commercial portion		4,411	4,411	Total: \$7,453m			
– Hotel portion		2,233	2,233	\$8.6/share*			
Properties for development	–	1,233	1,233				
Interest in JVs (Toll Roads & Power Plant)	7,894	1,090	8,984				
Other assets/liabilities	1,443	1,379	2,822				
Non-controlling interests	(2,972)	(145)	(3,117)				
Shareholders' equity	6,365	37,410	43,775				
			(HK\$50.2/share)*				
Total hidden value			7,453				
			(HK\$8.6/share)*				
Adjusted shareholders' equity (unaudited)			51,228				
			(HK\$58.8/share)*				

* No. of HHL shares in issue: 871 million (as of 30 June 2014)

Liquidity and Financial Resources

As of 30 June 2014, the cash position and available committed banking facilities of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK\$ million	30.6.2013	30.6.2014
Cash	3,487	4,194
Available Committed Banking Facilities	1,420	–
Cash and Available Committed Banking Facilities	4,907	4,194

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

HK\$ million	30.6.2013	30.6.2014
Total debt	5,659	5,250
Net debt ^(Note 1)	2,172	1,056
Total assets	43,825	44,282
Shareholders' equity (excluding equity shared from HHI Group)	36,513	37,410
Total debt/total assets ratio	13%	12%
Net gearing ratio ^(Note 2)	6%	3%

Note 1: Net debt is defined as total debts less bank balances and cash

Note 2: Net gearing ratio is calculated by dividing the net debt by shareholders' equity (excluding equity shared from HHI Group)

The cash balance of HK\$4,194 million included RMB1,955 million (equivalent to HK\$2,442 million) and HK\$1,752 million, represented an increase of 20% from last year of HK\$3,487 million. The net debt position of HHL and its subsidiaries, which is the outstanding bank loans totalling HK\$5,250 million less bank balances and cash, was HK\$1,056 million. As of 14 August 2014, the net debt position of HHL and its subsidiaries further decreased to HK\$857 million.

The substantial increase in cash balance and a decrease of net gearing ratio are mainly due to the receipt of net proceeds of HK\$1,146 million by HHL in June 2014 (after URA's share, and settlement of outstanding project loan, construction and related costs) from the sale of The Avenue. By 14 August 2014, an additional net proceeds of HK\$270 million was received by HHL. The HK\$5,000 million loan facility at the project joint venture level was also fully prepaid in June 2014.

In addition to the cash balance, the Group also has available undrawn bank overdrafts and uncommitted banking facilities amounting to HK\$720 million as at 30 June 2014 (2013: HK\$450 million).

Debt Maturity Profile of the Group

	30.6.2013 HK\$ million		30.06.2014 HK\$ million	
Repayable:				
— within 1 year	2,079	37%	2,000	38%
— between 1 and 5 years	3,580	63%	3,250	62%
	5,659		5,250	

The Group expects its abundant financial resources will well cover the capital need of projects under development. It currently plans to spend a total of approximately HK\$1.6 billion on these projects between FY15 and FY16. The Group's cash on hand together with the healthy cash flow from its prime-earning businesses; proceeds from sales or pre-sales of The Avenue, Hopewell New Town projects and Broadwood Twelve, and HK\$3 billion committed banking facilities maturing in 2018 should provide adequate funding for the projects that the Group is currently developing. Given its solid financial position, the Group will continue to look for appropriate investment opportunities.

Major Projects Plan

Projects	Target Completion	Total Investment ^{N1} HK\$'M	Interest %	HHL's Injection FY15 to FY16 ^{N1} HK\$'M
Hong Kong 200 Queen's Road East Project	2015	9,600	50%	No need to inject further funds
Hopewell Centre II	2018	9,000	100%	1,440 (FY15: 180; FY16: 1,260)
Wan Chai projects ^{N2}	Development plan under study			170
TOTAL				1,610

N1: Present planning, subject to change

N2: Including 155-167 Queen's Road East projects, Schooner Street, Miu Kang Terrace, etc.

For the HHI Group (consisting of HHI and its subsidiaries but excluding its JVs), the cash balance was RMB814 million, equivalent to HK\$1,016 million as at 30 June 2014 (2013: RMB1,480 million, equivalent to HK\$1,870 million). After deducting the outstanding bank loan of RMB698 million (equivalent to HK\$872 million), HHI was in a net cash position of RMB116 million (equivalent to HK\$144 million) at corporate level.

Furthermore, HHI has about RMB1,000 million shareholders' loan receivables from West Route JV, equivalent to HK\$1,249 million (2013: RMB1,030 million, equivalent to HK\$1,301 million equivalent). HHI also has undrawn committed banking facilities amounting to HK\$727 million equivalent as at 30 June 2014 (2013: HK\$978 million equivalent).

The Group's financial position remains strong. Its 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 minimise finance costs and optimise 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 the 200 Queen's Road East Project has been pledged to the banks concerned to secure the banking facilities that have been granted to the JV for this project. In June 2014, the JV fully repaid the bank loan and the facilities were terminated accordingly. 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 36 to the consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities are set out in note 38 to the consolidated financial statements.

Material Acquisition or Disposal

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

Others

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2014 the Group had 1,186 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. The Group has arranged birthday parties, christmas party, 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, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kinds of seminars and workshops for the employees to enhance their awareness towards corporate governance.

In 2013, the Group continues to hire 3 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. In addition, the Group continues to hire summer interns that provides university students with the opportunities to gain working experience in the Group.

The Group's training 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, educational sponsorships and examination leave.

Highlights of Sustainability Report 2013/14

MANAGING DIRECTOR'S MESSAGE

Since our establishment in the 1970s, we have been striving to create shared value by developing and managing building clusters and infrastructure that foster economic development and supporting initiatives that promote sustainability. Our performance demonstrates our continuous efforts to sustain our business growth whilst maintaining longstanding partnerships with stakeholders in the communities where we operate.

We see the importance of running our business in a pragmatic way that meets the bottom line, addresses the needs of our stakeholders and fulfils our environmental responsibility. All our core businesses — properties, highways and power plant — begin with sustainable design and construction and continue during their operations to enhance their environmental efficiency.

In Hong Kong, our success in urban redevelopment is exemplified by our efforts to transform Wan Chai into a unique district with its own distinctive blend of modernism and historical characteristics. With the 200 Queen's Road East Project and Hopewell Centre II site formation works progressing and plans for a refined and enhanced conference hotel development scheme underway, we envisage that this will further strengthen the development of Wan Chai as a vibrant community with better connectivity upon completion of all works in 2018.

True to our role as a corporate pioneer in the use of electric vehicles (EVs), we took solid steps during the year to further promote the use of environment-friendly vehicles. With the support of Government's Pilot Green Transport Fund, we purchased two 45-seater electric coaches which were put into active service in October 2013 as part of our shuttle bus fleet operating between KITEC and Kowloon Bay MTR station, replacing two conventional coaches in the process. To facilitate wider adoption of electric taxis by the industry, we installed new charging stations for free use by electric taxis at Hopewell Centre, KITEC and Panda Place. We also work with notable car manufacturers on providing charging solutions at our premises for their latest EV models.

2014 saw the grand opening of The Metroplex, our wholly-owned and self-operated, state-of-the-art 9 screen cinema complex at KITEC. In line with our commitment to sustainability and community development in the arts and culture, The Metroplex has embarked upon its own course of community development activities. As a brand new entertainment venue, The Metroplex has already established itself as an active promoter of film culture and film education, supporting in particular the development of local films and film talents. Film seminars and community screenings for both educational and charity purposes were well-received by the public.

To promote and uphold a high degree of transparency in our corporate sustainability reporting, we will continue to benchmark our Sustainability Report to the Global Reporting Initiative (GRI) sustainability reporting framework. We will also benchmark our Report to the Environmental, Social and Governance (ESG) Reporting Guide of the Hong Kong Exchanges and Clearing Limited (HKEx).

We are delighted that in recognition of our ongoing commitment to sustainable development, HHL has been selected again by Hang Seng Indexes as a constituent stock of the Hang Seng Corporate Sustainability Index, making us one of the sustainability leaders in Hong Kong. Both HHL and HHI have also been selected as constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index for four consecutive years from 2011 to 2014.

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

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

Thomas Jefferson WU
Managing Director, Hopewell Holdings Limited

OUR SUSTAINABILITY VISION AND FOCUS

At Hopewell, we take an integrated approach to sustainability, incorporating environmental and social considerations into our decision-making and actions. We focus on minimising the impact of our operations on the environment and creating positive impact in the community through our business. In doing so, we are guided by a set of core sustainability values and an effective governance structure.

We work closely with our employees and other stakeholders in the industry and community on four key areas (1) Environmental Protection, (2) Community Engagement, (3) Youth Development, and (4) Sports, Arts and Culture in order to achieve our sustainability vision — creating shared value. All subsidiaries also follow the group-wide direction and incorporate the relevant market best practices into their operations.

Our core sustainability values:

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

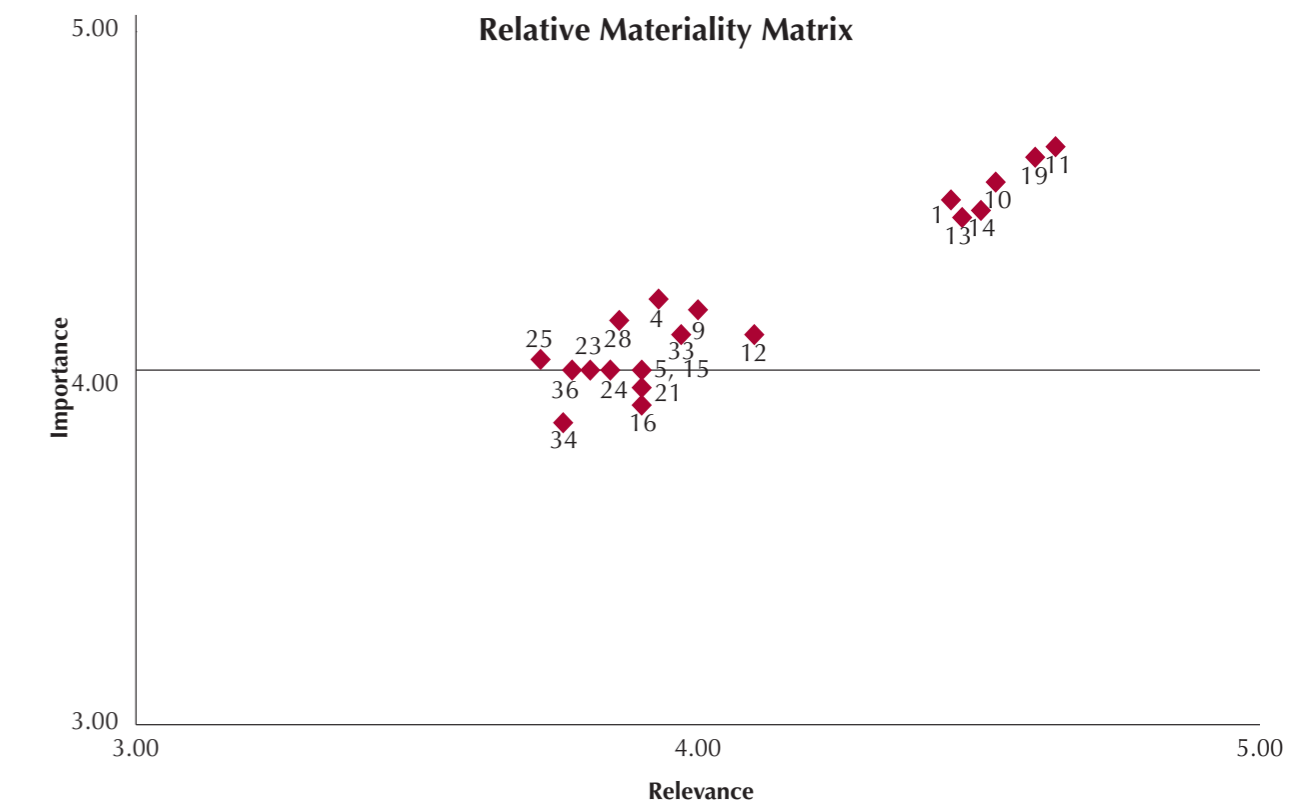
OUR STAKEHOLDER ENGAGEMENT

We value the importance of engaging with stakeholders in formulating our business decisions, managing our business operations, and identifying community needs for our community investment. We seek to develop long-term relationships with our key stakeholders and engage with them through various formal and informal communication channels as well as independent and internal stakeholder exercises. The table below shows how we form the materiality matrix:

	2010/2011	2011/2012	2012/2013
Stakeholder Group	Type of Engagement		
Senior management	Interview		
Institutional investors	Interview		Interview
Tenants	Interview		
NGOs	Interview	Interview	
Employees		Focus group and survey	Interview
Highway users		Interview	Interview
JV partners		Interview	
Wan Chai community members			Interview
Suppliers			Interview

This year, we conducted a comprehensive internal survey on the findings of the materiality matrix we collected from the past three years in order to balance the interest of various stakeholders and fine-tune the direction of our sustainability initiatives. The survey was completed by management from all major business units and corporate functions.

The following materiality matrix shows the top 20 sustainability issues that we consider as being of greatest relevance to the Group:



- Issues**
- ◆ 11 Conditions of work and social protection
 - ◆ 19 Anti-corruption
 - ◆ 10 Employment and employment relationships
 - ◆ 14 Human development and training in the workplace
 - ◆ 1 Organisational governance
 - ◆ 13 Health and safety at work
 - ◆ 12 Social dialogue
 - ◆ 9 Fundamental principles and rights at work
 - ◆ 4 Avoidance of complicity
 - ◆ 33 Employment creation and skills development
 - ◆ 28 Consumer data protection and privacy
 - ◆ 5 Resolving grievances
 - ◆ 15 Prevention of pollution
 - ◆ 21 Fair competition
 - ◆ 16 Sustainable resource use
 - ◆ 24 Fair marketing, factual and unbiased information and fair contractual practices
 - ◆ 23 Respect for property rights
 - ◆ 36 Health
 - ◆ 34 Technology development and access
 - ◆ 25 Protecting consumers' health and safety

OUR PEOPLE

Our employees are our important asset and the primary force in driving our business growth on a sustainable basis. We are committed to creating a healthy, diverse and inclusive working environment that advocates cooperation and enables our employees to develop to their full potential. Our HH Social Club serves as an effective platform to encourage work-life balance and enhance employee relationship.

Highlights of Workplace Practices in 2013/14

Creating Diverse and Inclusive Working Environment

- Offered jobs to people with disabilities and provided the necessary facilities and support
- Recruited a former elite athlete as one of our Management Trainees
- Organised training for managerial staff on anti-discrimination ordinances

Fostering Employee Development

- Provided on-the-job training and various training courses and seminars
- Developed a structured Management Trainee programme with all-round support
- Performed regular analysis of staff turnover and recruitment on a monthly basis

Emphasising Health and Safety

- Our premises pledged support to the Workplace Hygiene Charter
- Our highway JV companies organised Safety Operation Month to promote safety awareness

Advocating Work-Life Balance and Workplace Emotional Wellness

- HH Social Club organised various volunteer activities and interest classes for staff
- Employee Assistance Programme offered counselling services as well as seminars and workshops on physical and mental health
- Regularly organised birthday parties for employees and other social activities such as Christmas party

CUSTOMERS AND COMMUNITIES

We believe that serving the wider community goes hand in hand with our responsibility to serve our customers. Together with our employees, we aim to build safe, vibrant and connected communities by developing infrastructure that increases safety and efficiency, organising public events to bring people together, and supporting disadvantaged groups through financial and in-kind donations in partnership with NGOs.

Highlights of Customer and Community Initiatives in 2013/14

Energizing and Engaging with Local Communities

- Our annual QRE Festival in Wan Chai has become one of the highlight street carnivals recommended by the Hong Kong Tourism Board
- The Hopewell Centre II project is anticipated to further encourage economic development in Wan Chai and transform the district into an even more vibrant community
- We support the preservation of local heritage through the ongoing 200 Queen’s Road East Project in Wan Chai
- Our GS Superhighway JV launched the iOS version of a free mobile application to provide road users with updates on traffic conditions

Caring for the Elderly, Children and the Disabled

- Together with our community partner, our corporate volunteering team visited around 130 units of singleton elderly residing in various districts in Hong Kong during Tuen Ng Festival. Festive gift packs and high-fibre rice dumplings specially made by Panda Hotel were prepared and given out on the occasion
- We joined forces with our NGO partner again to organise the “Hopewell-Playright Chinese New Year Playday” at Panda Hotel for around 100 young hospital patients and their families to celebrate Chinese New Year. The occasion allowed participants to experience festive joy in an environmentally-friendly way
- We installed and modified facilities at our premises to facilitate barrier-free access for disabled customers and employees. E-Max and The Metroplex also supported barrier-free travel and entertainment in cooperation with an NGO partner

Promoting Environmental Awareness

- We supported the “Hong Kong Tree Planting Day 2014” as a major sponsor and our HH Social Club volunteers actively participated in the greening event
- We participated in the “Coastal Cleanup Challenge 2013” organised by Hong Kong Cleanup and devoted hours of effort cleaning up Angler’s Bay in Tsuen Wan

OUR ENVIRONMENTAL PERFORMANCE

Environmental protection is a key focus area for our Group. We integrate environmental considerations in our decision-making process and promote environmental awareness across all our business. We are committed to minimising the environmental impact of our operations and strive to implement various environmental initiatives to reduce wastage and energy consumption. We also launch different green programmes through the Go Green Workplace campaign to reinforce employees’ awareness on environmental responsibility.

Highlights of Environmental Initiatives and Achievements in 2013/14

Energy

- Promoted the use of electric vehicles and purchased two 45-seater electric coaches for KITEC
- Installed charging stations for free use by electric taxis at Hopewell Centre, KITEC and Panda Place
- Supported the Power Smart Contest 2013 organised by Friends of the Earth (HK). KITEC received the Progress Award and Certificate of Appreciation
- Supported Earth Hour organised by WWF-HK for the fourth consecutive year. Six of our commercial and residential buildings switched lights off during the Hour
- Launched an e-HR platform on our intranet offering the services of e-Payroll and e-Forms
- Replaced all T5 lighting tubes with LED lighting tubes at G/F Atrium of Panda Place. An energy audit was conducted for this replacement
- Replaced all spotlights with LED lights in both rooms and public area of GARDENEast
- Replaced all conventional low-mast sodium lamps on the 122.8km main alignment of the GS Superhighway JV with LED lights
- Completed the Condensate Pump upgrade for Unit 1 of the power generating units in Heyuan Power Plant to enhance energy efficiency
- Completed the electrostatic precipitation upgrade for Unit 1 of the power generating units in Heyuan Power Plant to reduce energy consumption and dust emissions
- Completed the force draft fan and induced fan upgrade for Unit 1 of the power generating units in Heyuan Power Plant to reduce electricity consumption

Water and Air

- Complied with the standards of the Quality Water Recognition Scheme for Buildings. Hopewell Centre, QRE Plaza, Wu Chung House and GARDENEast were awarded Silver Certificates while KITEC, Panda Place and Broadwood Twelve were awarded Blue Certificates
- Hopewell Centre and GARDENEast received certification that the indoor air quality has fully complied with the Good Class of the Indoor Air Quality Objectives by the Indoor Air Quality (IAQ) Certification Scheme

Biodiversity

- Participated in WWF-HK Walk for Nature fundraising event and the Hong Kong Tree Planting Day aiming to raise employees’ awareness on biodiversity
- Provided Ocean Friendly menu serving sustainable seafood and promoted shark-free menu option at our hospitality business

Waste

- Participated in the Wastewi\$e Label Programme organised by the Environmental Campaign Committee (ECC) and Environmental Protection Department (EPD) of the Hong Kong Government. GARDENEast was awarded the “Class of Excellence” Wastewi\$e Label while Hopewell Centre and Panda Place received the “Class of Good” Wastewi\$e Label
- Participated in the Yan Oi Tong Plastic Recycling Partnership Scheme 2013-2014. Hopewell Centre and Wu Chung House won Gold and Bronze Awards in the categories of Housing Estate and C&I Building respectively
- Collected food waste at Panda Hotel and our catering units and further processed into animal feed
- Participated in the cooking oil recycling programme co-organised by Dynamic Progress International Limited and Friends of the Earth (HK) and supported by the Hong Kong Federation of Restaurants & Related Trades
- Joined the Glass Container Recycling Programme for the Hotel Sector supported by EPD and the Hong Kong Hotels Association (HKHA)

HIGHLIGHTS OF FUTURE ACTIONS FOR 2014/15

Targets and Actions for 2014/15

Property

- Hopewell Centre, KITEC, Panda Place, GARDENEast and Broadwood Twelve will continue to participate in the Wastewi\$e Label Programme organised by ECC and EPD of the Hong Kong Government
- Continue recruiting disabled persons at KITEC

Hospitality

- Continue exploring new media in both online and offline channels
- Continue participating in food donation and waste recycling programmes and explore new green activities and initiatives
- Implementation of water-saving device in guestroom’s bathroom
- Target to replace existing high consumption lighting with LED lighting for energy-saving purpose
- Review and improve on The Metroplex membership system
- Work with disabled artists to design plastic bottle recycling bins for The Metroplex

Highways

- The GS Superhighway JV is testing to refit high-pole lamps with energy-saving lights to further reduce electricity consumption
- The West Route JV is planning to install an additional 0.4km of noise barriers along the expressways to further mitigate impact on residential areas in the proximity and to build a badminton stadium in Zhongshan South living area for staff use
- Both JV companies will continue to maintain service standards by providing staff members with professional training, internal contests and educational activities

Energy

Heyuan JV plans to implement the following:

- Carry out related upgrades for the plant to reduce dust emissions
- Carry out NOSA audit
- Continue to reinforce sense of safety through occupational health and safety training
- Continue to encourage employees to participate in leisure activities and promote better work-life balance
- Continue to organise competitions for staff to enhance their team spirit and sense of belonging
- Continue to encourage employee volunteering

General

- Assess and explore information technology solutions to improve workplace efficiency
- Promote and upgrade corporate branding
- Enhance employee relations and staff engagement
- Revamp human resource analytical reports to provide timely information for management
- Arrange training on Compliance and Corporate Governance

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

This is the fourth 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.

We have written the Report according to the Global Reporting Initiative (GRI) sustainability reporting G3.1 framework and The Environmental, Social and Governance (ESG) Reporting Guide of Hong Kong Exchanges and Clearing Limited (HKEx). The report was verified by the Hong Kong Quality Assurance Agency (“HKQAA”).

Corporate Governance Practices

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

In November 2013, Sir Gordon Wu, the Chairman, was awarded the Lifetime achievement award of 2013 Hong Kong Business awards by the South China Morning Post and DHL in recognition for his business and social contribution to Hong Kong over a sustained period of time.

Under his renowned and capable leadership, the Board will certainly maintain a high degree of transparency and corporate governance practices, and the Company will surely retain its competitive edge in the market.

Throughout the year ended 30 June 2014, the Company has complied with all the code provisions as set out in the CG Code, except for the deviation from code provisions A.5.1 and A.5.6 of the CG Code with explanation described below.

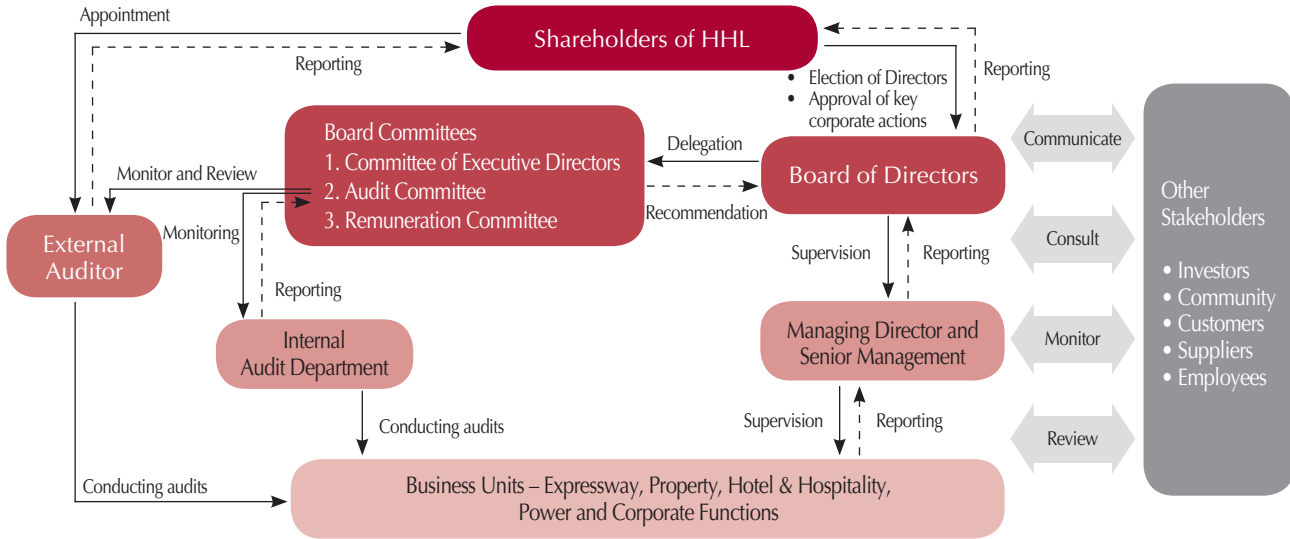
Code provision A.5.1

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

Code provision A.5.6

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

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises seven Executive Directors (including the Chairman), two Non-Executive Directors and five Independent Non-Executive Directors. That is, more than one-third of the Board are Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 14 to 21 of this Annual Report. The remuneration of the Executive Directors of the Company, who are regarded as senior management of the Company, are disclosed in note 13 to the consolidated financial statements.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results, other disclosures to the public or regulators and 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 judgement. At least one of the Independent Non-Executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-Executive Director a written annual confirmation of independence. The Board considers that all of the Independent Non-Executive Directors are independent. Although Mr. Guy Man Guy WU is the cousin of Mr. Thomas Jefferson WU, the Managing Director of the Company, Mr. Guy Man Guy WU has not carried out any managerial functions for the Company, is not financially dependent on the Company and does not have any material business dealings with the Company or with any core connected persons of the Company. So, the Board still considers that Mr. Guy Man Guy WU is independent.

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.

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), Ms. Linda Lai Chuen LOKE and Mr. Guy Man Guy WU. The Company Secretary of the Company, or in his absence, his representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

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

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board has been delegated to the Audit Committee 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 and disclosures in the Corporate Governance Report
- review arrangements for concerns about possible improprieties in financial reporting, internal control or other matters

Principal works performed during the year under review 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 2013 and the interim financial statements for the six months ended 31 December 2013
- 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 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, Dr. Gordon YEN (Chairman), Ms. Linda Lai Chuen LOKE and Mr. Guy Man Guy WU and a Non-Executive Director, Mr. Carmelo Ka Sze LEE. The head of Group Human Resources Department of the Company serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

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

Major 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

Principal works performed during the year under review included:

- reviewed and approved the remuneration of all Executive Directors for the year of 2014 and bonus payment for the year of 2013
- reviewed the level of Directors' fees and made recommendations on the Directors' fees for the year ended 30 June 2014

The 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 2013 Annual General Meeting are as follows:

	Number of meetings attended/held			
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	2013 Annual General Meeting
Number of meetings held	5	2	2	1
Executive Directors				
Sir Gordon WU GBS, KCMG, FICE	5/5	N/A	N/A	1/1
Mr. Eddie Ping Chang HO	4/5	N/A	N/A	1/1
Mr. Thomas Jefferson WU	5/5	N/A	N/A	1/1
Mr. Josiah Chin Lai KWOK	5/5	N/A	N/A	1/1
Mr. Albert Kam Yin YEUNG	5/5	N/A	N/A	1/1
Mr. William Wing Lam WONG	5/5	N/A	N/A	1/1
Ir. Leo Kwok Kee LEUNG	5/5	N/A	N/A	1/1
Non-Executive Directors				
Lady WU JP	4/5	N/A	N/A	1/1
Mr. Carmelo Ka Sze LEE JP	5/5	N/A	2/2	1/1
Independent Non-Executive Directors				
Mr. Guy Man Guy WU	5/5	2/2	2/2	1/1
Ms. Linda Lai Chuen LOKE	5/5	2/2	2/2	1/1
Mr. Sunny TAN	5/5	2/2	N/A	1/1
Dr. Gordon YEN	5/5	N/A	2/2	1/1
Mr. Ahito NAKAMURA	5/5	N/A	N/A	1/1

In addition, the Chairman of the Board held a meeting with the Non-Executive Directors and the Independent Non-Executive Directors without the presence of the Executive Directors in May 2014.

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.

Corporate Governance Report

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. Arrangements were made to have speakers delivering talks and presentations to Directors on relevant topics with emphasis on the roles, functions and duties of directors as well as corporate governance issues. The costs for such trainings are borne by the Company.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director. Directors are requested to provide the records of training they received to the Company for record.

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

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

Company Secretary

The Company Secretary is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He 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. Richard Cho Wa LAW resigned as the Company Secretary of the Company with effect from 18 April 2014 and upon his resignation, Mr. Po Wah HUEN of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Mr. HUEN is Mr. Josiah Chin Lai KWOK, the Deputy Managing Director. Both Mr. HUEN and Mr. LAW have attended no less than 15 hours of relevant professional training during the financial year.

Accountability and Audit

Financial Reporting

The Directors recognise the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties 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 113 and 114 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 2013.

During the year ended 30 June 2014, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK\$'000
Audit services	5,502
Non-audit services:	
Interim review	921
Others	390
Total	6,813

Internal Controls

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

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 periodically 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, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently conducted by the Internal Audit Department on an on-going basis for principal operations. Audit findings and risk concerns are raised to responsible management for rectification with significant items reported to the Audit Committee at least twice every year.

For the year under review, the Board, through the Audit Committee, has consistently reviewed the effectiveness and proper functioning of the Group's internal control system.

Business Ethics

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

Remuneration Policy

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

The fixed elements of the Executive Directors' remuneration are reviewed annually 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 2013 Annual General Meeting.

Inside Information Policy

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

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors and an employees' share dealing rules ("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 inside information. Having made specific enquiry with Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout the year under review.

Shareholders

Communication with Shareholders

The Company recognises the importance of communications with the shareholders of the Company, both individual and institutional as well as potential investors. The Board has 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 HHL Website

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

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee and the Remuneration Committee together with the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2013 Annual General Meeting was held at Auditorium, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 21 October 2013. The 2014 Annual General Meeting has been scheduled to be held on 21 October 2014.

Investor Relations

The Company strives to maintain effective two-way communications with the investment community. The Company believes that such practice can enhance the market's understanding and confidence of its businesses and hence create value for its shareholders.

During the year under review, the Company's investor relations team interacted with investors and equity research analysts through various channels. Conference calls were arranged subsequent to interim and final results announcements so that the Company's management could explain the latest business and financial performances to them. Meetings were conducted to facilitate exchange of opinions between investors and the Company and enhance investors' understanding of the Company's business strategies. Enquiries from investors and analysts were handled in a responsive manner. Besides, the Company's investor relations team also participated in investor conferences and road shows in order to maintain regular communications with the investment community.

The Company will continue to maintain a high level of transparency in order to strengthen the investment community's understanding of its businesses. Investors can direct any comments or enquiries to the Company's investor relations team at ir@hopewellholdings.com.

Shareholders' Rights

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

Voting by poll

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

Convening of a general meeting on requisition by shareholders

In accordance with Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company, may request the Directors to convene a general meeting. The written requisition must state the object of the meeting, and must be authenticated 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, and each must be authenticated by the person(s) making it.

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

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

Procedures for directing shareholders' enquiries to the Board

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

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

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

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 2014.

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 2014 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 115.

Dividends

The Directors recommend the payment of a final cash dividend of HK60 cents (2013: HK55 cents) per share in respect of the year ended 30 June 2014.

Together with the interim cash dividend of HK50 cents (2013: HK45 cents) per share paid on 19 February 2014, total cash dividends for the year will be HK110 cents (2013: HK100 cents) per share.

The Board also recommend a special final dividend to be effected by way of a distribution in specie of shares in HHI. Eligible shareholders will receive one ordinary share in HHI for every multiple of 20 ordinary shares in the Company held by them as at the close of business on 27 October 2014.

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 22 to 69.

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 119 and note 34 to the consolidated financial statements.

Distributable Reserve

The Company's distributable reserve at 30 June 2014 amounts to approximately HK\$8,528 million (2013: HK\$5,715 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\$556,000 (2013: HK\$1,389,000).

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 197 and 199.

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 14 to 21.

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her last election/re-election and shall be eligible for re-election subject to the provisions of the Articles of Association of the Company. Mr. Josiah Chin Lai KWOK, Mr. Guy Man Guy WU, Lady WU, Ms. Linda Lai Chuen LOKE and Mr. Sunny TAN shall retire from office at the 2014 Annual General Meeting and, being eligible, offered themselves for re-election.

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

Directors' 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 2014, 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⁾

Directors	Shares				Total Interests	Approximate % of shareholding
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests		
Sir Gordon WU	75,083,240	25,420,000 ⁽ⁱⁱⁱ⁾	111,250,000 ^(iv)	30,680,000 ^(v)	242,433,240 ^(viii)	27.82
Eddie Ping Chang HO	27,691,500	–	70,000	–	27,761,500	3.18
Thomas Jefferson WU	27,600,000	–	–	–	27,600,000	3.16
Josiah Chin Lai KWOK	1,275,000	–	–	–	1,275,000	0.14
Guy Man Guy WU	2,645,650	–	–	–	2,645,650	0.30
Lady WU	25,420,000	125,143,240 ^(vi)	61,190,000 ^(vii)	30,680,000 ^(v)	242,433,240 ^(viii)	27.82
Linda Lai Chuen LOKE	–	1,308,981	–	–	1,308,981	0.15
Albert Kam Yin YEUNG	90,000	–	–	–	90,000	0.01
William Wing Lam WONG	338,000	–	–	–	338,000	0.03

Notes:

- (i) All interests in the shares 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 family interests in 25,420,000 shares represented the interests of his wife Lady WU.
- (iv) The corporate interests in 111,250,000 shares held by Sir Gordon WU included the interests in 61,190,000 shares referred to in Note (vii).
- (v) The other interests in 30,680,000 shares represented the interests held by Sir Gordon WU jointly with Lady WU.
- (vi) 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.
- (vii) The corporate interests in 61,190,000 shares were held through corporations owned by Sir Gordon WU and Lady WU as to 50% each.
- (viii) Sir Gordon WU and Lady WU were deemed under the SFO to have same interests with each other.

(B) Associated Corporation — HHI

Directors	HHI Shares					Total Interests	Approximate % of issued share capital
	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		
Sir Gordon WU	13,717,724	5,244,000 ⁽ⁱⁱ⁾	21,249,999 ⁽ⁱⁱⁱ⁾	6,136,000 ^(iv)	46,347,723 ^(viii)	1.50	
Eddie Ping Chang HO	4,889,500	–	14,000	–	4,903,500	0.15	
Thomas Jefferson WU	16,000,000	–	–	–	16,000,000	0.51	
Josiah Chin Lai KWOK	127,500	–	–	–	127,500	0.00	
Guy Man Guy WU	264,565	–	–	–	264,565	0.00	
Lady WU	5,244,000 ^(v)	22,729,725 ^(vi)	12,237,998 ^(vii)	6,136,000 ^(iv)	46,347,723 ^(viii)	1.50	
Linda Lai Chuen LOKE	–	130,898	–	–	130,898	0.00	
Albert Kam Yin YEUNG	29,000	–	–	–	29,000	0.00	
William Wing Lam WONG	15,000	–	–	–	15,000	0.00	
Leo Kwok Kee LEUNG	200,000	–	–	–	200,000	0.00	

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 2014, 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

2003 HHL Share Option Scheme

- (A) A share option scheme (the “2003 HHL Share Option Scheme”) was approved by the shareholders of the Company effective on 1 November 2003 and has been terminated with effect from the adoption of the new share option scheme of the Company by the shareholders on 21 October 2013. No further options will be granted under the 2003 HHL Share Option Scheme but in all other respects the provisions of the 2003 HHL Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any option granted under the 2003 HHL Share Option Scheme prior to its termination, or otherwise to the extent as may be required in accordance with the rules of the 2003 HHL Share Option Scheme. A summary of some of the principal terms of the 2003 HHL Share Option Scheme is set out in (B) below.
- (B) The 2003 HHL 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. The maximum entitlement of each participant under the 2003 HHL Share Option Scheme in any 12-month period must not exceed 1% of the issued shares of the Company. As at the date of this report, there were still options granted and outstanding under the 2003 HHL Share Option Scheme and 4,166,400 shares were issuable for options granted under the 2003 HHL Share Options Scheme, representing approximately 0.49% of the total issued shares of the Company.

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 HHL Share Option Scheme during the year ended 30 June 2014 were as follows:

	Date of grant	Exercise price per share (HK\$)	Number of share options				Outstanding at 30/06/2014	Exercise period	Closing price before date of grant falling within the year (HK\$)
			Outstanding at 01/07/2013	Granted during the year	Exercised during the year	Lapsed during the year			
Employees	10/10/2006	22.44	1,468,800	-	(1,468,800)	-	01/11/2007-31/10/2013	N/A	
Employees	15/11/2007	36.10	3,472,000	-	-	(256,000)	3,216,000	01/12/2008-30/11/2014	N/A
Employees	24/07/2008	26.35	619,400	-	-	-	619,400	01/08/2009-31/07/2015	N/A
Employees	11/03/2009	21.45	440,500	-	(109,500)	-	331,000	18/03/2010-17/03/2016	N/A
Total			6,000,700	-	(1,578,300)	(256,000)	4,166,400		

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 a Director and the employees during the year was HK\$25.64.

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

Maximum options exercisable	Exercise period
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

2013 HHL Share Option Scheme

- (A) The shareholders of the Company approved the adoption of a new share option scheme (“2013 HHL Share Option Scheme”) effective on 22 October 2013. The 2013 HHL Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the 2013 HHL Share Option Scheme is set out in (B) below.
- (B) The 2013 HHL Share Option Scheme is designated to provide the Company with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

The maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding) under the 2013 HHL Share Option Scheme and any other share option schemes of the Company will not exceed 10% in aggregate the total number of shares in issue as at the date of adoption of the 2013 HHL Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the 2013 HHL Share Option Scheme in any 12-month period must not exceed 1% of the total number of shares in issue. As at the date of this report, no options were granted under the 2013 HHL Share Option Scheme and 87,205,492 shares were issuable under the 2013 HHL Share Option Scheme, representing approximately 10% of the total issued shares of the Company.

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 such time to be determined by the Board, provided that no offer shall be open for acceptance after expiry of the term and/or the period stipulated in the offer letter. The amount payable on acceptance of an option is HK\$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the 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.

Share Options of HHI

2003 HHI Share Option Scheme

- (A) A 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 "2003 HHI Share Option Scheme"). The 2003 HHI Share Option Scheme expired on 15 July 2013. No further options will be granted but the provisions of the 2003 HHI Options Scheme shall in all other respects remain in full force and effect and options which were granted during the life of the 2003 HHI Share Option Scheme may continue to be exercisable in accordance with their respective terms of issue. A summary of some of the principal terms of the 2003 HHI Share Option Scheme is set out in (B) below.

(B) The purpose of the 2003 HHI Share 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. The maximum entitlement of each participant under the 2003 HHI Share 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, there were still options granted and outstanding under the 2003 HHI Share Option Scheme and 760,000 HHI shares were issuable under the 2003 HHI Share Option Scheme, representing approximately 0.02% of the total issued shares of HHI.

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 2003 HHI Share Option Scheme during the year ended 30 June 2014 were as follows:

	Date of grant	Exercise price per share (HK\$)	Number of HHI share options				Outstanding at 30/06/2014	Exercise period	Closing price before date of grant falling within the year (HK\$)
			Outstanding at 01/07/2013	Granted during the year	Exercised during the year	Lapsed during the year			
Employees of HHI	17/10/2006	5.858	4,080,000	-	-	(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			4,840,000	-	-	(4,080,000)	760,000		

No options were cancelled during the year.

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

Maximum options exercisable	Exercise period
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

2013 HHI Share Option Scheme

- (A) A new share option scheme was approved by both the shareholders of HHI and the Company effective on 22 October 2013 (“2013 HHI Share Option Scheme”). The 2013 HHI Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the 2013 HHI Share Option Scheme is set out in (B) below.
- (B) The 2013 HHI Share Option Scheme is designated to provide HHI with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of HHI, directors or employees or consultants, professionals or advisers of/to each member of the HHI Group) and for such other purposes as the HHI Board may approve from time to time.

The maximum number of shares in HHI 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) under the 2013 HHI Share Option Scheme and any other share option schemes of HHI will not exceed 10% in aggregate the total number of shares in issue as at the date of adoption of the 2013 HHI Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the 2013 HHI Share Option Scheme in any 12-month period must not exceed 1% of the total issued shares of HHI. As at the date of this report, no options were granted under the 2013 HHI Share Option Scheme and 308,169,028 HHI shares were issuable under the 2013 HHI Share Option Scheme, representing approximately 10% of the total issued shares of HHI.

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

The exercise price for an option shall be such price as the board of HHI may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the highest of (a) the closing price of 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 HHI.

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

Under the HHL 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 shares of the Company as at the date of such grant.

- (C) During the year under review, cash dividend income amounting to HK\$78,217 (2013: HK\$102,120) 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 2014.

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.

Report of the Directors

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

Under the HHI 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 2014 and accordingly no dividend income was received in respect of shares held upon the trust for the HHI Award Scheme (2013: 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 2014 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 2014 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 for the period of July 2013 to May 2014, and, HK\$30,000 from June 2014 onwards. 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\$11,644,000 (2013: HK\$11,233,000).

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 Shareholders' and Other Persons' Interests in Shares

As at 30 June 2014, as far as is known to the Directors, the interests or short positions of substantial shareholders and other persons (other than Directors and chief executives of the Company) 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, or as otherwise notified to the Company, were as follows:

Name	Capacity	Number of shares	Approximate % of shareholdings
Longleaf Partners Small Cap Fund	Beneficial owner	54,532,000	6.25%
Southeastern Asset Management Inc.	Investment manager	87,140,500 ⁽ⁱ⁾	10.00%

The above interests in the shares of the Company held by the substantial shareholders were long positions.

Note:

- (i) Southeastern Asset Management Inc. is the investment manager of Longleaf Partners Small Cap Fund and is therefore deemed to be interested in the shares owned by Longleaf Partners Small Cap Fund under the SFO. The interests of Southeastern Asset Management Inc. in 87,140,500 shares included the block of shares beneficially owned by Longleaf Partners Small Cap Fund.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued shares of the Company and recorded in the register maintained under Section 336 of the SFO as at 30 June 2014.

Purchase, Sale or Redemption of Securities

During the year ended 30 June 2014, the Company repurchased a total of 1,228,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of HK\$32,497,625. 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\$
January 2014	328,500	26.90	26.25	8,767,725
February 2014	783,500	26.95	25.85	20,717,950
March 2014	116,000	26.00	25.90	3,011,950

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 2014.

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.

Connected Transactions and Continuing Connected Transactions

During the year under review, there were no connected transactions and continuing connected transactions which are required to be disclosed in accordance with the requirements of the Listing Rules. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the related party transactions as disclosed in note 40 to the consolidated financial statements constitutes a connected transaction under Chapter 14A of the Listing Rules.

Public Float

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

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2014 Annual General Meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 26 August 2014

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 115 to 196, which comprise the consolidated and Company's statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company 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 predecessor Hong Kong Companies Ordinance (Cap. 32) and the Hong Kong Companies Ordinance (Cap. 622), whenever applicable, 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. This report is made solely to you, as a body, in accordance with section 80 of Schedule 11 of the Hong Kong Companies Ordinance (Cap. 622), 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 2014, 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 predecessor Hong Kong Companies Ordinance (Cap. 32) and the Hong Kong Companies Ordinance (Cap. 622), whenever applicable.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 August 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	NOTES	2013 HK\$'000	2014 HK\$'000
Turnover	5	1,725,179	2,092,527
Cost of sales and services		(672,102)	(910,682)
		1,053,077	1,181,845
Other income	6	312,727	285,632
Selling and distribution costs		(81,911)	(78,327)
Administrative expenses		(348,165)	(337,991)
Gain on disposal of investment properties (Broadwood Twelve)	14(b)	5,486	–
Fair value gain of:			
Commercial portion of HCII after land conversion (investment properties under development)	18	2,249,555	–
Completed investment properties	14	8,725,358	125,653
Finance costs	7	(107,034)	(99,785)
Share of profits of:			
Joint ventures	8		
Expressway projects		798,471	711,777
Power plant project and others		150,280	154,659
Associate	20	10,643	2,203
Profit before taxation	9	12,768,487	1,945,666
Income tax expense	10	(295,305)	(329,418)
Profit for the year		12,473,182	1,616,248
Other comprehensive income (expense):			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements of subsidiaries and joint ventures		429,136	(150,133)
<i>Item that will not be reclassified to profit or loss:</i>			
Gain arising from revaluation of other properties before reclassification to investment properties		87,908	187,388
Other comprehensive income for the year		517,044	37,255
Total comprehensive income for the year		12,990,226	1,653,503
Profit for the year attributable to:			
Owners of the Company		12,206,300	1,358,168
Non-controlling interests		266,882	258,080
		12,473,182	1,616,248
Total comprehensive income attributable to:			
Owners of the Company		12,621,157	1,442,033
Non-controlling interests		369,069	211,470
		12,990,226	1,653,503
		HK\$	HK\$
Earnings per share	12		
Basic		13.97	1.56
Diluted		13.96	1.56

Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	2013 HK\$'000	2014 HK\$'000
ASSETS			
Non-current Assets			
Completed investment properties	14	26,320,298	26,838,359
Property, plant and equipment ("PPE")	15	686,219	739,728
Properties under development	18		
Commercial portion of HCII (investment properties)		4,368,000	4,411,300
Hotel portion of HCII (PPE)		2,133,848	2,232,829
Properties for development	18	891,375	1,233,124
Interests in joint ventures	19		
Expressway projects		8,153,979	7,893,999
Power plant project and others		1,023,319	1,090,205
Interest in an associate	20	31,440	30,635
Available-for-sale investments	21	9,044	8,977
Amounts due from joint ventures	22	3,512,561	762,806
		47,130,083	45,241,962
Current Assets			
Inventories	23	7,818	7,484
Stock of properties	24		
Under development		772,679	670,472
Completed		214,972	181,101
Trade and other receivables	25	387,355	347,542
Deposits and prepayments		155,660	124,845
Amounts due from joint ventures	22	689,936	2,251,389
Bank balances and cash held by:	26		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		3,487,459	4,194,150
HHI Group		1,869,790	1,016,188
		7,585,669	8,793,171
Assets classified as held for sale (Broadwood Twelve)	14(b)	688,750	634,350
		8,274,419	9,427,521
Total Assets		55,404,502	54,669,483
Time deposits with original maturity over three months held by:			
<i>Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)</i>			
		867,894	212,330
<i>HHI Group</i>			
		–	936,743
		867,894	1,149,073
Cash and cash equivalents held by:			
<i>Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)</i>			
		2,619,565	3,981,820
<i>HHI Group</i>			
		1,869,790	79,445
		4,489,355	4,061,265
Total bank balances and cash		5,357,249	5,210,338

	NOTES	2013 HK\$'000	2014 HK\$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	33	2,179,098	11,179,498
Share premium and reserves	34	41,064,055	32,595,445
Equity attributable to owners of the Company		43,243,153	43,774,943
Non-controlling interests		3,268,815	3,116,782
Total Equity		46,511,968	46,891,725
Non-current Liabilities			
Warranty provision	38(a)	53,966	53,966
Deferred tax liabilities	35	394,423	431,954
Amount due to a minority shareholder of a subsidiary	30	56,546	50,371
Bank borrowings of:	32		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		3,580,000	3,249,800
HHI Group		631,500	247,900
		4,716,435	4,033,991
Current Liabilities			
Trade and other payables	27	564,335	516,988
Rental and other deposits		349,259	301,249
Amount due to an associate	28	1,598	1,360
Amount due to a joint venture	28	8,828	10,611
Tax liabilities		285,191	289,059
Corporate bonds	31	757,800	–
Bank borrowings of:	32		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,078,900	2,000,000
HHI Group		128,600	624,500
		4,174,511	3,743,767
Liabilities associated with assets classified as held for sale	14(b)	1,588	–
		4,176,099	3,743,767
Total Liabilities		8,892,534	7,777,758
Total Equity and Liabilities		55,404,502	54,669,483

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

Company's Statement of Financial Position

At 30 June 2014

	NOTES	2013 HK\$'000	2014 HK\$'000
ASSETS			
Non-current Assets			
Investments in subsidiaries	16	1,090,547	1,151,749
Amounts due from subsidiaries	17	35,785,303	36,760,596
Investment in an associate	20	–	–
Available-for-sale investments	21	3,000	3,000
		36,878,850	37,915,345
Current Assets			
Trade and other receivables		1,476	1,321
Deposits and prepayments		16,014	337
Amounts due from subsidiaries	29	23,845	83,307
Bank balances and cash	26	862,628	1,962,706
		903,963	2,047,671
Total Assets		37,782,813	39,963,016
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	33	2,179,098	11,179,498
Share premium and reserves	34	14,722,995	8,569,335
Total Equity		16,902,093	19,748,833
Current Liabilities			
Trade and other payables		22,612	8,389
Amount due to an associate	28	1,598	1,360
Amounts due to subsidiaries	29	20,856,510	20,204,434
Total Liabilities		20,880,720	20,214,183
Total Equity and Liabilities		37,782,813	39,963,016

Thomas Jefferson WU
Managing Director

Josiah Chin Lai KWOK
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Attributable to owners of the Company										Attributable to non-controlling interests				
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Translation reserve	PRC statutory reserves	Property revaluation reserve	Share option reserve	Shares held for share award	Retained profits	Sub-total	Share option reserve of HHI	Share of net assets of subsidiaries	Sub-total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 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
Profit for the year	-	-	-	-	-	-	-	-	-	12,206,300	12,206,300	-	266,882	266,882	12,473,182
Other comprehensive income for the year	-	-	-	-	326,949	-	87,908	-	-	-	414,857	-	102,187	102,187	517,044
Total comprehensive income for the year	-	-	-	-	326,949	-	87,908	-	-	12,206,300	12,621,157	-	369,069	369,069	12,990,226
Shares issued	8,474	84,722	-	-	-	-	-	(16,758)	-	-	76,438	-	-	-	76,438
Shares repurchased and cancelled (note 33)	(9,034)	-	9,034	-	-	-	-	-	-	(111,014)	(111,014)	-	-	-	(111,014)
Reversal of equity-settled share-based payments	-	-	-	-	-	-	-	(73)	-	-	(73)	-	-	-	(73)
Forfeiture of vested share options	-	-	-	-	-	-	-	(5,569)	-	5,569	-	-	-	-	-
Increase in capital of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	467,049	467,049	467,049
Increase in net assets value attributable to the Group upon partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	74,097	74,097	-	(74,097)	(74,097)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(277,247)	(277,247)	(277,247)
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	-	-	-	-	(1,215,400)	(1,215,400)	-	-	-	(1,215,400)
Transfers between reserves	-	-	-	-	-	10,416	-	-	-	(10,416)	-	-	-	-	-
At 30 June 2013	2,179,098	8,864,077	93,279	10,010	1,206,068	125,355	265,003	43,019	(2,178)	30,459,422	43,243,153	2,980	3,265,835	3,268,815	46,511,968
Profit for the year	-	-	-	-	-	-	-	-	-	1,358,168	1,358,168	-	258,080	258,080	1,616,248
Other comprehensive income (expense) for the year	-	-	-	-	(103,523)	-	187,388	-	-	-	83,865	-	(46,610)	(46,610)	37,255
Total comprehensive income (expense) for the year	-	-	-	-	(103,523)	-	187,388	-	-	1,358,168	1,442,033	-	211,470	211,470	1,653,503
Shares issued	5,185	37,859	-	-	-	-	-	(7,736)	-	-	35,308	-	-	-	35,308
Shares repurchased and cancelled (note 33)	(3,636)	-	3,636	-	-	-	-	-	-	(32,584)	(32,584)	-	-	-	(32,584)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	29	-	-	29	-	-	-	29
Forfeiture of vested share options	-	-	-	-	-	-	-	(2,150)	-	4,756	2,606	(2,606)	-	(2,606)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(360,897)	(360,897)	(360,897)
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	-	-	-	-	(915,602)	(915,602)	-	-	-	(915,602)
Transfers between reserves	-	-	-	-	-	13,242	-	-	-	(13,242)	-	-	-	-	-
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance ("new HKCO") (Note)	8,998,851	(8,901,936)	(96,915)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	11,179,498	-	-	10,010	1,102,545	138,597	452,391	33,162	(2,178)	30,860,918	43,774,943	374	3,116,408	3,116,782	46,891,725

Note: Par value of the Company's shares is retired and the relevant concepts of nominal value, share premium and capital redemption reserve are abolished upon the commencement of the new HKCO on 3 March 2014.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2013 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	12,768,487	1,945,666
Adjustments for:		
Depreciation of property, plant and equipment	69,643	69,129
Finance costs	107,034	99,785
Net exchange gain	(32,586)	(6,820)
Fair value gain of:		
Completed investment properties	(8,725,358)	(125,653)
Commercial portion of HCII after land conversion (investment properties under development)	(2,249,555)	–
Gain on disposal of investment properties	(5,486)	–
Interest income	(256,925)	(247,166)
Loss on disposal of property, plant and equipment	534	94
Share-based payment expense (reversed) recognised	(73)	29
Share of profits of		
Joint ventures		
Expressway projects	(798,471)	(711,777)
Power plant project and others	(150,280)	(154,659)
Associate	(10,643)	(2,203)
Operating cash flows before movements in working capital	716,321	866,425
(Increase) decrease in inventories	(557)	334
(Increase) decrease in stock of properties	(175,564)	120,937
(Increase) decrease in trade and other receivables, and deposits and prepayments	(49,560)	51,828
Increase (decrease) in trade and other payables, and rental and other deposits	80,374	(117,178)
Cash generated from operations	571,014	922,346
Tax paid		
Hong Kong Profits Tax	(50,142)	(57,488)
Taxation elsewhere	(76,193)	(133,304)
NET CASH FROM OPERATING ACTIVITIES	444,679	731,554

	2013 HK\$'000	2014 HK\$'000
INVESTING ACTIVITIES		
Placement of time deposits with original maturity over three months	(1,906,859)	(2,856,201)
Withdrawal of time deposits with original maturity over three months	1,808,339	2,545,444
Interest received	244,443	249,542
Dividends received (net of PRC withholding tax)	1,137,133	916,308
Additions to completed investment properties	(85,262)	(123,873)
Additions to property, plant and equipment	(50,775)	(126,917)
Additions to properties for/under development	(3,957,533)	(435,098)
(Advances to) repayment from joint ventures:		
Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV")	(1,244,780)	38,160
200 Queen's Road East Project (net)	(132,773)	986,755
Heyuan Project	–	126,100
Proceeds and deposit received from disposal of investment properties	518,427	–
Net proceeds from disposal of property, plant and equipment	192	2
Acquisition of available-for-sale investment	(6,044)	–
Tax paid in Hong Kong for disposal of investment properties held for sale	(35,856)	(11,801)
Tax paid elsewhere for interest received	(35,580)	(28,895)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(3,746,928)	1,279,526
FINANCING ACTIVITIES		
Repayment to corporate bonds	(1,683,600)	(745,200)
New bank borrowings raised	9,287,800	2,376,300
Repayment of bank borrowings	(5,963,000)	(2,659,700)
Dividends and distributions paid to		
Owners of the Company	(1,215,400)	(915,602)
Non-controlling interests	(277,247)	(360,897)
Capital contribution from minority shareholders of subsidiaries	467,049	–
Net proceeds from issue of shares by the Company	76,438	35,308
Repurchase of shares	(97,715)	(45,883)
Repayment to a minority shareholder of a subsidiary	(8,401)	(8,640)
Advance from an associate	3,127	1,411
Repayment to an associate	(2,416)	(1,649)
Advance from a joint venture	3,794	1,783
Finance costs paid	(189,481)	(125,570)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	400,948	(2,448,339)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,901,301)	(437,259)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,229,926	4,489,355
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	160,730	9,169
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,489,355	4,061,265
TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS	867,894	1,149,073
TOTAL BANK BALANCES AND CASH	5,357,249	5,210,338

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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, Wan Chai, Hong Kong.

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

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

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, 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 these consolidated financial statements.

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

Application of new and revised HKFRSs (continued)

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

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 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The application of HKFRS 10 did not have significant impact on amounts reported in the consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

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

Application of new and revised HKFRSs (continued)

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

Impact of the application of HKFRS 11 (continued)

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The Directors reviewed and assessed the classification of the Group’s interests in joint arrangements in accordance with the requirements of HKFRS 11. The Directors concluded that the Group’s interests in joint arrangements, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continued to be accounted for using the equity method. The application of HKFRS 11 did not have significant impact on amounts reported in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 19 and 43 for details).

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

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

Application of new and revised HKFRSs (continued)

HKFRS 13 *Fair Value Measurement* (continued)

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see notes 14, 18 and 42(c) for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ⁴
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁶
HKFRS 15	Revenue from Contracts with Customers ⁷
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plant ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ⁴
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ⁴
HK(IFRIC)-Int 21	Levies ³

¹ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application – the mandatory effect date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 January 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

⁷ Effective for annual periods beginning on or after 1 January 2017

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

HKFRS 15 will be adopted in the Group’s consolidated financial statements for the annual period beginning on 1 July 2017 and the Group is in the process of assessing the impact of HKFRS 15 to the consolidated financial statements.

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 that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions, leasing transactions and measurements that have some similarities to fair value but are not fair value, such as net realisable value of inventories or value in use of impairment of assets, if any. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Significant Accounting Policies (continued)

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 and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost (including deemed capital contribution) less any identified impairment loss.

Investments in associates and joint ventures

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

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

3. Significant Accounting Policies (continued)

Investments in associates and joint ventures (continued)

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

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

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

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

In the Company's statement of financial position, investment in an associate is stated at cost less any identified impairment loss.

3. Significant Accounting Policies (continued)

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. In circumstances where the fair value of an investment property under development is not reliably measurable but the fair value of the property is expected to be reliably measurable when construction is completed, such investment properties under development are measured at cost less impairment, if any, until either its fair value becomes reliably determinable or construction is completed, whichever is the earlier. Properties for development in which the fair value cannot be reliably measured are measured at cost under HKAS 16 *Property, Plant and Equipment*. Once the fair value of an investment property under development that has previously been measured at cost is able to measure reliably, the property is measured at fair value. Any difference between the fair value of the property at that time and its previous carrying amount is recognised in profit or loss. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

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

Depreciation is recognised so as to write off the cost or deemed cost of assets over their estimated useful lives, using the straight-line method, from the date on which they become fully operational and after taking into account of their estimated residual value. The estimated useful lives 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 in the course of construction for production or for administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

3. Significant Accounting Policies (continued)

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

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

Non-current assets held for sale

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

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

3. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised 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

Financial assets are classified into available-for-sale (“AFS”) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

AFS financial assets

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

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

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

Loans and receivables

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

For 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 assets, 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 average 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.

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment 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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity 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.

Financial liabilities

Financial liabilities (including amounts due to subsidiaries, amount due to a minority shareholder interest of a subsidiary, corporate bonds, bank borrowings, trade and other payables, amount due to an associate and amount due to a joint venture) are subsequently measured at amortised cost, using the effective interest method.

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.

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the 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.

3. Significant Accounting Policies (continued)

Inventories

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

Stock of properties

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

Provisions

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

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

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

3. Significant Accounting Policies (continued)

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 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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

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

Taxation

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

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

3. Significant Accounting Policies (continued)

Taxation (continued)

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

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

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

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

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

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

3. Significant Accounting Policies (continued)

Borrowing costs

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

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

Retirement benefit costs

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

Equity-settled share-based payment transactions

For share option schemes that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and 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, 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing.

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 significant risks and rewards of ownership of the properties are transferred to the purchasers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Hotel ownership and management

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

Restaurant operations and food catering

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

Interest income

Interest income 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 judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Investment properties

Completed investment properties of HK\$27,473 million (2013: HK\$27,009 million) and investment properties under development of HK\$4,411 million (2013: HK\$4,368 million) 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 joint ventures and amortisation of additional cost of investments in joint ventures

Amortisation of concession intangible assets held by joint ventures and amortisation of the Group's additional cost of investments in joint ventures 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 joint ventures.

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

4. Key Sources of Estimation Uncertainty (continued)

Resurfacing obligations related to toll expressways operated by joint ventures

Certain joint ventures 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 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.

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

Depreciation of power plant operated by a joint venture

Depreciation of power plant operated by a joint venture 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 joint ventures and share of profits of joint ventures should there be a material change in the expected volume of production or useful life of the power plant.

Fair value measurements and valuation processes

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

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

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value. Notes 14 and 18 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value.

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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 (i.e. the executive directors of the Company). Certain operating segments that do not meet the quantitative thresholds are aggregated in "Other operations".

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

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

Information regarding the above segments is reported below.

Segment revenue

	2013			2014		
	External HK\$'000	Inter-segment HK\$'000	Combined HK\$'000	External HK\$'000	Inter-segment HK\$'000	Combined HK\$'000
Property investment	798,526	49,329	847,855	889,910	51,116	941,026
Hotel, restaurant and catering operation	461,791	550	462,341	454,311	240	454,551
Property development	1,008,262	–	1,008,262	748,306	–	748,306
Toll road investment	2,244,122	–	2,244,122	2,418,970	–	2,418,970
Power plant	1,378,015	–	1,378,015	1,233,140	–	1,233,140
Treasury income	256,925	–	256,925	247,165	–	247,165
Total segment revenue	6,147,641	49,879	6,197,520	5,991,802	51,356	6,043,158

Segment revenue includes the turnover as presented in consolidated statement of profit or loss and other comprehensive income, gross proceeds from sale of completed investment properties held for sale and treasury income of the Group, and the Group's attributable share of revenue of joint ventures engaged in toll road investment and power plant.

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

5. Turnover and Segment Information (continued)

Segment revenue (continued)

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

	2013 HK\$'000	2014 HK\$'000
Total segment revenue from external customers	6,147,641	5,991,802
Less:		
Sale of completed investment properties held for sale included in the segment revenue of property development	(543,400)	–
Treasury income	(256,925)	(247,165)
Share of revenue of joint ventures engaged in:		
Toll road investment	(2,244,122)	(2,418,970)
Power plant	(1,378,015)	(1,233,140)
Turnover as presented in consolidated statement of profit or loss and other comprehensive income	1,725,179	2,092,527

Segment results

	2013				2014			
	The Company and subsidiaries HK\$'000	Joint ventures HK\$'000	Associate HK\$'000	Total HK\$'000	The Company and subsidiaries HK\$'000	Joint ventures HK\$'000	Associate HK\$'000	Total HK\$'000
Property investment	496,892	1,589	10,643	509,124	553,908	2	2,203	556,113
Hotel, restaurant and catering operation	144,649	–	–	144,649	127,022	–	–	127,022
Property development	2,471,305	–	–	2,471,305	298,845	–	–	298,845
Toll road investment	(49,465)	798,471	–	749,006	(45,384)	711,777	–	666,393
Power plant	(2,202)	148,691	–	146,489	(2,053)	154,657	–	152,604
Treasury income	256,925	–	–	256,925	247,165	–	–	247,165
Other operations	(14,372)	–	–	(14,372)	(1,261)	–	–	(1,261)
Total segment results	3,303,732	948,751	10,643	4,263,126	1,178,242	866,436	2,203	2,046,881

For the year ended 30 June 2013, fair value gain of commercial portion of HCII after land conversion (investment properties under development) amounting to HK\$2,250 million forms part of the segment results of property development.

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For the year ended 30 June 2014

5. Turnover and Segment Information (continued)

Segment results (continued)

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

	2013 HK\$'000	2014 HK\$'000
Segment results	4,263,126	2,046,881
Unallocated other income	31,130	6,088
Unallocated corporate expenses	(144,093)	(133,171)
	4,150,163	1,919,798
Fair value gain of completed investment properties	8,725,358	125,653
Finance costs	(107,034)	(99,785)
Profit before taxation	12,768,487	1,945,666

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:

	<i>Revenue from external customers</i>		<i>Non-current assets</i>	
	<i>(Note (a))</i>		<i>(Note (b))</i>	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
Hong Kong	1,834,685	1,381,323	34,318,945	35,366,449
The PRC	4,312,956	4,610,479	80,795	88,891
	6,147,641	5,991,802	34,399,740	35,455,340

Notes:

- (a) Revenue from external customers include sale of completed investment properties held for sale, treasury income, and the Group's share of revenue of joint ventures from Hong Kong and the PRC amounting to HK\$39,341,000 (2013: HK\$576,562,000) and HK\$3,859,934,000 (2013: HK\$3,845,900,000) respectively, which are excluded from the turnover as presented in consolidated statement of profit or loss and other comprehensive income.
- (b) Non-current assets exclude financial instruments, interests in joint ventures and interest in an associate.

6. Other Income

	2013 HK\$'000	2014 HK\$'000
Included in other income are:		
Interest income from bank deposits	177,194	134,964
Interest income from amounts due from joint ventures	79,731	112,202
Exchange gain, net	32,586	6,820

7. Finance Costs

	2013 HK\$'000	2014 HK\$'000
Interests on:		
Corporate bonds	13,190	10,386
Bank borrowings wholly repayable within 5 years	89,253	103,308
Loan commitment fees and others	24,112	27,385
	126,555	141,079
Less: finance costs capitalised in properties under development	(19,521)	(41,294)
	107,034	99,785

The capitalisation rate on funds borrowed generally is 1.6% (2013: 0.8%) per annum.

8. Share of Profits of Joint Ventures

	2013 HK\$'000	2014 HK\$'000
Expressway projects in PRC		
Share of profits of joint ventures before amortisation of additional cost of investments in joint ventures	910,114	825,714
Amortisation of additional cost of investments in joint ventures	(111,643)	(113,937)
	798,471	711,777
Power plant project and others		
Share of profits of joint ventures	150,280	154,659
	948,751	866,436

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9. Profit before Taxation

	2013 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	5,502	5,502
Depreciation of property, plant and equipment	69,643	69,129
Loss on disposal of property, plant and equipment	534	94
Rental expense in respect of properties under operating leases	116	92
Rental and other related income from investment properties, less direct attributable outgoings of HK\$304,580,000 (2013: HK\$289,422,000)	(506,418)	(574,185)
Charitable donations	1,389	556
Share of tax of associate (included in share of profit of associate)	198	430
Share of tax of joint ventures (included in share of profits of joint ventures)	366,607	361,625
Staff costs (including Directors' emoluments)	416,157	442,943

10. Income Tax Expense

	2013 HK\$'000	2014 HK\$'000
Hong Kong Profits Tax		
Current year	74,594	66,610
Overprovision in respect of prior years	(2,132)	(5,310)
	72,462	61,300
Taxation elsewhere — current year		
PRC Enterprise Income Tax ("EIT")	127,611	134,889
PRC Land Appreciation Tax ("LAT")	67,301	93,923
	194,912	228,812
Deferred tax (note 35)	27,931	39,306
	295,305	329,418

10. Income Tax Expense (continued)

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.

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

PRC EIT for the year includes PRC withholding tax on dividends declared during the year by the Group's joint ventures amounting to approximately HK\$48 million (2013: HK\$57 million).

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

Details of deferred taxation are set out in note 35.

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

	2013 HK\$'000	2014 HK\$'000
Profit before taxation	12,768,487	1,945,666
Tax at Hong Kong Profits Tax rate of 16.5%	2,106,800	321,035
PRC LAT (net of tax effect on deduction of EIT)	50,476	70,443
Tax effect of expenses not deductible for tax purposes	37,257	30,251
Tax effect of income not taxable for tax purposes	(1,841,836)	(38,955)
Tax effect of tax losses not recognised	20,123	20,138
Tax effect of utilisation of tax losses not previously recognised	(8,515)	(4,629)
Tax effect of share of profits of joint ventures and an associate	(158,300)	(143,325)
Overprovision in respect of prior years	(2,132)	(5,310)
Effect of different tax rates of subsidiaries operating in other jurisdictions	31,305	19,153
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	60,564	61,069
Others	(437)	(452)
Income tax expense for the year	295,305	329,418

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11. Dividends

	2013 HK\$'000	2014 HK\$'000
Dividends recognised as distribution during the year:		
Final cash dividend for the year ended 30 June 2013 of HK55 cents per share (2013: for the year ended 30 June 2012 of HK54 cents per share)	472,052	479,822
Special final cash dividend for the year ended 30 June 2013: Nil (2013: for the year ended 30 June 2012 of HK40 cents per share)	349,669	–
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(68)	(40)
	821,653	479,782
Interim cash dividend for the year ended 30 June 2014 of HK50 cents per share (2013: for the year ended 30 June 2013 of HK45 cents per share)	393,779	435,856
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(32)	(36)
	393,747	435,820
	1,215,400	915,602
Dividends proposed:		
Final cash dividend for the year ended 30 June 2014 of HK60 cents per share (2013: for the year ended 30 June 2013 of HK55 cents per share)	479,022	522,753
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust (note 33)	(40)	(43)
	478,982	522,710
Special final dividend by way of a distribution in specie (Note)	–	176,865
	478,982	699,575

11. Dividends (continued)

Note: In addition to the proposed final cash dividend of HK60 cents per share, the Board also proposed a special final dividend to be effected by way of a distribution in specie of shares in HHI. Eligible shareholders will receive one ordinary share in HHI for every multiple of 20 ordinary shares in the Company held by them as at the close of business on 27 October 2014 (the "Record Date").

As at 25 August 2014 (being the latest practicable date), there were 871,255,221 ordinary shares of the Company in issue. On the assumption that there is no change in the issued share capital of the Company up to the Record Date, a maximum of 43,562,761 HHI Shares will be distributed and, based on the closing price per HHI Share of HK\$4.06 on 25 August 2014, as traded on The Stock Exchange of Hong Kong Limited, the maximum aggregate market value of the HHI Shares to be distributed (the "Distribution Shares") is approximately HK\$177 million, which represents a distribution of approximately HK20 cents per share of the Company.

The final aggregate market value of the Distribution Shares will be calculated based on the fair value of the Distribution Shares at the dividend settlement date and the issued shares of the Company at the Record Date. Therefore, the final aggregate market value of the Distribution Shares may be different from the above figure.

The proposed final cash dividend is 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. The proposed final dividends are subject to approval by the shareholders in general meeting.

12. Earnings per Share

	<i>2013</i> <i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic and diluted earnings per share	12,206,300	1,358,168
	<i>Number</i> <i>of shares</i>	<i>Number</i> <i>of shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	873,930,371	871,585,525
Effect of dilutive potential ordinary shares in respect of share options	599,246	183,128
Weighted average number of ordinary shares for the purpose of diluted earnings per share	874,529,617	871,768,653

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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 2014			
	Directors' fees HK\$'000	Salaries, bonus and other benefits HK\$'000	Contributions to provident fund schemes HK\$'000	Total HK\$'000
Sir Gordon Ying Sheung WU	300	1,590	–	1,890
Mr. Eddie Ping Chang HO	250	1,272	–	1,522
Mr. Thomas Jefferson WU	200	4,500	15	4,715
Mr. Josiah Chin Lai KWOK	200	3,975	15	4,190
Mr. Guy Man Guy WU	300	–	–	300
Lady WU Ivy Sau Ping KWOK	300	–	–	300
Ms. Linda Lai Chuen LOKE	300	–	–	300
Mr. Albert Kam Yin YEUNG	200	3,943	15	4,158
Mr. Sunny TAN	300	–	–	300
Mr. Carmelo Ka Sze LEE	300	–	–	300
Mr. William Wing Lam WONG	200	3,615	15	3,830
Ir. Leo Kwok Kee LEUNG	200	3,615	15	3,830
Dr. Gordon YEN	300	–	–	300
Mr. Ahito NAKAMURA	300	–	–	300
	3,650	22,510	75	26,235

	Year ended 30 June 2013			
	Directors' fees HK\$'000	Salaries, bonus and other benefits HK\$'000	Contributions to provident fund schemes HK\$'000	Total HK\$'000
Sir Gordon Ying Sheung WU	300	1,988	–	2,288
Mr. Eddie Ping Chang HO	250	1,590	–	1,840
Mr. Thomas Jefferson WU	200	5,538	15	5,753
Mr. Josiah Chin Lai KWOK	200	3,975	15	4,190
Mr. Guy Man Guy WU	300	–	–	300
Lady WU Ivy Sau Ping KWOK	300	–	–	300
Ms. Linda Lai Chuen LOKE	300	–	–	300
Mr. Albert Kam Yin YEUNG	200	4,070	15	4,285
Mr. Sunny TAN	300	–	–	300
Mr. Carmelo Ka Sze LEE	300	–	–	300
Mr. Eddie Wing Chuen HO Junior	200	1,037	15	1,252
Mr. William Wing Lam WONG	200	3,731	15	3,946
Ir. Leo Kwok Kee LEUNG	200	3,731	15	3,946
Dr. Gordon YEN	300	–	–	300
Mr. Ahito NAKAMURA	161	–	–	161
	3,711	25,660	90	29,461

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

(a) Directors' emoluments (continued)

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

	<i>Year ended 30 June 2014</i>			
	<i>Directors' fees</i>	<i>Salaries, bonus and other benefits</i>	<i>Contributions to provident fund schemes</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sir Gordon Ying Sheung WU	300	3,180	–	3,480
Mr. Eddie Ping Chang HO	250	2,544	–	2,794
Mr. Thomas Jefferson WU	200	3,000	15	3,215
	750	8,724	15	9,489

	<i>Year ended 30 June 2013</i>			
	<i>Directors' fees</i>	<i>Salaries, bonus and other benefits</i>	<i>Contributions to provident fund schemes</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sir Gordon Ying Sheung WU	300	4,240	–	4,540
Mr. Eddie Ping Chang HO	250	3,180	–	3,430
Mr. Thomas Jefferson WU	200	3,692	15	3,907
	750	11,112	15	11,877

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

(a) Directors' emoluments (continued)

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

	Year ended 30 June 2014			
	Directors' fees HK\$'000	Salaries, bonus and other benefits HK\$'000	Contributions to provident fund schemes HK\$'000	Total HK\$'000
Sir Gordon Ying Sheung WU	600	4,770	–	5,370
Mr. Eddie Ping Chang HO	500	3,816	–	4,316
Mr. Thomas Jefferson WU	400	7,500	30	7,930
Mr. Josiah Chin Lai KWOK	200	3,975	15	4,190
Mr. Guy Man Guy WU	300	–	–	300
Lady WU Ivy Sau Ping KWOK	300	–	–	300
Ms. Linda Lai Chuen LOKE	300	–	–	300
Mr. Albert Kam Yin YEUNG	200	3,943	15	4,158
Mr. Sunny TAN	300	–	–	300
Mr. Carmelo Ka Sze LEE	300	–	–	300
Mr. William Wing Lam WONG	200	3,615	15	3,830
Ir. Leo Kwok Kee LEUNG	200	3,615	15	3,830
Dr. Gordon YEN	300	–	–	300
Mr. Ahito NAKAMURA	300	–	–	300
	4,400	31,234	90	35,724

	Year ended 30 June 2013			
	Directors' fees HK\$'000	Salaries, bonus and other benefits HK\$'000	Contributions to provident fund schemes HK\$'000	Total HK\$'000
Sir Gordon Ying Sheung WU	600	6,228	–	6,828
Mr. Eddie Ping Chang HO	500	4,770	–	5,270
Mr. Thomas Jefferson WU	400	9,230	30	9,660
Mr. Josiah Chin Lai KWOK	200	3,975	15	4,190
Mr. Guy Man Guy WU	300	–	–	300
Lady WU Ivy Sau Ping KWOK	300	–	–	300
Ms. Linda Lai Chuen LOKE	300	–	–	300
Mr. Albert Kam Yin YEUNG	200	4,070	15	4,285
Mr. Sunny TAN	300	–	–	300
Mr. Carmelo Ka Sze LEE	300	–	–	300
Mr. Eddie Wing Chuen HO Junior	200	1,037	15	1,252
Mr. William Wing Lam WONG	200	3,731	15	3,946
Ir. Leo Kwok Kee LEUNG	200	3,731	15	3,946
Dr. Gordon YEN	300	–	–	300
Mr. Ahito NAKAMURA	161	–	–	161
	4,461	36,772	105	41,338

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

(a) Directors' emoluments (continued)

Mr. Ahito NAKAMURA was appointed as an independent non-executive director of the Company with effect from 17 December 2012.

Mr. Eddie Wing Chuen HO Junior resigned as an executive director of the Company with effect from 30 June 2013.

Other than fees and emoluments of HK\$1,500,000 (2013: HK\$1,361,100) 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 2014 and 30 June 2013.

(b) Highest paid employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2013: four) were Directors whose emoluments are disclosed above. The emoluments of the remaining one (2013: one) individual was a director of HHI whose emolument was as follows:

	2013 HK\$'000	2014 HK\$'000
Directors' fees	200	200
Salaries, bonus and other benefits	4,240	4,108
	4,440	4,308

14. Completed Investment Properties

	<i>The Group</i>	
	2013 HK\$'000	2014 HK\$'000
Completed investment properties at fair value:		
At beginning of the year	18,631,482	27,009,048
Additions on subsequent expenditure	76,769	162,708
Disposals of assets classified as held for sale	(515,861)	–
Transfer from property, plant and equipment	91,300	276,500
Transfer to property, plant and equipment	–	(101,200)
Fair value gain of completed investment properties	8,725,358	125,653
At end of the year	27,009,048	27,472,709
Included in assets classified as held for sale (Note (b))	(688,750)	(634,350)
	26,320,298	26,838,359

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14. Completed Investment Properties (continued)

The Group's investment properties comprise:

	2013 HK\$'000	2014 HK\$'000
Land and buildings in Hong Kong on		
Long leases	15,456,450	15,748,250
Medium-term leases	11,516,400	11,688,600
	26,972,850	27,436,850
Land and buildings in the PRC on medium-term leases	36,198	35,859
	27,009,048	27,472,709

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*. No deposits have been received during the year (2013: HK\$1,588,000). Deposits received of such properties were classified as "Liabilities associated with assets classified as held for sale" at the end of the reporting period.

There is no disposal of assets classified as held for sale in current year. For the year ended 30 June 2013, a gain on disposal of HK\$5 million was recognised in profit or loss. Such gain was included in the segment result of property development in note 5.

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

Fair value measurement of investment properties

The fair value of the Group's investment properties at 30 June 2013, date of transfer and 30 June 2014 have 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, registered professional surveyor (M.R.I.C.S. and M.H.K.I.S.) not connected to the Group. For office premises, serviced apartments, car parks and retail outlets, the valuation is arrived at by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties or, where appropriate, by using direct comparison method by making reference to comparable sales transactions as available in the relevant market. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Significant unobservable inputs used to determine fair value of the Group's investment properties, which are categorised in Level 3 throughout the year, include capitalisation rate, that ranges from 3% to 3.75%. The fair value measurement of completed investment properties is negatively correlated to the capitalisation rate.

15. Property, Plant and Equipment

The Group

	<i>Land and buildings in Hong Kong</i>		<i>Hotel assets</i>	<i>Other assets</i>	<i>Total</i>
	<i>Hotel property</i>	<i>Other properties</i>			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST					
At 1 July 2012	474,872	351,915	236,830	341,618	1,405,235
Additions	–	5,446	16,139	22,835	44,420
Transfer to investment properties (Note)	–	(6,012)	–	–	(6,012)
Disposals	–	–	(202)	(6,225)	(6,427)
At 30 June 2013	474,872	351,349	252,767	358,228	1,437,216
Additions	–	842	34,116	75,688	110,646
Transfer to investment properties (Note)	–	(109,000)	–	–	(109,000)
Transfer from investment properties	–	101,200	–	–	101,200
Disposals	–	–	(2,016)	(664)	(2,680)
At 30 June 2014	474,872	344,391	284,867	433,252	1,537,382
DEPRECIATION					
At 1 July 2012	194,709	82,924	145,743	266,299	689,675
Provided for the year	9,272	13,530	15,170	31,671	69,643
Eliminated on transfer (Note)	–	(2,620)	–	–	(2,620)
Eliminated on disposals	–	–	(196)	(5,505)	(5,701)
At 30 June 2013	203,981	93,834	160,717	292,465	750,997
Provided for the year	9,272	12,922	17,273	29,662	69,129
Eliminated on transfer (Note)	–	(19,888)	–	–	(19,888)
Eliminated on disposals	–	–	(1,930)	(654)	(2,584)
At 30 June 2014	213,253	86,868	176,060	321,473	797,654
CARRYING VALUES					
At 30 June 2014	261,619	257,523	108,807	111,779	739,728
At 30 June 2013	270,891	257,515	92,050	65,763	686,219

Note:

During the year, office premises included in other properties with an aggregate fair value of HK\$276.5 million (2013: HK\$91.3 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\$187.4 million (2013: HK\$87.9 million) has been dealt with in property revaluation reserve.

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15. Property, Plant and Equipment (continued)

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

	<i>The Group</i>	
	2013 HK\$'000	2014 HK\$'000
Hotel property on land under medium-term leases	270,891	261,619
Other properties on land under		
Long leases	160,913	164,558
Medium-term leases	96,602	92,965
	257,515	257,523

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

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

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

16. Investments in Subsidiaries

	<i>The Company</i>	
	2013 HK\$'000	2014 HK\$'000
Unlisted shares, at cost less impairment	333	212
Deemed capital contribution	1,090,214	1,151,537
	1,090,547	1,151,749

Particulars of the principal subsidiaries are set out in note 43.

17. Amounts Due from Subsidiaries

The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and have no fixed repayment terms. In the opinion of the Directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly these amounts are classified as non-current. The effective interest rate on the amounts due from subsidiaries in respect of the year is 2.2% (2013: 2.2%) per annum, representing the borrowing rates of the relevant subsidiaries.

18. Properties for Development and Properties under Development

Properties for development

	<i>The Group</i>	
	<i>2013</i>	<i>2014</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
COST		
At beginning of the year	1,170,897	891,375
Additions	207,338	341,749
Transfer to properties under development	(486,860)	–
At end of the year	891,375	1,233,124

Properties under development

The Group

	<i>Commercial portion of HCII (investment properties)</i>	<i>Hotel portion of HCII (PPE)</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2012	–	–	–
Transferred from properties for development	243,250	243,610	486,860
Additions	1,875,195	1,890,238	3,765,433
Fair value gain of commercial portion of HCII after land conversion	2,249,555	–	2,249,555
At 30 June 2013	4,368,000	2,133,848	6,501,848
Additions	43,300	98,981	142,281
At 30 June 2014	4,411,300	2,232,829	6,644,129

On 26 June 2012, the Group received from the Hong Kong Government an offer of the amount of land premium for the land conversion in respect of the development of HCII. HCII is expected to comprise a conference hotel to be accounted for as properties, plant and equipment (hotel portion) and a retail podium, office spaces and car parking spaces to be accounted for as investment properties (collectively referred to as “commercial portion”). Prior to the land conversion as defined in the announcement of HHL dated 26 June 2012, the development plan of HCII had not been approved by the Hong Kong Government. Therefore, the cost of HCII could not be reliably allocated to the hotel and commercial portion and the fair value of commercial portion could not be reliably measurable. The carrying amount of HCII comprising development expenditure and other directly attributable expenses, carried at cost less any recognised impairment loss of HCII amounting to HK\$486,860,000 as at 30 June 2012 was included in properties for development.

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

Subsequent to the acceptance of the land conversion offer with land premium of approximately HK\$3,726 million for the development site to develop HCII and the approval of development plan by the Hong Kong Government, the Group obtained possession of the additional portion of the land for the development of HCII project in October 2012 and transferred the carrying amount of HCII to properties under development. With the information of the land premium and the approved development plan, the respective hotel and commercial portion can be reliably determined and the fair value of commercial portion of HCII can be reliably measured during the year ended 30 June 2013. Accordingly, total cost of approximately HK\$487 million in respect of HCII have been allocated to commercial portion of HCII (investment properties) for an amount of HK\$243 million and hotel portion of HCII (PPE) for an amount of HK\$244 million based on their relative fair value. Fair value gain of HK\$2.2 billion relating to the commercial portion is recognised in profit or loss during the year ended 30 June 2013.

The hotel portion of HCII (PPE) is carried at cost less any recognised impairment loss. Depreciation of buildings commences when they are available for use. Included in the cost of properties under development is interest capitalised totalling HK\$92 million (2013: HK\$50.7 million).

Properties for development represents properties acquired for future development of which the development plan is yet to be fixed. The development cost cannot be determined at the end of the reporting period. Properties for which the fair value cannot be reliably measured due to inactive transaction for comparable properties and alternative reliable measurements of fair value are not available are measured at cost under HKAS 16 *Property, Plant and Equipment*.

The Group's major properties for development and properties under development are land under medium-term leases located in Hong Kong.

Fair value measurement of investment properties under development

The fair value of the Group's investment properties under development at the end of the reporting period has been arrived at on the basis of a valuation carried out on that date by DTZ. The valuation is arrived at by direct comparison approach by making reference to comparable sales transactions as available in the relevant market and have allowed for construction cost to be expended on the proposed development. There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

For investment properties under development that are stated at fair value, estimated costs to complete construction and development profit are estimated by valuers based on market conditions at the end of the reporting period. The estimates are largely consistent with the development budgets prepared by the Group (as set out in note 36(a)) based on management's experience and knowledge of market conditions. The fair value measurement of investment properties under development, which are categorised in Level 3 throughout the year, is negatively correlated to the construction cost and the development profit.

19. Interests in Joint Ventures

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

	<i>The Group</i>	
	<i>2013</i> <i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
Expressway projects in the PRC		
Unlisted investments, at cost		
Registered capital contribution	2,373,876	2,373,876
Additional cost of investments	2,764,528	2,764,528
	5,138,404	5,138,404
Share of post-acquisition profits and other comprehensive income, net of dividends received	4,189,060	4,043,117
Less: Accumulated amortisation	(1,173,485)	(1,287,522)
	8,153,979	7,893,999
Power plant project in the PRC		
Unlisted investment, at cost		
Registered capital contribution	631,867	631,867
Share of post-acquisition profits and other comprehensive income, net of dividends received	380,843	447,727
	1,012,710	1,079,594
Other unlisted investments	10,609	10,611
	9,177,298	8,984,204

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19. Interests in Joint Ventures (continued)

Particulars of the Group's principal joint ventures at 30 June 2013 and 30 June 2014 are as follows:

Name of company	Issued capital/ registered capital	Proportion of issued/ registered capital held by the Group		Principal activities
		2013	2014	
Incorporated in Hong Kong:				
Grand Site Development Limited ("Grand Site")	HK\$2	50%	50%	Development and property investment
Hong Kong Bowling City Limited (In members' voluntary winding up)	HK\$10,250,000 "A" shares	50%	50%	Operation of a bowling center
	HK\$10,250,000 "B" shares			
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") (Note (b))	RMB4,263,000,000	50%	50%	Development, operation and management of an expressway
Shenzhen Energy Hopewell Power (Heyuan) Co., Ltd. ("Heyuan JV") (Note (c))	RMB1,560,000,000	40%	40%	Development and operation of a power plant

19. Interests in Joint Ventures (continued)

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

(a) GS Superhighway JV

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

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

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

(b) West Route JV

West Route JV is established to undertake the development, operation and management of an expressway linking Guangzhou, Zhongshan and Zhuhai (“Western Delta Route”) and 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 operation period for Phase II West is 25 years commencing from 25 June 2010.

The 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). The operation period for Phase III West is 25 years commencing from 25 January 2013.

19. Interests in Joint Ventures (continued)

(b) West Route JV (continued)

As at 30 June 2014, the approved registered capital of West Route JV was RMB4,263 million (2013: 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. For future development plan, please refer to note 36(f).

19. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures

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

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

	2013			2014		
	GS Superhighway JV HK\$'000	West Route JV HK\$'000	Total HK\$'000	GS Superhighway JV HK\$'000	West Route JV HK\$'000	Total HK\$'000
Non-current assets	13,512,875	17,828,454	31,341,329	12,755,359	17,317,210	30,072,569
Current assets	612,609	520,478	1,133,087	505,366	230,295	735,661
Non-current liabilities	(5,066,231)	(11,426,072)	(16,492,303)	(4,252,652)	(10,057,497)	(14,310,149)
Current liabilities	(1,876,211)	(1,542,539)	(3,418,750)	(1,867,954)	(2,307,955)	(4,175,909)
Net assets of the joint ventures	7,183,042	5,380,321	12,563,363	7,140,119	5,182,053	12,322,172
Proportion of the Group's ownership interest	48%	50%		48%	50%	
Net assets shared by HHI Group	3,447,860	2,690,161	6,138,021	3,427,257	2,591,027	6,018,284
Effect for change in profit-sharing ratio of a joint venture over the operation period	(18,067)	–	(18,067)	(24,462)	–	(24,462)
Net assets contributable to HHI Group	3,429,793	2,690,161	6,119,954	3,402,795	2,591,027	5,993,822
Carrying amount of additional cost of investments and related exchange realignment	1,732,428	48,873	1,781,301	1,615,471	47,990	1,663,461
Carrying amount of the HHI Group's interests in the joint ventures	5,162,221	2,739,034	7,901,255	5,018,266	2,639,017	7,657,283
Carrying amount of other additional cost of investments	234,478	18,246	252,724	218,103	18,613	236,716
Carrying amount of the Group's interests in the joint ventures	5,396,699	2,757,280	8,153,979	5,236,369	2,657,630	7,893,999
Revenue	4,029,719	2,343,499	6,373,218	4,016,965	1,112,895	5,129,860
Depreciation and amortisation charges	(739,664)	(232,857)	(972,521)	(804,624)	(340,030)	(1,144,654)
Finance costs	(49,385)	(535,367)	(584,752)	(39,300)	(711,096)	(750,396)
Income tax expenses	(652,051)	–	(652,051)	(636,367)	–	(636,367)
Profit (loss) for the year	1,976,772	(87,934)	1,888,838	1,866,794	(140,693)	1,726,101
Other comprehensive income (expense)	256,258	142,655	398,913	(75,777)	(42,132)	(117,909)
Total comprehensive income (expense)	2,233,030	54,721	2,287,751	1,791,017	(182,825)	1,608,192

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19. Interests in Joint Ventures (continued)

Aggregate information of joint ventures that are not individually material

	2013 HK\$'000	2014 HK\$'000
The Group's share of profit for the year	150,280	154,659
The Group's share of other comprehensive income (expense)	34,536	(13,253)
The Group's share of total comprehensive income	184,816	141,406

20. Interest in an Associate

	<i>The Group</i>	
	2013 HK\$'000	2014 HK\$'000
Cost of investments, unlisted	–	–
Share of post-acquisition profits and other comprehensive income, net of dividends received	31,440	30,635
	31,440	30,635

	<i>The Company</i>	
	2013 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	–	–

Particulars regarding the principal associate at 30 June 2013 and 30 June 2014, which is incorporated and operating in Hong Kong, are as follows:

<i>Name of company</i>	<i>Proportion of nominal value of issued capital held by the Group</i>		<i>Principal activities</i>
	2013 %	2014 %	
Granlai Company Limited	46	46	Property investment

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

Information of an associate that is not material

	2013 HK\$'000	2014 HK\$'000
The Group's share of profit and total comprehensive income for the year	10,643	2,203
Carrying amount of the Group's interest in an associate	31,440	30,635

21. Available-For-Sale Investments

	<i>The Group</i>	
	<i>2013</i>	<i>2014</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments, at cost	9,044	8,977

	<i>The Company</i>	
	<i>2013</i>	<i>2014</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments, at cost	3,000	3,000

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

22. Amounts Due from Joint Ventures

	<i>Contractual interest rate</i>	<i>The Group</i>	
		<i>2013</i>	<i>2014</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Grand Site — 200 Queen's Road East Project West Route JV	–	2,249,561	1,262,806
— Phase II West (RMB1,000 million)	6.2%	1,263,000	1,249,000
— Phase III West (2013: RMB30 million)	6.0%	37,890	–
Heyuan JV (2014: RMB400 million, 2013: RMB500 million)	5.4%	631,500	499,600
Interest receivable	–	20,546	2,789
		4,202,497	3,014,195
Analysed for reporting purposes as:			
Current assets		689,936	2,251,389
Non-current assets		3,512,561	762,806
		4,202,497	3,014,195

The amounts due from joint ventures classified as non-current assets are unsecured and have no fixed repayment terms.

The advance to Grant Site was subordinated to the project bank loan, which was fully repaid in June 2014 and the facilities were terminated accordingly.

The amounts due from joint ventures classified as current assets are unsecured and repayable within one year after the end of the reporting period.

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23. Inventories

	<i>The Group</i>	
	<i>2013</i>	<i>2014</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hotel and restaurant inventories	7,818	7,484

The cost of inventories recognised as an expense during the year amounted to HK\$66,452,000 (2013: HK\$68,955,000).

24. Stock of Properties

The cost of properties recognised as an expense during the year amounted to HK\$383,909,000 (2013: HK\$184,615,000).

At 30 June 2014, the stock of properties under development of HK\$615 million (2013: HK\$715 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:

	<i>The Group</i>	
	<i>2013</i>	<i>2014</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Receivables aged		
0–30 days	41,891	34,532
31–60 days	21,680	4,083
Over 60 days	16,735	5,491
	80,306	44,106
Less: Allowance for doubtful debts	(633)	(669)
	79,673	43,437
Interest receivable on bank deposits	24,282	25,029
Dividend receivable from joint ventures	283,400	279,076
	387,355	347,542

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\$15,914,000 (2013: HK\$14,752,000) 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:

	2013 HK\$'000	2014 HK\$'000
0–30 days	12,579	13,321
31–60 days	2,107	2,412
Over 60 days	66	181
Total	14,752	15,914

Movement in the allowance for doubtful debts:

	2013 HK\$'000	2014 HK\$'000
Balance at beginning of the year	62	633
Recognition of impairment losses	571	36
Balance at end of the year	633	669

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 0.003% to 5.4% (2013: 0.01% to 4.20%) per annum.

Included in the bank balances and cash are restricted bank balances of HK\$904 million (2013: HK\$734 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 RMB576 million (2013: RMB1,397 million), US\$1 million (2013: US\$1 million) and HK\$353 million (2013: HK\$361 million) which are denominated in currencies other than the functional currencies of the respective subsidiaries.

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 0.003% to 5.4% (2013: 0.01% to 4.20%) per annum.

Included in bank balances and cash are bank deposit amounting to approximately RMB501 million (2013: RMB362 million) which is denominated in currency other than the functional currency of the Company.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

27. Trade and Other Payables

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

	<i>The Group</i>	
	2013 HK\$'000	2014 HK\$'000
Payables aged		
0–30 days	122,746	98,402
31–60 days	6,692	5,342
Over 60 days	53,581	28,781
	183,019	132,525
Retentions payable	55,086	61,229
Accrued construction and other costs	281,877	277,712
Accrued staff costs	41,011	44,546
Accrued interest on corporate bonds and bank borrowings	3,342	976
	564,335	516,988

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\$25,250,000 (2013: HK\$41,800,000) is due beyond twelve months from the end of the reporting period.

28. Amounts Due to an Associate and a Joint Venture

The Group

The amounts due to an associate and a joint venture are unsecured, interest-free and repayable on demand.

The Company

The amount due to an associate is 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 agreed to be repaid based on the cashflow position of the relevant subsidiary of which the amount is not expected to be repayable within one year after the end of the reporting period.

At 30 June 2014, the principal amount due to the minority shareholder of HK\$54 million had been reduced to its present value of HK\$50 million with corresponding adjustments which was regarded as a deemed contribution from the minority shareholder. 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

As at 30 June 2013, the corporate bonds with principal amounts of RMB600,000,000 (approximately HK\$757,800,000) carried interest at fixed rate of 1.55% per annum and have been repaid on 18 May 2014. The corporate bonds were unsecured and issued by HHI.

32. Bank Borrowings

	<i>The Group</i>	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank borrowings, unsecured	6,419,000	6,122,200
Carrying amount repayable:		
Within one year	2,207,500	2,624,500
More than one year, but not exceeding two years	2,631,500	247,900
More than two years, but not more than five years	1,580,000	3,249,800
	6,419,000	6,122,200
Less: Amounts due for settlement within one year under current liabilities	(2,207,500)	(2,624,500)
Amounts due for settlement after one year	4,211,500	3,497,700

Included in bank borrowings are approximately HK\$874 million (2013: HK\$1,010 million) which carry interest at fixed rates ranging from 3.55% to 3.98% (2013: 1.73% to 3.98%) per annum, whereas the remaining HK\$5,248 million (2013: HK\$5,409 million) carry interest at floating rates ranging from 1.32% to 1.59% (2013: 0.53% to 2.00%) per annum.

Included in bank borrowings are borrowings of the subsidiaries approximately RMB200 million (2013: RMB300 million) which are denominated in currencies other than the functional currencies of the respective subsidiaries.

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33. Share Capital

	Number of shares		Nominal value	
	2013 '000	2014 '000	2013 HK\$'000	2014 HK\$'000
The Group and the Company				
Ordinary shares of HK\$2.50 each				
Authorised	1,200,000	N/A (Note)	3,000,000	N/A (Note)
Issued and fully paid				
At beginning of the year	871,863	871,639	2,179,658	2,179,098
Issued during the year	3,390	1,578	8,474	5,185
Repurchased and cancelled during the year	(3,614)	(1,962)	(9,034)	(3,636)
Transfer from share premium and capital redemption reserve upon abolition of par value (Note)	–	–	–	8,998,851
At end of the year	871,639	871,255	2,179,098	11,179,498

Note: Par value of the Company's shares is retired and the relevant concepts of nominal value, share premium, capital redemption reserve and requirement for authorised capital are abolished upon the commencement of the new HKCO on 3 March 2014.

During the year ended 30 June 2014, the Company issued a total of 1,578,300 ordinary shares at the subscription price of HK\$22.44 each for 1,468,800 ordinary shares and HK\$21.45 each for 109,500 ordinary shares (2013: 131,500 ordinary shares at HK\$21.45 each, 3,129,600 ordinary shares at HK\$22.44 each and 128,600 ordinary shares at HK\$26.35 each, total of 3,389,700 ordinary shares) for a total cash consideration of approximately HK\$35.3 million (2013: HK\$76.4 million) upon the exercise of the share options previously granted. These shares rank *pari passu* in all respects with the existing ordinary shares.

33. Share Capital (continued)

During the year ended 30 June 2014, the Company repurchased a total of 1,228,000 ordinary shares of the Company on Stock Exchange for a total consideration (including transaction costs) of approximately HK\$33 million. 734,500 ordinary shares repurchased during the year ended 30 June 2013 were cancelled during the year. Before the commencement date of the new HKCO (i.e. 3 March 2014), the issued share capital of the Company was reduced by par value of the ordinary shares repurchased and cancelled. Repurchase and cancellation of ordinary shares on or after 3 March 2014 have no effect on the issued share capital of the Company. The ordinary shares of the Company repurchased during the year ended 30 June 2014 were summarised as follows:

<i>Month</i>	<i>Number of Ordinary shares repurchased</i> <i>'000</i>	<i>Purchase price per share</i>		<i>Total consideration paid and payable (including transaction costs)</i> <i>HK\$'000</i>
		<i>Highest</i> <i>HK\$</i>	<i>Lowest</i> <i>HK\$</i>	
January 2014	329	26.90	26.25	8,791
February 2014	783	26.95	25.85	20,773
March 2014	116	26.00	25.90	3,020
	1,228			32,584

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 2014, the Company's 72,000 (2013: 72,000) issued shares were held by HHL Employees' Share Award Scheme Trust (see note on share award scheme below). In accordance with the trust deed of the HHL Employees' Share Award Scheme Trust, the relevant trustee shall not exercise the voting rights attached to such shares.

Share option schemes

(a) The Company

In 2003, the Company adopted a share option scheme ("HHL 2003 Scheme"), which was terminated with effect from the adoption of the new share option scheme of the Company by the shareholders on 22 October 2013. 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.

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33. Share Capital (continued)

Share option schemes (continued)

(a) The Company (continued)

No further options will be granted under the HHL 2003 Scheme but in all other respects the provisions of the HHL 2003 Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any option granted under the HHL 2003 Scheme.

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\$	Number of shares under options granted						Weighted average share price at the date of exercise HK\$
		Outstanding at 1 July 2012	Movements during the year			At 30 June 2013		
			Granted	Exercised	Lapsed	Outstanding	Exercisable	
<i>Directors</i>								
10 October 2006	22.44	288,000	-	(288,000)	-	-	-	28.22
<i>Employees</i>								
10 October 2006	22.44	4,544,400	-	(2,841,600)	(234,000)	1,468,800	1,468,800	29.19
15 November 2007	36.10	3,888,000	-	-	(416,000)	3,472,000	3,472,000	N/A
24 July 2008	26.35	940,000	-	(128,600)	(192,000)	619,400	469,800	32.35
11 March 2009	21.45	572,000	-	(131,500)	-	440,500	306,100	27.78
		10,232,400	-	(3,389,700)	(842,000)	6,000,700	5,716,700	
Weighted average exercise price		HK\$27.93	N/A	HK\$22.55	HK\$30.08	HK\$30.67	HK\$31.00	

Date of grant	Subscription price per share HK\$	Number of shares under options granted						Weighted average share price at the date of exercise HK\$
		Outstanding at 1 July 2013	Movements during the year			At 30 June 2014		
			Granted	Exercised	Lapsed	Outstanding	Exercisable	
<i>Employees</i>								
10 October 2006	22.44	1,468,800	-	(1,468,800)	-	-	-	25.62
15 November 2007	36.10	3,472,000	-	-	(256,000)	3,216,000	3,216,000	N/A
24 July 2008	26.35	619,400	-	-	-	619,400	619,400	N/A
11 March 2009	21.45	440,500	-	(109,500)	-	331,000	331,000	26.50
		6,000,700	-	(1,578,300)	(256,000)	4,166,400	4,166,400	
Weighted average exercise price		HK\$30.67	N/A	HK\$22.37	HK\$36.10	HK\$33.49	HK\$33.49	

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:

<i>Date of Grant</i>	<i>Number of share options</i>	<i>Vesting period</i>	<i>Exercisable period</i>	<i>Exercise price per share HK\$</i>
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:

<i>Date of grant</i>	<i>Number of options granted</i>	<i>Fair value of options granted</i> HK\$	<i>Closing share price at date of grant</i> HK\$	<i>Exercise price</i> HK\$	<i>Expected volatility</i>	<i>Option life</i>	<i>Risk-free rate</i>	<i>Expected dividend yield</i>	<i>Suboptimal exercise factor</i>
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.

A new share option scheme ("HHL 2013 Scheme") was approved for adoption by the shareholders of the Company effective on 22 October 2013. The HHL 2013 Scheme shall be valid and effective for a period of 10 years. The principal purpose of this scheme is to provide incentives to the Directors and any eligible persons as the Board may approve from time to time. The Board is authorised under the HHL 2013 Scheme to grant options to any eligible persons specified in the scheme document to subscribe for shares in the Company. As at 30 June 2014, no options were granted under the HHL 2013 Scheme.

The Group recognised expenses of HK\$29,000 for the year (2013: reversed expenses of HK\$73,000) in relation to share options granted by the Company.

(b) HHI

A share option scheme ("HHI 2003 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 2003 Scheme expired on 15 July 2013. No further options will be granted but the provisions of the HHI 2003 Scheme shall in all other respects remain in full force and effect and options which were granted during the life of HHI 2003 Scheme may continue to be exercisable in accordance with their respective term of issue.

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:

Date of grant	Subscription price per share HK\$	Outstanding at 1 July 2012	Movements during the year			At 30 June 2013		Weighted average share price at the date of exercise HK\$
			Granted	Exercised	Lapsed	Outstanding	Exercisable	
			Number of shares under options granted					
17 October 2006	5.858	4,080,000	-	-	-	4,080,000	4,080,000	N/A
19 November 2007	6.746	360,000	-	-	-	360,000	360,000	N/A
24 July 2008	5.800	400,000	-	-	-	400,000	320,000	N/A
		4,840,000	-	-	-	4,840,000	4,760,000	
Weighted average exercise price		HK\$5.919	N/A	N/A	N/A	HK\$5.919	HK\$5.921	

Date of grant	Subscription price per share HK\$	Outstanding at 1 July 2013	Movements during the year			At 30 June 2014		Weighted average share price at the date of exercise HK\$
			Granted	Exercised	Lapsed	Outstanding	Exercisable	
			Number of shares under options granted					
17 October 2006	5.858	4,080,000	-	-	(4,080,000)	-	-	N/A
19 November 2007	6.746	360,000	-	-	-	360,000	360,000	N/A
24 July 2008	5.800	400,000	-	-	-	400,000	400,000	N/A
		4,840,000	-	-	(4,080,000)	760,000	760,000	
Weighted average exercise price		HK\$5.919	N/A	N/A	HK\$5.858	HK\$6.248	HK\$6.248	

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For the year ended 30 June 2014

33. Share Capital (continued)

Share option schemes (continued)

(b) HHI (continued)

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

<i>Date of Grant</i>	<i>Number of share options</i>	<i>Vesting period</i>	<i>Exercisable period</i>	<i>Exercise price per share HK\$</i>
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

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:

<i>Date of grant</i>	<i>Number of options granted</i>	<i>Fair value of options granted</i> HK\$	<i>Closing share price at date of grant</i> HK\$	<i>Exercise price</i> HK\$	<i>Expected volatility</i>	<i>Option life</i>	<i>Risk-free rate</i>	<i>Expected dividend yield</i>	<i>Suboptimal exercise factor</i>
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.

A new share option scheme ("HHI 2013 Scheme") was approved for adoption by both the shareholders of the Company and HHI effective on 22 October 2013. The HHI 2013 Scheme shall be valid and effective for a period of 10 years. The principal purpose of which is to provide incentives to the Directors and any eligible persons as the Board of HHI may approve from time to time. The Board of HHI is authorised under the HHI Scheme to grant options to executive directors and employees of the Company and HHI or any of its subsidiaries and persons specified in the scheme document to subscribe for shares in HHI. As at 30 June 2014, no options were granted under the HHI 2013 Scheme.

No expense is recognised by the Group for the year (2013: nil) 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.

33. Share Capital (continued)

Share award scheme (continued)

(b) HHI

On 25 January 2007, an employees' share award scheme ("HHI Share Award Scheme") was adopted by HHI. The HHI Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the HHI Share Award Scheme, HHI has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the HHI Share Award Scheme and holding the awarded shares before they 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.

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 joint ventures which are established in the PRC are required to be transferred to the PRC statutory reserves.

Property revaluation reserve

Property revaluation reserve arises on the revaluation of office premises included in other properties. Where other properties are reclassified to investment property, the cumulative increase in fair value at the date of reclassification is included in the property revaluation reserve, and will be transferred to retained profits upon the retirement or disposal of the relevant properties.

Share option reserve

The share option reserve comprises the fair value of share options granted and vested which are yet to be exercised. The reserve is dealt with in accordance with the accounting policy of equity-settled share-based payment transactions set out in note 3.

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 2012	8,779,355	84,245	9,872	65,419	(2,178)	6,446,177	15,382,890
Profit for the year and total comprehensive income for the year	-	-	-	-	-	589,594	589,594
Shares issued	84,722	-	-	(16,758)	-	-	67,964
Share repurchased and cancelled (note 33)	-	9,034	-	-	-	(111,014)	(101,980)
Reversal of equity-settled share-based payments	-	-	-	(73)	-	-	(73)
Forfeiture of vested share options	-	-	-	(5,569)	-	5,569	-
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	(1,215,400)	(1,215,400)
At 30 June 2013	8,864,077	93,279	9,872	43,019	(2,178)	5,714,926	14,722,995
Profit for the year and total comprehensive income for the year	-	-	-	-	-	3,759,589	3,759,589
Shares issued	37,859	-	-	(7,736)	-	-	30,123
Share repurchased and cancelled (note 33)	-	3,636	-	-	-	(32,584)	(28,948)
Recognition of equity-settled share-based payments	-	-	-	29	-	-	29
Forfeiture of vested share options	-	-	-	(2,150)	-	2,150	-
Dividends recognised as distribution during the year (note 11)	-	-	-	-	-	(915,602)	(915,602)
Transfer upon abolition of par value under the new HKCO	(8,901,936)	(96,915)	-	-	-	-	(8,998,851)
At 30 June 2014	-	-	9,872	33,162	(2,178)	8,528,479	8,569,335

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For the year ended 30 June 2014

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:

	<i>Accelerated tax depreciation</i> HK\$'000	<i>Fair value adjustments on investment properties</i> HK\$'000	<i>Undistributed earnings of PRC subsidiaries joint ventures</i> HK\$'000	<i>Tax losses</i> HK\$'000	<i>Others</i> HK\$'000	<i>Total</i> HK\$'000
At 1 July 2012	290,026	23,125	194,904	(146,048)	(1,535)	360,472
Exchange realignment	-	-	6,020	-	-	6,020
Charge (credit) to profit or loss	34,934	(10,568)	60,564	(295)	(56)	84,579
Release to profit or loss upon payment of withholding tax	-	-	(56,648)	-	-	(56,648)
At 30 June 2013	324,960	12,557	204,840	(146,343)	(1,591)	394,423
Exchange realignment	-	-	(1,775)	-	-	(1,775)
Charge (credit) to profit or loss	35,308	(8,976)	61,069	(53)	18	87,366
Release to profit or loss upon payment of withholding tax	-	-	(48,060)	-	-	(48,060)
At 30 June 2014	360,268	3,581	216,074	(146,396)	(1,573)	431,954

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\$1,782 million (2013: HK\$1,688 million) to offset against future profits. A deferred tax asset of HK\$146 million (2013: HK\$146 million) in respect of tax losses of HK\$887 million (2013: HK\$887 million) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$895 million (2013: HK\$801 million) due to the unpredictability of future profit streams. The tax losses available may be carried forward indefinitely.

36. Project Commitments

(a) Hopewell Centre II

Hopewell Centre II is one of the new major property projects of the Group. 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. As at 30 June 2014, the Group's commitment in respect of development costs of this project, which has been contracted for but not provided, was approximately HK\$198 million (2013: HK\$76 million).

(b) 200 Queen's Road East Project

The Group and a joint venture partner jointly hold and are developing the 200 Queen's Road East Project in Wan Chai through their shareholdings of 50% each in Grand Site, a joint venture company. The Group's total commitment to the project was approximately HK\$4.8 billion at the end 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\$2.4 billion (2013: HK\$2.2 billion) had been contributed by the Group to Grand Site to finance project development costs, of which HK\$1.1 billion has been repaid from Grand Site during the year. At the joint venture level, the sales proceeds generated from the units already sold are sufficient to fund outstanding construction and other related costs, and to repay the project bank loan. The Group will therefore not need to inject further funds into the project.

(c) Liede Integrated Commercial Project

Under a cooperation agreement entered into by a subsidiary of the Group and a PRC party to develop and lease a commercial and hotel complex property in Guangzhou, the PRC, the Group's subsidiary 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 the development is completed, the Group's subsidiary 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 billion. Up to the end of the financial year, the Group had not incurred any material cost concerning this property project.

(d) Hopewell New Town

	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised but not yet contracted for	241,510	237,995
Contracted for but not provided	224,652	324,619
	466,162	562,614

(e) Expressway projects

As at 30 June 2014, the Group has agreed, subject to approval of relevant authorities, to make additional capital contributions totalling approximately RMB403 million (equivalent to approximately HK\$503 million) (2013: RMB403 million (equivalent to approximately HK\$509 million) to a joint venture, West Route JV, for the development of Phase II West.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

36. Project Commitments (continued)

(f) Heyuan Power Plant Project

The Heyuan JV is studying the development of a second phase of the Heyuan Power Plant. This will consist of 2 x 1,000MW coal-fired power plant. A feasibility study has already been submitted to the relevant PRC authorities, and the Heyuan JV is currently applying for approvals for the 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:

	2013 HK\$'000	2014 HK\$'000
Contracted for but not provided	47,808	46,161

(g) Property renovation

	2013 HK\$'000	2014 HK\$'000
Authorised but not yet contracted for	169,593	44,940
Contracted for but not provided	39,562	19,579
	209,155	64,519

37. Operating Lease Commitments

The Group as lessor

Rental income from investment properties earned during the year is approximately HK\$879 million (2013: HK\$796 million). At the end of the reporting period, the investment properties of the Group with an aggregate carrying amount of approximately HK\$24,579 million (2013: HK\$24,283 million) 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:

	<i>The Group</i>	
	2013 HK\$'000	2014 HK\$'000
Within one year	549,533	538,164
In the second to fifth years inclusive	688,662	822,049
After five years	118,204	181,384
	1,356,399	1,541,597

38. 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\$579 million as of 30 June 2014 (2013: HK\$426 million) granted to purchasers of its properties.

The Company acted as the guarantor of bank loan facilities of Grand Site, a joint venture, to the extent of HK\$2,500 million (2013: HK\$2,500 million). In addition, the Group’s equity interest in Grand Site has been pledged to banks concerned to secure the 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 June 2014, Grand Sites has fully repaid the bank loan and the facilities were terminated accordingly (2013: HK\$1,566 million had been utilised).

As at 30 June 2013, the Company provided corporate guarantee of up to HK\$1,031 million for Grand Site to a bank in respect of a letter of undertaking issued by the bank to the Hong Kong Government for the purpose of facilitating the application of Grand Site to the Government for pre-sale consent of the 200 Queen’s Road East Project. The guarantee was released during the year ended 30 June 2014.

The Company

At 30 June 2014, the credit facilities of the Company’s subsidiaries and a joint venture to the aggregate extent of HK\$8,500 million (2013: HK\$11,090 million) are guaranteed by the Company. Such facilities were utilised in relation to utility deposit guarantee and bank borrowings to the extent of HK\$5,250 million (2013: HK\$8,256 million) at the end of the reporting period.

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.

39. 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\$25,000 per month (increased to HK\$30,000 per month with effect from 1 June 2014).

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\$11,644,000 (2013: HK\$11,233,000) 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.

40. Related Party Transactions

In addition to the balances of the Group and the Company and transactions with related parties disclosed above, the Group has the following transactions with related parties:

The registered capital amounting to HK\$702 million previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK\$702 million when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Compensation of key management personnel

The remuneration of key management personnel, who are all executive directors of the Company, is disclosed in note 13.

41. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure periodically. As part of this review, the Directors assess budgets of major projects taking into account of the provision of funding. Based on the operating budgets, the Directors consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues as well as the issue of debts.

42. Financial Instruments

(a) Categories of financial instruments

	<i>The Group</i>		<i>The Company</i>	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
Financial assets				
Loans and receivables at amortised cost (including bank balances and cash)	9,947,101	8,572,075	36,673,252	38,807,930
Available-for-sale investments	9,044	8,977	3,000	3,000
	9,956,145	8,581,052	36,676,252	38,810,930
Financial liabilities				
Liabilities at amortised cost	7,481,877	6,378,296	20,880,720	20,214,183

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include available-for-sale investments, amounts due from joint ventures, trade and other receivables, amounts due from subsidiaries, bank balances and cash, trade and other payables, amounts due to an associate/subsidiaries/a joint venture/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 ("HK\$"), Renminbi ("RMB") or United States dollars ("US dollars") which are currencies other than the functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates. Besides, certain joint ventures of the Group had outstanding bank borrowings denominated in HK\$ and US dollars that are not the functional currencies of those joint ventures (i.e. RMB).

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42. Financial Instruments (continued)

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

Market risks (continued)

(i) Currency risk (continued)

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	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
HK\$	360,591	352,910	–	–
RMB	2,477,320	1,292,653	378,900	249,800
US dollars	4,750	4,563	–	–

The Company

	Assets		Liabilities	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
RMB	458,449	627,626	–	–
US dollars	3	3	–	–

Currency risk sensitivity analysis

As HK\$ 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 HK\$. The sensitivity analysis below includes only currency risk related to RMB and HK\$/US dollars denominated monetary items of group entities whose functional currencies are HK\$ 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% (2013: 5%) change in foreign currency rates.

42. Financial Instruments (continued)

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

Market risks (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis (continued)

The Group

At the end of the reporting period, if the exchange rate of RMB against HK\$ had been strengthened/weakened by 5% (2013: 5%), the Group's profit before taxation (including the impact on the Group's share of profits of joint ventures) would increase/decrease by approximately HK\$109.3 million for the year ended 30 June 2014 (2013: increase/decrease by approximately HK\$173.4 million).

The Company

At the end of the reporting period, if the exchange rate of RMB against HK\$ had been strengthened/weakened by 5% (2013: 5%), the Company's profit before taxation would increase/decrease by approximately HK\$31.3 million for the year ended 30 June 2014 (2013: increase/decrease by approximately HK\$22.9 million).

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to bank deposits, loans to joint ventures, amounts due to an associate/a joint venture/a minority shareholders of a subsidiary, 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, amounts due from subsidiaries and amount due to an associate/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.

42. 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 38(b).

The Group's credit risk is primarily attributable to its loans to joint ventures, 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 joint venture with the joint venture partners to ensure the joint ventures maintaining favourable financial position in order to reduce such credit risk.

Other than the loans to joint ventures and dividend receivable from a joint venture, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Company's credit risk is primarily attributable to amounts due from subsidiaries. In order to minimise the credit risk, the Directors review 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 2014 amounted to HK\$50,926 million (2013: HK\$51,228 million) and HK\$5,684 million (2013: HK\$4,098 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 2014, the Group has unutilised uncommitted banking facilities of HK\$720 million (2013: uncommitted HK\$450 million and committed HK\$1,420 million).

Included in the bank borrowings are carrying amount of approximately HK\$1,248 million (2013: HK\$980 million) 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 terms. Accordingly, the amount is classified as non-current liabilities and presented in the time band of "1-5 years" in the liquidity risk table.

42. Financial Instruments (continued)

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

Liquidity risk (continued)

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.

Liquidity risk tables

The Group

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Over 2 months but not more than 1 year HK\$'000	1-2 months HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 30.6.2014 HK\$'000
2014								
Trade and other payables	-	113,560	4,959	43,076	32,011	148	193,754	193,754
Rental and other deposits	-	26,680	6,662	52,720	105,008	26,430	217,500	217,500
Amount due to an associate	-	1,360	-	-	-	-	1,360	1,360
Amount due to a joint venture	-	10,611	-	-	-	-	10,611	10,611
Amount due to a minority shareholder of a subsidiary	3.25	-	-	8,899	45,114	-	54,013	50,371
Bank borrowings	1.34-3.98	6,141	118,710	2,602,798	3,652,478	-	6,380,127	6,122,200
		158,352	130,331	2,707,493	3,834,611	26,578	6,857,365	6,595,796

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK\$'000	Over 2 months but not more than 1 year HK\$'000	1-2 months HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 30.6.2013 HK\$'000
2013								
Trade and other payables	-	131,795	5,171	49,305	51,834	-	238,105	238,105
Rental and other deposits	-	16,894	7,444	43,874	103,104	5,594	176,910	176,910
Amount due to an associate	-	1,598	-	-	-	-	1,598	1,598
Amount due to a joint venture	-	8,828	-	-	-	-	8,828	8,828
Amount due to a minority shareholder of a subsidiary	3.25	-	-	-	62,653	-	62,653	56,546
Corporate bonds	1.55	-	1,760	766,402	-	-	768,162	757,800
Bank borrowings	1.22-3.98	134,459	15,009	2,147,597	4,351,421	-	6,648,486	6,419,000
		293,574	29,384	3,007,178	4,569,012	5,594	7,904,742	7,658,787

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42. Financial Instruments (continued)

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

Liquidity risk (continued)

Liquidity risk tables (continued)

In addition, as mentioned in note 38(b), the Group has, at the end of the reporting period, given financial guarantees to banks in respect of facilities granted to purchasers of its properties and Grand Site of HK\$579 million (2013: HK\$426 million) and HK\$2,500 million (2013: HK\$3,531 million), respectively, of which no financial liability was recognised in the consolidated statement of financial position as financial guarantee contracts. In accordance with the guarantee documents, the Company may be required to settle the maximum guaranteed amounts upon demand by the counterparties to the financial guarantee contracts. The management expected that claims from the counterparties to the financial guarantee contracts are not probable.

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 30.6.2014 HK\$'000
2014							
Non-interest bearing							
Trade and other payables	8,389	-	-	-	-	8,389	8,389
Amount due to an associate	1,360	-	-	-	-	1,360	1,360
Amounts due to subsidiaries	20,204,434	-	-	-	-	20,204,434	20,204,434
	20,214,183	-	-	-	-	20,214,183	20,214,183

	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 30.6.2013 HK\$'000
2013							
Non-interest bearing							
Trade and other payables	22,612	-	-	-	-	22,612	22,612
Amount due to an associate	1,598	-	-	-	-	1,598	1,598
Amounts due to subsidiaries	20,856,510	-	-	-	-	20,856,510	20,856,510
	20,880,720	-	-	-	-	20,880,720	20,880,720

In addition, as mentioned in note 38(b), the Company has, at the end of the reporting period, given financial guarantees to banks in respect of facilities granted to its subsidiaries and Grand Site of HK\$6,000 million (2013: HK\$7,559 million) and HK\$2,500 million (2013: HK\$3,531 million), respectively, of which no financial liability was recognised in the Company's statement of financial position as financial guarantee contracts. In accordance with the guarantee documents, the Company may be required to settle the maximum guaranteed amounts upon demand by the counterparties to the financial guarantee contracts. The management expected that claims from the counterparties to the financial guarantee contracts are not probable.

42. Financial Instruments (continued)

(c) Fair value

The fair values of financial assets and financial liabilities are determined on a recurring basis in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

43. Principal Subsidiaries

The following list contains only the details of the subsidiaries at 30 June 2013 and 30 June 2014 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. Except as otherwise indicated, all the subsidiaries are private companies incorporated and are operating principally in the place of incorporation and all issued shares are ordinary shares.

Name of company	Paid up issued/ registered capital	Proportion of issued/registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013 %	2014 %	2013 %	2014 %	
Incorporated in Hong Kong:						
Banbury Investments Limited	HK\$2	–	–	100	100	Property investment
Broadwood Twelve Management Limited	HK\$1	–	–	100	100	Property management
Chee Shing Company Limited	HK\$968,000	100	100	–	–	Provision of office management services
Cineplex Asia Limited (formerly The Marquee Wedding Concept Company Limited)	HK\$1	–	–	100	100	Cinema
Exgratia Company Limited	HK\$2	–	–	100	100	Property investment
GardenEast Limited	HK\$1,000,000	–	–	100	100	Property investment
GardenEast Management Limited	HK\$300,000	–	–	100	100	Property management
HH Finance Limited	HK\$1,000,000	100	100	–	–	Loan financing
HHI Finance Limited	HK\$1	–	–	68.11	68.11	Loan financing
HHP Finance Limited	HK\$1	–	–	100	100	Loan financing

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

43. Principal Subsidiaries (continued)

Name of company	Paid up issued/ registered capital	Proportion of issued/registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013 %	2014 %	2013 %	2014 %	
Incorporated in Hong Kong: (continued)						
HHP Management Services Limited	HK\$1	–	–	100	100	Provision of office management services
Hopewell Centre Management Limited	HK\$20,920,000	–	–	100	100	Property management
Hopewell China Development (Superhighway) Limited (i)	Ordinary shares HK\$2 and non-voting deferred shares HK\$4	–	–	66.41	66.41	Investment in expressway project
Hopewell Construction Company, Limited	HK\$20,000,000	–	–	100	100	Project management
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (i)	Ordinary shares HK\$2 and non-voting deferred shares HK\$2	–	–	68.11	68.11	Investment in expressway project
Hopewell Hotels Management Limited	HK\$3,000,000	–	–	100	100	Hotel management
Hopewell Promotion and Entertainment Limited (formerly known as Happy Gain Resources Limited)	HK\$600,000	–	–	100	100	Event organisers
Hopewell Property Management Company Limited	HK\$200	–	–	100	100	Property management
Hopewell Property and Facility Management Limited	HK\$1	–	–	100	100	Property management
Hopewell Real Estate Agency Limited	HK\$3,000,000	–	–	100	100	Leasing and marketing services
H-Power Investor (HK) Limited	HK\$1	–	–	87.5	87.5	Investment in a power station project

43. Principal Subsidiaries (continued)

Name of company	Paid up issued/ registered capital	Proportion of issued/registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013 %	2014 %	2013 %	2014 %	
Incorporated in Hong Kong: (continued)						
International Trademart Company Limited	Ordinary shares HK\$2 and non-voting deferred shares HK\$10,000	–	–	100	100	Property investment and investment holding
IT Catering and Services Limited	HK\$2	–	–	100	100	Restaurant operations and provision of catering and services
KITEC Management Limited	HK\$300,000	–	–	100	100	Property management
Kowloon Panda Hotel Limited	Ordinary shares HK\$200 and non-voting deferred shares HK\$2,000,000	–	–	100	100	Property investment, hotel ownership and operation
Music Zone Company Limited	HK\$2	–	–	100	100	Provision of venue of live house business
Panda Place Management Limited	HK\$300,000	–	–	100	100	Property management
QRE Plaza Limited	HK\$100,000	–	–	100	100	Property investment
QRE Plaza Management Limited	HK\$300,000	–	–	100	100	Property management
Slipform Engineering Limited	HK\$1,000,001	–	–	100	100	Investment holding
Wetherall Investments Limited	Ordinary shares HK\$2 and non-voting deferred shares HK\$2	–	–	100	100	Property investment and investment holding
Yuba Company Limited	HK\$10,000	–	–	100	100	Property investment
Established in the PRC:						
廣州市合和（花都）置業發展有限公司	RMB124,000,000 (registered capital)	–	–	95	95	Property development
廣州市冠輝物業管理有限公司	RMB3,000,000 (registered capital)	–	–	91.84	91.84	Property management

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

43. Principal Subsidiaries (continued)

Name of company	Paid up issued/ registered capital	Proportion of issued/registered capital held by the Company				Principal activities
		Directly		Indirectly		
		2013 %	2014 %	2013 %	2014 %	
Established in the PRC: (continued)						
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 and operated in Hong Kong:						
Anber Investments Limited	US\$1	–	–	100	100	Investment holding
Boyen Investments Limited	US\$1	–	–	100	100	Investment holding
Hopewell (Huadu) Estate Investment Company Limited	US\$1	100	100	–	–	Investment holding
Procelain Properties Ltd. (ii)	US\$1	–	–	100	100	Property investment
Singway (B.V.I.) Company Limited (ii)	US\$1	–	–	100	100	Property investment
Yeeko Investment Limited	US\$1	–	–	100	100	Investment holding
Incorporated in the Cayman Islands:						
Hopewell Highway Infrastructure Limited (iii)	HK\$308,169,028	–	–	68.11	68.11	Investment holding
Hopewell Hong Kong Properties Limited (ii)	HK\$100,000,000	–	–	100	100	Investment holding

Notes:

- (i) Operating principally in the PRC
- (ii) Operating principally in Hong Kong
- (iii) 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 joint ventures.

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

43. Principal Subsidiaries (continued)

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.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of company	Place of establishment/ operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2013	2014	2013	2014	2013	2014
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
HHI Group*	PRC	31.89%	31.89%	245,418	236,236	3,112,520	2,944,592
Individually immaterial subsidiaries with non-controlling interests				21,464	21,844	156,295	172,190
				266,882	258,080	3,268,815	3,116,782

* include non-controlling interests attributable to HHI and a subsidiary of HHI

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

HHI Group

	2013 HK\$'000	2014 HK\$'000
Current assets	2,155,035	2,487,591
Non-current assets	9,170,839	7,663,721
Current liabilities	(901,996)	(637,150)
Non-current liabilities	(799,066)	(414,187)
	9,624,812	9,099,975
Equity attributable to owners of HHI	9,561,839	9,037,799
Non-controlling interests attributable to a subsidiary of HHI	62,973	62,176
	9,624,812	9,099,975

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

43. Principal Subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

HHI Group (continued)

	2013 HK\$'000	2014 HK\$'000
Profit attributable to owners of HHI	747,430	697,840
Profit attributable to the non-controlling interests of a subsidiary of HHI	14,353	13,675
Profit for the year	761,783	711,515
Total comprehensive income attributable to owners of HHI	1,064,969	595,856
Total comprehensive income attributable to the non-controlling interests of a subsidiary of HHI	16,542	11,145
Total comprehensive income for the year	1,081,511	607,001
Dividends paid to non-controlling interests	(277,247)	(360,897)
Net cash used in operating activities	(51,957)	(48,757)
Net cash from investing activities	623,347	57,923
Net cash used in financing activities	(2,759,179)	(1,808,406)
Net cash outflow	(2,187,789)	(1,799,240)

44. Approval of Financial Statements

The financial statements on pages 115 to 196 were approved and authorised for issue by the Board of Directors on 26 August 2014.

List of Major Properties

A. Completed Properties

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

Properties	Location	Existing Use	Site area (sq.m.)	Gross floor area (sq.m.)	Group's interest (%)
Kowloonbay International Trade & Exhibition Centre	1 Trademart Drive, Kowloon Bay, Kowloon	Conference, exhibition, restaurant, office, commercial and carparks	22,280	164,860*	100
Hopewell Centre (Long-term lease)	183 Queen's Road East, Wan Chai, Hong Kong	Commercial, office and carparks	5,207	78,102*	100
GardenEast	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 — Shopping arcade	3 Tsuen Wah Street, Tsuen Wan, New Territories	Hotel operation, commercial and carparks	5,750	40,855* 21,337*	100 100
				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.

List of Major Properties

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

Properties	Location	Existing Use	Site area (sq.m.)	Gross floor area ⁽ⁱ⁾ (sq.m.)	Group's interest (%)
Hopewell New Town	Huadu district, Guangzhou, China	Residential, commercial, logistic and social facilities	610,200 ⁽ⁱⁱ⁾	32,400	95
Broadwood Twelve	12 Broadwood Road, Happy Valley, Hong Kong	Residential use	2,116	2,021 (saleable area)	100

B. Properties and Stock of Properties Under Development:

Properties/land	Location	Existing Use	Stage of completion	Expected completion date	Site area (sq.m.)	Gross floor area ⁽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)}	718,500 ^(iv)	95
200 Queen's Road East 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 construction	2018	9,840	101,600	100

C. Other Properties Held by the Group:

Location	Existing Use	Site area (sq.m.)	Existing Total Gross floor area (sq.m.)	Attributable to Group ^(v) (%)
155–159 Queen's Road East, Wan Chai	Commercial and Residential	200	903	100
161–167 Queen's Road East, Wan Chai	Commercial and Residential	265	1,837	98
55 Ship Street, Wan Chai (Nam Koo Terrace)	Vacant old house	685	453	100
1A Hill Side Terrace, Wan Chai (St. Luke School)	Vacant school building	585	1,687	100
1–3 Hill Side Terrace, Wan Chai	Vacant land	516	–	100
53 Ship Street and 1–5 Schooner Street, Wan Chai (Miu Kang Terrace)	Commercial and Residential	342	1,476	100
Inland Lot No. 9048, Schooner Street, Wan Chai, Hong Kong	Residential	270	1,350	100

Notes:

- (i) This 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) Based on undivided shares.

Glossary

“2013 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 Monday, 21 October 2013 at 11:00 a.m.
“2014 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 Tuesday, 21 October 2014 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
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“CBD”	Central business district
“Coastal Expressway”	Guangzhou-Shenzhen Coastal Expressway
“Company” or “HHL”	Hopewell Holdings Limited
“Director(s)”	director(s) of the Company
“DTT”	Deloitte Touche Tohmatsu
“EBIT”	earnings before interest and tax
“F&B”	food and beverage
“FY09”	the financial year ended 30 June 2009
“FY10”	the financial year ended 30 June 2010
“FY11”	the financial year ended 30 June 2011
“FY12”	the financial year ended 30 June 2012
“FY13”	the financial year ended 30 June 2013
“FY14”	the financial year ended 30 June 2014
“FY15”	the financial year ending 30 June 2015
“FY16”	the financial year ending 30 June 2016
“FY17”	the financial year ending 30 June 2017
“FY18”	the financial year ending 30 June 2018
“FY19”	the financial year ending 30 June 2019
“GDP”	Gross Domestic Product
“GFA”	Gross floor area
“Group”	the Company and its subsidiaries
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“GS Superhighway JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
“GWh”	Gigawatt hour

“Heyuan JV”	Shenzhen Energy Hopewell Power (Heyuan) Co., Ltd., the joint venture company holding Heyuan Power Plant
“Heyuan Power Plant”	the ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
“HHI”	Hopewell Highway Infrastructure Limited
“HHI Award Scheme”	the share award scheme adopted by HHI on 25 January 2007
“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 www.hopewellholdings.com
“Hill Side Terrace Cluster”	1–3 Hill Side Terrace, 1A Hill Side Terrace, and 55 Ship Street (Nam Koo Terrace), Wan Chai
“HKEx Website”	the website of the Stock Exchange at www.hkexnews.hk
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Hong Kong Government”	the Government of Hong Kong
“Hopewell HK Properties”	Hopewell Hong Kong Properties Limited
“HZM Bridge”	the Hong Kong-Zhuhai-Macau Bridge
“Interim Report”	the interim report of the Company for the six months ended 31 December 2013
“JV/JVs”	joint venture/ventures
“KITEC”	Kowloonbay International Trade & Exhibition Centre
“Lady WU”	Lady WU Ivy Sau Ping KWOK
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of PRC
“Mainland China”	The PRC, excluding Hong Kong and Macau
“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
“MPF Schemes”	the mandatory provident fund schemes set up by the Group
“Occupancy rate”	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those in respect of which leases have been committed but not yet commenced over total lettable floor area

Glossary

“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
“Shenzhen Energy Group Co., Ltd”	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 “United States”	the United States of America
“US\$” or “US Dollar(s)”	US Dollars, the lawful currency of the United States
“VAT”	Value-added tax
“West Route JV”	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
“Western Delta Route”	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
“YoY”	year-on-year

Corporate Information

Board of Directors

Sir Gordon Ying Sheung WU 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 JP#

Mr. William Wing Lam WONG

Ir. Leo Kwok Kee LEUNG

Mr. Sunny TAN##

Dr. Gordon YEN##

Mr. Ahito NAKAMURA##

* 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

Dr. Gordon YEN
Chairman

Ms. Linda Lai Chuen LOKE

Mr. Guy Man Guy WU

Mr. Carmelo Ka Sze LEE JP

Company Secretary

Mr. Po Wah HUEN

Registered Office

64th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

Tel: (852) 2528 4975

Fax: (852) 2861 2068

Solicitors

Woo, Kwan, Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Listing Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (Stock Code: 54)

Principal Bankers⁺

Bank of China (Hong Kong) Limited

Bank of Communications Co., Limited

The Bank of East Asia, Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

BNP Paribas

China Construction Bank Corporation

Chong Hing Bank Limited

Citibank, N.A.

DBS Bank Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking
Corporation Limited

Industrial and Commercial Bank of China
(Asia) Limited

Mizuho Corporate Bank, Limited

Sumitomo Mitsui Banking Corporation

+ names are in alphabetical order

Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre

183 Queen's Road East, Wan Chai, Hong Kong

Tel: (852) 2862 8555

Fax: (852) 2529 6087

American Depositary Receipt

CUSIP No. 439555301

Trading Symbol HOWWY

ADR to share ratio 1:1

Depository Bank Citibank, N.A., U.S.A.

Investor Relations

Tel: (852) 2528 4975

Fax: (852) 2529 8602

Email: ir@hopewellholdings.com

Website

www.hopewellholdings.com

Note: In the case of any inconsistency between the Chinese translation and the English text of this Annual Report, the English text shall prevail.

Financial Calendar

Interim results announcement	27 January 2014
Ex-dividend Date	11 February 2014
Closure of Register of Members	13 February 2013
Interim dividend paid (HK50 cents per share)	19 February 2014
Final results announcement	26 August 2014
Closure of Register of Members	15 October 2014 to 21 October 2014 (both days inclusive)
2014 Annual General Meeting	21 October 2014
Ex-dividend Date	23 October 2014
Closure of Register of Members	27 October 2014
Proposed Final Cash Dividend payable# (HK60 cents per ordinary share)	31 October 2014
Proposed Special Final Dividend payable# (1 ordinary share in HHI shares for every multiple of 20 ordinary shares in the Company)	On or before 17 November 2014

Subject to approval by shareholders at the 2014 Annual General Meeting to be held on 21 October 2014.



HOPEWELL HOLDINGS LIMITED

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