HOPEWELL HOLDINGS LIMITED
合 和 實 業 有 限 公 司
(incorporated in Hong Kong with limited liability)
(Stock Code: 54)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Highlights

- Earnings before interest and tax ("EBIT") increased by 8% to HK$999 million
- Profit attributable to owners of the Company increased 16% to HK$860 million or HK$0.99 per share
- Core profit attributable to owners of the Company (excluding the Company's fair value gain of investment properties and completion gain of Avenue Walk) increased slightly to HK$607 million
- An interim dividend of HK50 cents per share
- Total revenue from investment property and hospitality businesses rose 10% to HK$714 million
- Started to book sales of The Avenue. HHL has received around HK$1.7 billion net proceeds as at 31 December 2014
- Ongoing development projects to boost medium- to long-term growth
    - Site formation work for the Hopewell Centre II is in progress and its hotel is planned to complete in 2018
    - Demolition of 155-167 Queen's Road East is planned to be completed in mid-2015
- Solid financial position with HK$3,566 million cash on hand at HHL corporate level as at 31 December 2014

GROUP RESULTS

Overview

The Group's revenue for the six months ended 31 December 2014 ("the period under review") was 17% higher than the figure for the corresponding period in 2013. The revenue from our investment properties, hospitality and Western Delta Route toll road businesses all continued to grow healthily. Property sales of Phase 1 residential units of the 200 Queen's Road East Project further boosted revenue streams. These positive factors were partly offset by a decrease in Heyuan Power Plant's sales of electricity and GS Superhighway's toll revenue.

The Group's EBIT increased by 8% during the period under review compared to the corresponding period in 2013. The increase was mainly due to the recognition of the fair value gain of Avenue Walk under construction up to completion of development and profit shared from Phase 1 residential property sales of the 200 Queen's Road East Project. EBIT of the Group's investment property and hospitality businesses for the period both continued to grow solidly. These EBIT increases were partly offset by the GS Superhighway's decrease in profits.

The Group's revenue and EBIT by activities for the six months ended 31 December 2014 were as follows:

	Revenue		**EBIT ***	
HK$ million	*2013*	***2014***	*2013*	***2014***
Property letting, agency and management	442	**474**	293	**296**
Hotel, restaurant and catering operation	209	**240**	59	**72**
Investment properties and hospitality sub-total	651	**714**	352	**368**
Property development	137	**751**	44	**71**
Toll road investment (after interest and tax of JVs)	1,284	**1,244**	380	**312**
Power plant (after interest and tax of JV)	640	**505**	69	**70**
Treasury income	130	**120**	130	**120**
Others	-	**-**	(54)	**(62)**
Revenue/EBIT (before completion gain of Avenue Walk **)	2,842	**3,334**	921	**879**
Completion gain of Avenue Walk **	-	**-**	-	**120**
Revenue/EBIT (Note)	2,842	**3,334**	921	**999**

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

** *Fair value gain of Avenue Walk, the commercial portion of the 200 Queen's Road East Project, under construction up to completion of development*

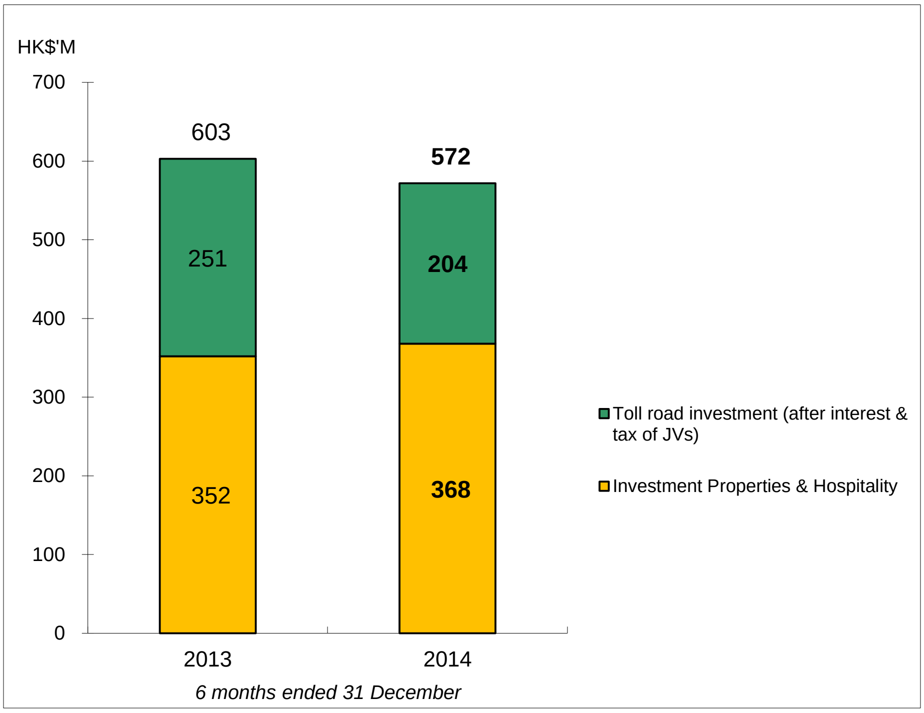
Note:

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

	Results	
HK$ million	*2013*	***2014***
Earnings before interest and tax	921	**999**
Finance costs	(48)	**(46)**
Fair value gain of completed investment properties	133	**133**
Profit before taxation	1,006	**1,086**
Taxation	(124)	**(105)**
Profit for the period	882	**981**
Attributable to:		
Owners of the Company	739	**860**
Non-controlling interests	143	**121**
	882	**981**

	Turnover	
HK$ million	*2013*	***2014***
Revenue per Group Results	2,842	**3,334**
Less:		
Treasury income	(130)	**(120)**
Share of revenues of JVs engaged in		
- Toll road investment	(1,284)	**(1,244)**
- Power plant	(640)	**(505)**
- Property development	-	**(694)**
Turnover per Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	788	**771**

Operating Profit* from Prime-Earning Businesses



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

Revenue

The Group's revenue for the period under review totalled HK$3,334 million, a 17% increase over the HK$2,842 million reported during the corresponding period in 2013. This revenue included treasury income and the Group's shares of revenues of JVs engaged in toll road, power plant operations and property development.

The Group's investment property letting, agency and management division, hospitality and Western Delta Route toll road businesses all continued to achieve healthy growth for the period under review. Sales of the Phase 1 residential properties of the 200 Queen's Road East Project further boosted the revenues. These positive factors were however partly offset by a decrease in Heyuan Power Plant's sales of electricity and GS Superhighway's toll revenue during this period.

Earnings before Interest and Tax

The Group's EBIT increased during the period under review by 8% to HK$999 million from HK$921 million recorded during the corresponding period in 2013. This increase was mainly due to recognition of the fair value gain of Avenue Walk under construction up to completion of development and profit shared from Phase 1 residential property sales of the 200 Queen's Road East Project. EBIT of the Group's investment property and hospitality businesses continued to grow solidly throughout the period. These EBIT increases were partly offset by decrease in profit from the GS Superhighway. Our management will endeavour to formulate and implement cost-control measures for the Group's corporate administrative costs to enhance shareholder's value.

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

The EIT rate applicable for both GS Superhighway and Phase I West is 25% since 2012 and until the expiry of their contractual operation periods. Phase II West's applicable EIT rate from 2013 to 2015 is 12.5%, and it 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 it will rise to 25% from 2019 until the expiry of its contractual operation period.

Profit Attributable to Owners of the Company

The profit attributable to owners of the Company increased during the period under review to HK$860 million from HK$739 million for the corresponding period in 2013. Excluding the fair value gain of Avenue Walk under construction up to completion of development and the fair value gain of the Group's completed investment properties, core profit attributable to owners of the Company during this period was HK$607 million. This was a slight increase of HK$1 million when compared with the HK$606 million recorded for the corresponding period in 2013.

Major Assets in Balance Sheet (Adjusted Shareholders' Equity)

In order to reflect the underlying economic value of the Group's hotel properties and HHI business, (which are stated on a cost basis), the following supplemental information regarding the Group shareholders' equity ("Adjusted Shareholders' Equity") is presented on the basis that the hotel properties and HHI business were stated at market valuations as at 31 December 2014.

Valuation upside from reorganising hotels' and HHI business' market values:

Balance Sheet Highlights as at 31 December 2014 (HK$ in million)	HHI Business	HHL - Other Businesses	HHL Group Total
Completed investment properties	-	27,016	27,016
Panda Hotel	-	358	358
Hopewell Centre II (properties under development)			
- Commercial portion		4,435	4,435
- Hotel portion		2,286	2,286
Properties for development	-	1,242	1,242
Interests in JVs (Toll Roads & Power Plant)	8,017	1,355	9,372
Other assets/liabilities	1,341	1,210	2,551
Non-controlling interests	(3,112)	(154)	(3,266)
Shareholders' equity	6,246	37,748	43,994 *(HK$50.5/share)**
Total hidden value			7,483 *(HK$8.6/share)**
Adjusted shareholders' equity (unaudited)			51,477 *(HK$59.1/share)**

* *No. of HHL shares in issue: 871 million (as of 31 December 2014)*

As at 31 December 2014	Panda Hotel	HC II hotel portion	HHI Business
Market value	$3,420m $3.8m/room *DTZ valuation report*	$4,959m $4.8m/room *DTZ valuation report*	$7,994m *2,055m shares (HHL's 66.7% stake) x HHI's market price @HK$3.89 as of 31.12.2014*
Book value	$358m $0.4m/room *at cost less depreciation*	$2,286m $2.2m/room *at cost*	$6,246m *at cost less depreciation*
Hidden value	$3,062m *$3.5/share**	$2,673m *$3.1/share**	$1,748m *$2.0/share**

Total: $7,483m
*$8.6/share**

DIVIDEND

The Board of Directors has declared an interim cash dividend of HK50 cents per share in respect of the financial year ending 30 June 2015 (financial year ended 30 June 2014: HK50 cents). This dividend represents a payout ratio of 60% of the Group's profit attributable to owners of the Company, including the fair value gain of Avenue Walk under construction up to completion of development but excluding fair value gain on completed investment properties, or a payout of 72% if revaluation gain of all investment properties are excluded.

The interim cash dividend will be paid on Tuesday, 17 February 2015 to all shareholders registered on the Company's Register of Members at the close of business on Tuesday, 10 February 2015.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlement to the interim cash dividend, the Company's Register of Members will be closed on Tuesday, 10 February 2015 and no transfer of the shares of the Company will be effected on this date. To qualify for the interim cash dividend, all transfers of share ownership accompanied by the 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 by no later than 4:30 p.m. on Monday, 9 February 2015.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2014, the cash position and available committed banking facilities of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK$ million	*30.6.2014*	***31.12.2014***
Cash	4,194	**3,566**
Available Committed Banking Facilities	-	**1,100**
Cash and Available Committed Banking Facilities	4,194	**4,666**

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

HK$ million	*30.6.2014*	***31.12.2014***
Total debt	5,250	**4,350**
Net debt *(Note 1)*	1,056	**784**
Total assets	44,282	**43,714**
Shareholders' equity (excluding equity shared from HHI Group)	37,410	**37,748**
Total debt / total assets ratio	12%	**10%**
Net gearing ratio *(Note 2)*	3%	**2%**

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

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

The cash balance of HK$3,566 million included RMB2,161 million (equivalent to HK$2,704 million) and HK$862 million. The net debt position of HK$784 million comprises outstanding bank loans totalling HK$4,350 million less bank balances and cash.

In addition to the above cash balances, the Group also had available undrawn bank overdrafts and uncommitted banking facilities amounting to HK$520 million as at 31 December 2014 (30 June 2014: HK$720 million).

Debt Maturity Profile of the Group

HK$ million	*30.6.2014*		***31.12.2014***	
Repayable:				
- within 1 year	2,000	38%	**2,200**	**51%**
- between 1 and 5 years	3,250	62%	**2,150**	**49%**
	5,250		**4,350**	

The Group expects its abundant financial resources will well cover the capital need of existing and future projects under development. It currently plans to spend approximately HK$4.3 billion on these projects between FY15 and FY17. The Group's cash on hand remains equally robust. Combined with the healthy cash flow from its prime-earning businesses; proceeds from sales or pre-sales of The Avenue and Hopewell New Town projects and Broadwood Twelve and HK$3 billion committed banking facilities maturing in 2018 should provide adequate funding for the projects we are currently developing. Given our strong financial position, the Group will continue to seek out appropriate investment opportunities.

Major Projects Plan

Projects	Target Completion	Total Investment[N1] HK$'M	Interest %	HHL's Injection FY15 to FY17[N1] HK$'M
Hong Kong				
200 Queen's Road East Project	2015	9,700	50%	No need to inject further funds
Hopewell Centre II	2018	9,000 - 10,000	100%	4,027 (FY15: 180; FY16: 1,260; FY17: 2,587)
Wan Chai projects[N2]	Development plan under study			300
TOTAL				**4,327**

N1: Present planning, subject to change

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

For the HHI Group (consisting of HHI and its subsidiaries but excluding its JVs), the cash balance was RMB1,175 million, equivalent to HK$1,470 million as at 31 December 2014 (30 June 2014: RMB814 million, equivalent to HK$1,016 million). After deducting an outstanding bank loan of RMB956 million (equivalent to HK$1,196 million), the HHI Group maintained a net cash position of RMB219 million (equivalent to HK$274 million) at corporate level.

Furthermore by the end of the six months under review, HHI has shareholders' loan receivables of approximately RMB1,000 million from West Route JV, equivalent to HK$1,251 million (30 June 2014: RMB1,000 million, equivalent to HK$1,249 million). HHI had undrawn committed banking facilities amounting to HK$705 million equivalent as at 31 December 2014 (30 June 2014: HK$ 727 million equivalent).

The Group’s financial position remains strong. Its cash balance on hand and available undrawn banking facilities ensure we can readily access sufficient financial resources for not only all recurring operating activities but also any present and potential future investment activities.

Treasury Policies

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

During the six months under review, the Group did not have any arrangements to hedge its exposure to interest or exchange rates. That said we will continue to closely monitor such forms of risk exposure on a regular basis.

Generally speaking, all Group cash is placed as deposits denominated mainly in HK Dollars and RMB. During the period under review, the Group did not invest in any accumulator, equity-linked note or other financial derivative instruments.

Charges on Assets

As at 31 December 2014, none of the Group’s assets had been pledged to secure any loans or banking facilities.

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$9-10 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 31 December 2014, the Group's commitment in respect of development costs of this project, which had been contracted for but not provided, was approximately HK$182 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$4.9 billion. 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 had been contributed by the Group to Grand Site to finance project development costs, of which HK$1.7 billion has been repaid from Grand Site. 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 management expected that the Group will therefore not need to inject further funds into the project.

(c) Liede Integrated Commercial Project

Under a cooperation agreement (the "Liede 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 and equipping the property. 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.

(d) Hopewell New Town

	30.6.2014	***31.12.2014***
	HK$'000	***HK$'000***
Authorised but not yet contracted for	237,995	**173,415**
Contracted for but not provided	324,619	**147,527**
	562,614	**320,942**

(e) Expressway projects

During the period ended 31 December 2014, the HHI Group entered into an amendment agreement with the PRC joint venture partner of West Route JV to increase the total investment of Phase II West. As at 31 December 2014, the HHI Group had agreed, subject to approval of relevant authorities, to make additional capital contributions of RMB106 million (approximately HK$133 million) to West Route JV in respect of Phase II West for outstanding project payments. As the HHI Group plans to make additional capital contributions to West Route JV in respect of Phase II West by stages, the HHI Group's commitment to make additional capital contributions of RMB403 million (approximately HK$503 million) to West Route JV in respect of Phase II West as at 30 June 2014 had been replaced by the above-mentioned amendment agreement.

(f) Heyuan Power Plant Project

The Heyuan JV is studying the development of a second phase which will consist of 2 x 1,000MW coal-fired generating units. 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:

	30.6.2014	***31.12.2014***
	HK$'000	***HK$'000***
Contracted for but not provided	46,161	**42,977**

(g) Property renovation

	30.6.2013	***31.12.2014***
	HK$'000	***HK$'000***
Authorised but not contracted for	44,940	**25,365**
Contracted for but not provided	19,579	**17,989**
	64,519	**43,354**

(h) Property for development

	30.6.2014	***31.12.2014***
	HK$'000	***HK$'000***
Contracted for but not provided	-	**25,856**

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

A subsidiary of the Company acted as the guarantor for the repayment of mortgage bank loans amounting to HK$599 million as at 31 December 2014 granted to purchasers of the subsidiary's properties.

The Company acted as the guarantor of bank loan facilities granted to Grand Site, a joint venture, to the extent of HK$2,500 million. In June 2014, the joint venture fully repaid the bank loan and the facilities were terminated accordingly.

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.

Material Acquisition or Disposal

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

BUSINESS REVIEW

1. PROPERTIES

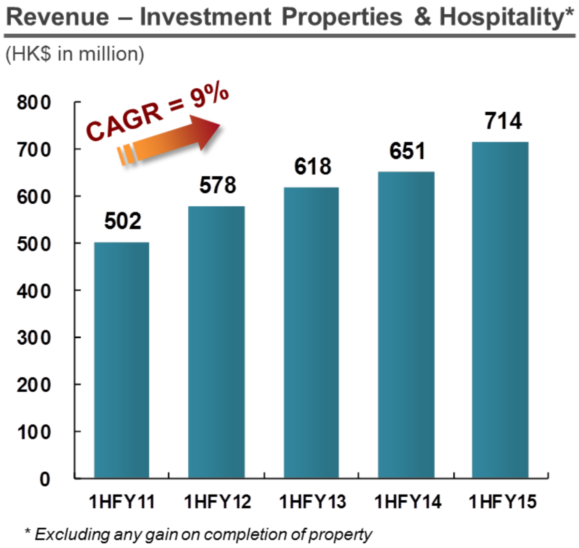
A. Investment Properties and Hospitality

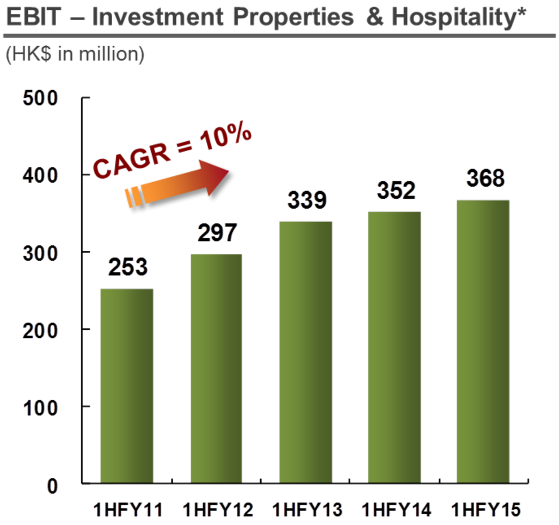
The Group's investment property and hospitality businesses comprise its wholly-owned investment property portfolio and hotel, restaurant and catering operations. The revenue from these businesses amounted to HK$714 million during the six months under review, a year-on-year increase of 10%.

(HK$ in million) For the six months ended 31-Dec	Revenue* 2013	Revenue* 2014	yoy change
Investment Properties			
Rental income - office	161	**181**	*+12%*
Rental income - retail	120	**118**	*-2%*
Rental income - residential	34	**41**	*+21%*
Convention and exhibition	32	**32**	*+0%*
Air conditioning & management fee	67	**68**	*+1%*
Carpark & others	28	**34**	*+21%*
Investment Properties sub-total	442	**474**	*+7%*
Hospitality			
Room Revenue	161	**183**	*+14%*
Restaurants, catering operations and others	48	**57**	*+19%*
Hospitality sub-total	209	**240**	*+15%*
Total	651	**714**	*+10%*

* *Exclude tenancies for HHL's own use*

EBIT for our investment property and hospitality businesses increased by 4% to HK$368 million year-on-year. The five-year compound annual growth rates of revenue and EBIT of the Group's investment property and hospitality businesses during the first half of FY11 to FY15, excluding any gain on completion, were 9% and 10% respectively.





Investment Properties

Revenues for the Group's property letting, agency and management operations amounted to HK$474 million during the six months ended 31 December 2014. This figure represented a year-on-year increase of 7% while year-on-year EBIT for these operations increased by 1% to HK$296 million. The five-year compound annual growth rate of revenue and EBIT for the Group's investment properties during the first half of FY11 to FY15, excluding any gain on completion, were 10% and 9% respectively.

The Group continues to achieve sustainable growth and strengthen its branding by actively managing its properties and maintaining an uncompromising focus on service and quality. The Group is also continuously optimising its office and retail tenant mix so as to optimise rental performance and maintain consistently high occupancy rates.

Occupancy rates for our investment properties remained at high level during the six months under review while average rental rates increased.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate
	1H FY14	1H FY15	YoY	
Hopewell Centre	**97%**	**96%**	**-1%**	**+4%**
KITEC Office	**94%**	**95%**	**+1%**	**+27%**
KITEC E-Max	**87%** [N1]	**87%** [N1]	**-**	**+21%**
Panda Place	**99%**	**92%**	**-7%**	**+3%**
QRE Plaza	**96%**	**88%** [N2]	**-8%**	**+19%**
GardenEast (apartments)	**95%**	**96%**	**+1%**	**+6%**

N1: Due to the closure of certain portions of our E-Max retail space for refurbishment which started in April 2013.
N2: Lower occupancy rate as reshuffling of tenant mix was underway during 1HFY15. As at 31 December 2014, 95% of QRE Plaza's total floor area was let.

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		
	1H FY14	1H FY15	yoy	FY15	yoy	FY16	yoy	1H FY14	1H FY15	yoy	FY15	yoy	1H FY14	1H FY15	yoy
Office															
Hopewell Centre	120	124	+3%	250	+6%	270	+8%	36.4	38.7	+6%	40.0	+6%	45.2	47.9	+6%
KITEC	41	57	+39%	120	+35%	135	+13%	12.0	15.2	+27%	15.0	+15%	18.7	19.0	+2%

N1: Excludes tenancies for the HHL's own use
N2: Target (not less than)

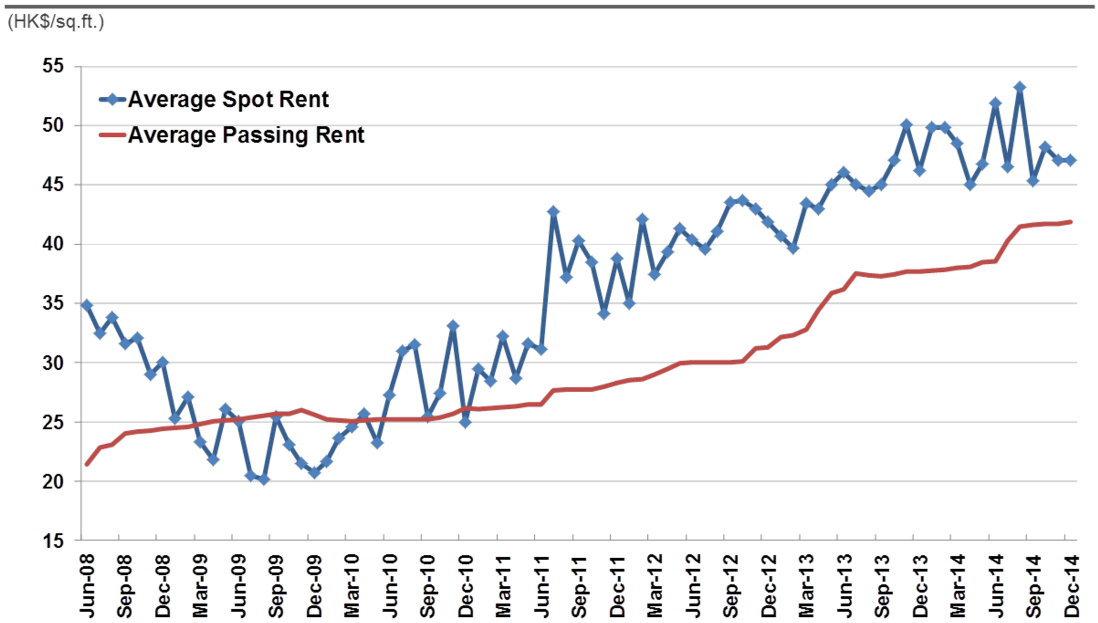
Hopewell Centre

As the Group's flagship property, Hopewell Centre's overall revenue (excluding tenancies for the Group's own use) during the first six months of FY15 decreased by 2% to HK$192 million. The decrease was mainly due to short-term impacts caused by the reshuffling of the property's tenant mix and rent-free offer during this period. Encouragingly, overall average occupancy remained high at 96%.

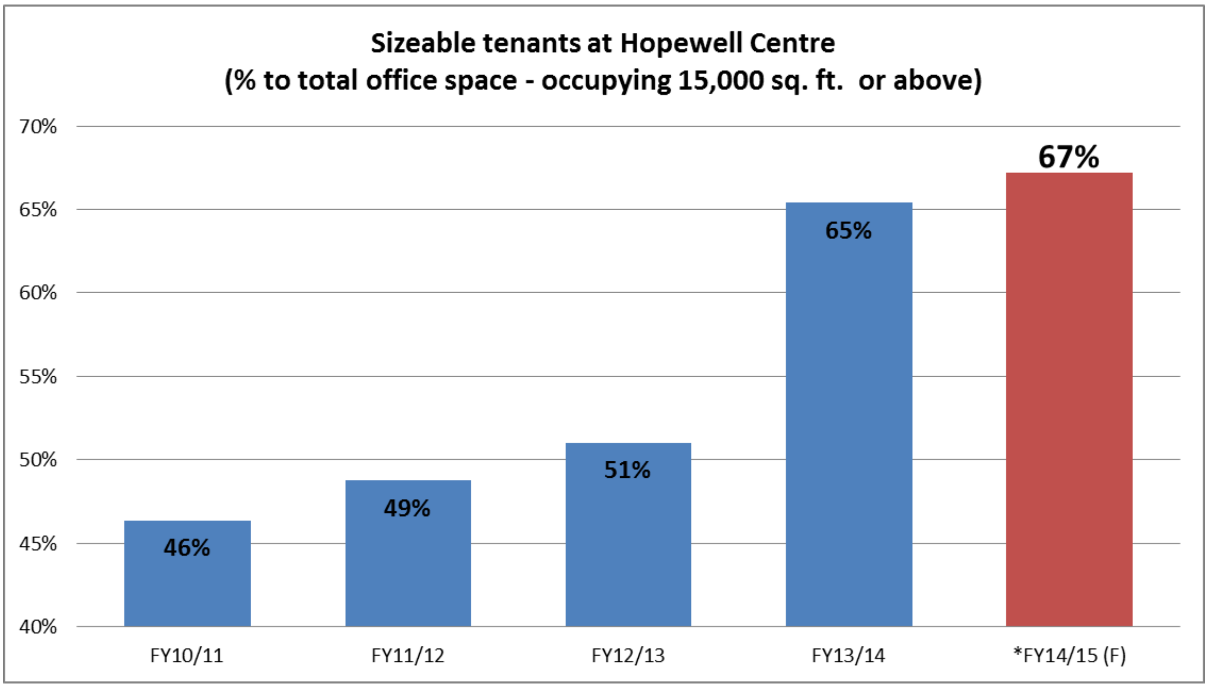
On the office front, average occupancy rates remained at high level of 96% during the period under review. Rental income (excluding tenancies for the Group's own use) recorded a mild growth of 3% year-on-year to HK$124 million for 1HFY15. Rental revenue targets for FY15 and FY16 (excluding tenancies for the Group's own use) are aimed to be not less than HK$250 million and HK$270 million - year-on-year increases of 6% and 8% respectively. During the period under review, average passing rent increased by 6% to HK$38.7/sq.ft. from HK$36.4/sq.ft. and average spot rent also rose by 6% to HK$47.9/sq.ft. The Group aims to achieve an average passing rent of not less than HK$40/sq.ft. for FY15, which represents a 6% increase year-on-year.

The main drivers of Hopewell Centre's increased rental income were the continuous enhancement of its facilities and services, plus the refining of its tenant mix. In addition to benefiting from the Hong Kong office market's decentralisation trend, the Group has implemented improvement plans and asset enhancement measures to maintain its competitiveness and so raise rental rates.

Hopewell Centre Office
Average Spot and Average Passing Rent (FY09 – 1HFY15)



Hopewell Centre Office Sizeable Tenants (FY11 - FY15)



* *Based on contracts on hand as at 31 December 2014*

On the retail front, to capture the growth in upmarket consumption power, the Group has started to replace some retail tenants at Hopewell Centre with high quality F&B and lifestyle stores. The end result will be more a diversified dining and shopping experience. A renowned gourmet restaurant – The Grand Buffet at 62/F – run by the same company that operates Hong Kong's three Michelin-starred L'Atelier de Joël Robuchon restaurants, is targeted to open in the first quarter of 2015. To further enrich the retail element of "The East", popular Japanese lifestyle brand, MUJI, will be introduced to the retail portion of Hopewell Centre and it plans to open in the second quarter of 2015. Revamp of the property's podium façade commenced in December 2014 and is targeted to complete by the second half of 2015. Additionally, 12,000 sq.ft. duplex showroom of INFINITI, one of Japan's premium auto brands, is currently undergoing refurbishment and will open in the second quarter of 2015. The Hopewell Centre's upgraded façade design and retail mix will further elevate its image and increase its attractiveness to shoppers visiting Queen's Road East.

QRE Plaza

Marketing and promotional activities have succeeded in attracting increased traffic and renowned retailers such as the MINI car showroom to "The East". During the period under review, QRE Plaza's overall revenue rose by 25% compared to the previous financial year. As at 31 December 2014, 95% of QRE Plaza's total floor area was let, and the property offered visitors a wide range of dining options and unique lifestyle services.

Wu Chung House (Outlets)

The Group also owns several retail outlets with a total GFA of 17,670 sq.ft. at Wu Chung House. These properties all form part of "The East" and are fully let to a number of well-known retailers. The opening of Hong Kong's only Rolls-Royce car showroom here was followed by McLaren's launch of its first Asia showroom, thus measurably expanding "The East's" car showroom cluster. As a result of a tenant reshuffle on the property's second floor, overall revenues experienced a year-on-year increase of 25%.

GardenEast

GardenEast recorded a 4% year-on-year growth in its overall revenue. Average occupancy for serviced apartments during the first half of FY15 remained high at 96% while average rental rates grew by 6% when compared to the last period in FY14. The Group continued striving to further enrich dining options at "The East" with the September 2014 opening of renowned French steakhouse, Le Relais de l'Entrecôte.

KITEC

Overall revenue of KITEC (including office, retail, C&E, The Metroplex, air conditioning and management fees and F&B business but excluding tenancies for the Group's own use) is targeted to reach not less than HK$480 million for FY15, a year-on-year growth of 19%.

Office

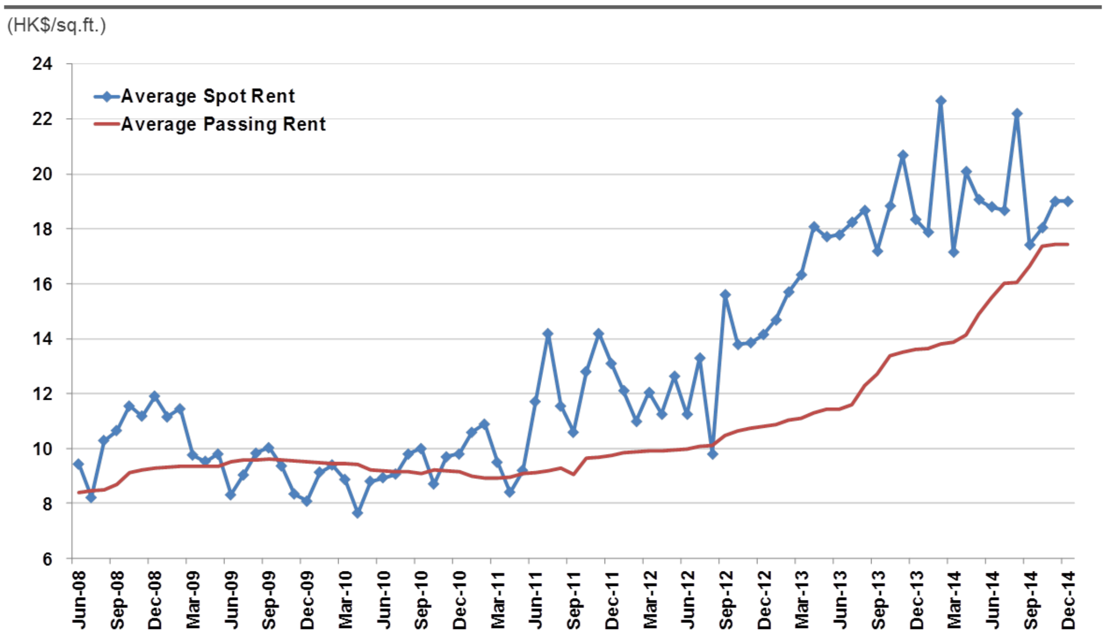
In its 2015 Policy Address, the Hong Kong Government will continue to take forward the "Kai Tak Fantasy", a recreational landmark on the site of the former airport runway at the Kai Tak Development Area. Further developments included the June 2013 opening of the first berth of the Kai Tak Cruise Terminal. Kowloon East (including Kai Tak) will be developed into another CBD. This will create a cluster effect that will boost traffic flows into the district and therefore further increase demand for KITEC's top quality services and offerings.

The Group remains determined to pursue a flexible marketing strategy and carry out improvement works. In doing so, the Group will continue to provide a quality working environment for office tenants and also strive to attract overspill resulting from the Hong Kong office market's decentralisation trend. By monitoring and actively forecasting such trends, KITEC has recorded strong rental increases and is now perfectly positioned to benefit from expected strong rental growths resulting from Kowloon East's redevelopment and revitalisation.

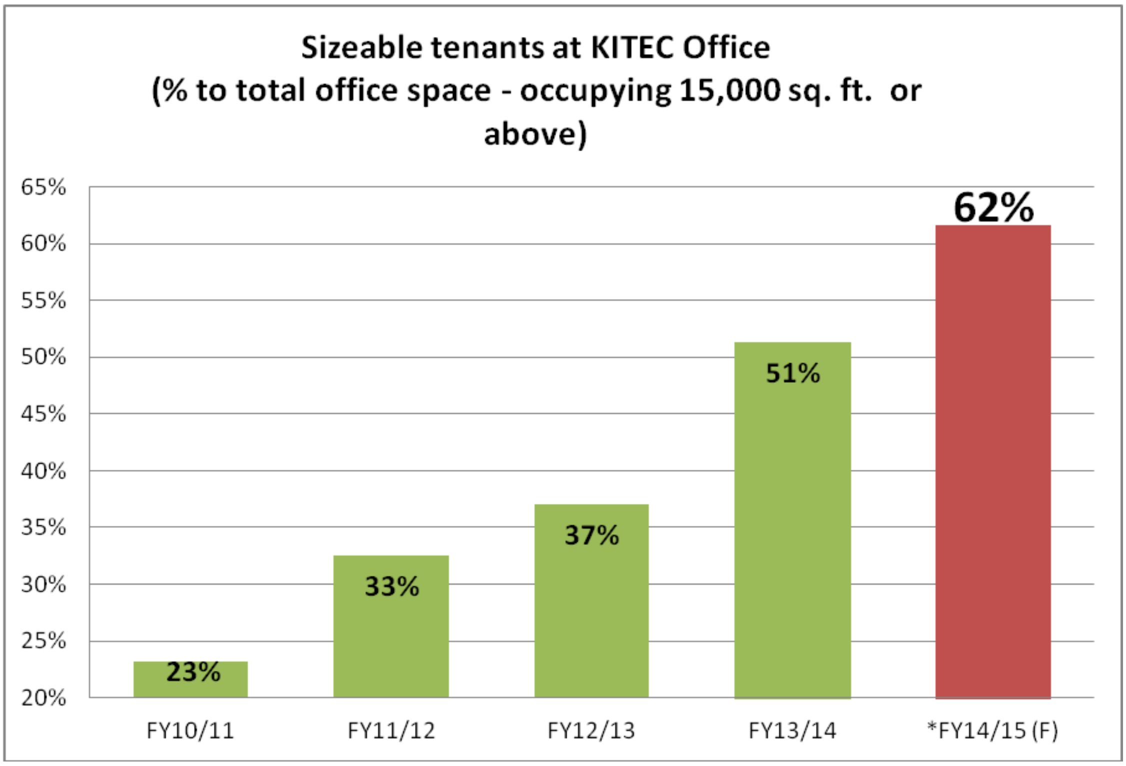
On the office front, average occupancy rates remained at high level of 95% during the period under review. Rental income (excluding tenancies for the Group's own use) recorded a strong growth of 39% year-on-year to HK$57 million for 1HFY15. Average passing rent increased by 27% to HK$15.2/sq.ft. from HK$12.0/sq.ft and average spot rent remained at approximately HK$19.0/sq.ft. The Group aims to achieve an average passing rent of not less than HK$15.0/sq.ft. for FY15, which represents a 15% increase year-on-year.

The conversion of the sixth floor of E-Max to office units and conference facilities is scheduled for completion in the second quarter of 2015. After the conversion, the GFA of KITEC's office and retail portions will be approximately 750,000 sq.ft. and 760,000 sq.ft. respectively. Part of the converted office areas has already been leased by the Hospital Authority, which has taken out around 117,000 sq.ft. in four phases since September 2014 at a rental rate of approximately HK$20 per sq.ft.. Combined with the Labour Department's GFA of 49,000 sq.ft. and the Registration and Electoral Office's GFA of 90,000 sq.ft., this makes the Government a key KITEC anchor tenant with approximately 256,000 sq.ft. of space. Given such a large take up of office units, the rental revenue targets for KITEC offices (excluding tenancies for the Group's own use) are aimed to be not less than HK$120 million and HK$135 million during FY15 and FY16 - respective year-on-year increases of 35% and 13%.

KITEC Office
Average Spot and Average Passing Rent (FY09 – 1HFY15)



KITEC Office Sizeable Tenants (FY11 - FY15)



** Based on contracts on hand as at 31 December 2014*

The Metroplex (multi-cinema complex)

The Metroplex successfully commenced test operation in February 2014 and was officially launched in June 2014. Nine state-of-the-art cinema houses are offered including special VIP houses with direct private drive-in and parking, plus a dining and cocktail area for VIP guests. Since it commenced operation, The Metroplex has attracted around 300,000 audiences to E-Max.

During the period under review, 9 movie premieres were conducted at The Metroplex, which was around 16% of all premieres in Hong Kong. It also conducted 9 charity screenings reaching out to more than 1,700 audiences. In addition, The Metroplex co-organised the first Sundance Film Festival event in Hong Kong during 2 consecutive weekends of September 2014, with an average occupancy of 92% for all 16 movie screenings. The Metroplex will continue to strengthen its position as the anchor entertainment provider of E-Max by organising a wide array of events including renowned film festivals, international and local movie premieres as well as live streaming shows.

Together with the retail tenant mix revamp currently underway, the introduction of The Metroplex will further boost E-Max's diversified trade mix. This has helped upgrade E-Max's image and increase traffic flow to the centre, spurring a growth in retail sales and rental rates.

E-Max

E-Max is an entertainment-driven shopping arcade that includes a live house, The Metroplex, and Star Hall. In December 2014, the Group signed a tenancy agreement with a leading Australian fitness specialist, BOUNCE who will open their first gymnasium in Asia Pacific here in the third quarter of 2015. The full of fun gymnasium will occupy the former swimming pool area at more than triple the earlier rental rate. This colourful gymnasium with interconnected trampolines will target kids, teenagers and young adults and is sure to boost E-Max's traffic and revenue streams.

In refurbishing the premises, the Group will further refine the tenant mix on E-Max's ground and second floors. The Group's goal is to attract more renowned brands and general retailers and so further boost traffic. To this end, a wider variety of F&B tenants to cater for the rise in visitors is being added, the most recent being a McDonald's near the cinema which opened in December 2014 .

To facilitate take up of the property's sixth floor by the Hospital Authority, the furniture and design shops there have now been relocated to fourth and fifth floors and rental rates more than tripled. In November 2014, a new E-Max Home concept spanning the facility's fourth and fifth floors was launched. The refined tenant mix now tempts shoppers with lifestyle, household furniture, kitchen and home design ideas and is expected to generate an increase in rental income.

Conventions, Exhibitions and Entertainment

Situated at the heart of the new CBD at East Kowloon, KITEC venues have gained a reputation as a popular venues for hosting concerts, exhibitions, conferences, banquets, sports and other activities, appealing to local and overseas visitors over the years. 83 shows were staged at KITEC venues during the period under review.

The Group recognises the importance of market positioning and branding. Star Hall continues to present impressive entertainment events featuring international performers from all over the world such as British singer Ellie Goulding, Korean musician Yiruma, Korean pop stars So Ji-sub, Lee Hong-gi, Gary Kang, and Japanese pop band W-inds. In addition, a very first 4K live broadcasting of World Cup match in Hong Kong was also held in Star Hall. The "live house" concept of Music Zone@E-Max's is proved to be successful in tapping into the mini-concert market, with an increasing number of local and overseas premium performances, especially for Japanese shows.

Renovations of venues and facilities may carry out regularly so as to fulfill customers' expectation and upgrade its market positioning, for example the newly refurbished Rotunda 2, which boosts the competitiveness of KITEC. Revenue for the period under review has remained encouraging at over HK$32 million.

Panda Place

Located in the heart of Tsuen Wan, Panda Place is a 229,000 sq,ft, shopping mall whose recent renovation and refined tenant mix have enhanced its image. The mall now entices both locals and tourists with a superb and convenient shopping experience.

Rental income at Panda Place experienced a 5% year-on-year decrease to HK$25 million during the first half of FY15. This fall was mainly due to the redesign that transformed the facility's second floor from a Chinese restaurant into an Asian epicurean hub. The change has doubled the second floor's rental rate as compared to 1HFY14. The new Asian epicurean hub includes both a Japanese shabu shabu and Shunde cuisine restaurants (both opened in December 2014), plus a Korean barbeque eaterie which will open in the first quarter of 2015. Pizza Hut is also set to lease a 4,000 sq.ft. space on the mall's ground floor and so further diversify culinary choices on offer.

The Group determines to continue the re-branding exercise to transform the property into a unique and energetic shopping mall in Tsuen Wan. It targets to achieve a mild growth in rental income in FY15.

Hospitality

Panda Hotel

Panda Hotel's total revenue increased by 14% to HK$183 million during the period under review. This encouraging growth was mainly due to increases in room revenue and F&B revenue and is largely attributable to a revamped management team who are more revenue- and value-focused than before.

Panda Hotel's room revenue increased by 11% to HK$129 million as the initial impact of PRC's new Tourism Law which became effective on 1 October 2013 faded. Consequently, business picked up in the period under review despite softened demand in the Territory's hotel market resulting from the Occupy Central which started in September 2014. Fortunately, Panda Hotel was able to maintain its competitiveness and high occupancy rate through a more flexible pricing strategy. The hotel's average room occupancy rate increased by 6% to 96% while the average room rate was slightly down by 0.8% compared with the corresponding period in FY14.

To further enhance its image and boost its attractiveness to higher spending travellers, Panda Hotel will continue to upgrade its facilities and renovate its guestrooms. To avoid over reliance on PRC leisure visitors, Panda Hotel will also continue to diversify its customer mix to include other markets, such as Cambodia, Laos, Russia and India. The property will also expand its partner network in order to enlarge its travel agent base and further strengthen its MICE business so as to capture more sustained revenue sources, increase average room rates and visitors' length of stay. The hotel will also increase its activities on the publicity front.

During the period under review, Panda Hotel's F&B revenue increased by 22% to HK$54 million. This increase was mainly the result of improved consumer sentiment following the marketing of a broader variety of cuisines aimed at attracting new customers. Tailor-made catering packages for annual corporate events and wedding banquets also played their part in this increase.

Panda Hotel's F&B business continues to strive to maintain and improve the quality and consistency of its operations. It is delivering on these promises by strengthening employee training and enhancing management standards related to food preparation, facility maintenance and staff development.

As at 31 December 2014, the market value of the Panda Hotel was around HK$3,420 million (equivalent to around HK$3.8 million per room) as estimated by DTZ Debenham Tie Leung Limited ("DTZ"). In line with accepted market practice, the hotel's asset value is stated at cost less accumulated depreciation in the Group's balance sheet. As at 31 December 2014, the book value of Panda Hotel stood at approximately HK$358 million (equivalent to around HK$0.4 million per room), which implies a hidden value of around HK$3 billion compared to its prevailing market value.

Restaurant & Catering Services

KITEC's F&B business grew steadily during the period under review with total revenues growing by 22% to HK$53 million. This rise was largely driven by sustained increases in its banqueting business and this was in turn driven by a rise in the number of functions held at the facility's various inspiring banquet venues. Such success also reflects the market's appreciation of KITEC's F&B quality and service excellence.

The Group is also making ongoing efforts to add value to its F&B businesses. Specific initiatives which have been undertaken include the enriching of menus to enhance food variety, the improving of food quality and presentation and the better provision of staff. The overall aim is to reinforce KITEC's upmarket image and service standards and better serve customers.

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.

Sales of Broadwood Twelve residential units commenced in June 2010. As of 14 January 2015, 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$34,100 per sq.ft. based on saleable area. The estimated total value of the 17 unsold units, as at 31 December 2014, was around HK$ 634 million. The Group has uploaded the sales brochure of these unsold units on the website 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 luxury 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 January 2015.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

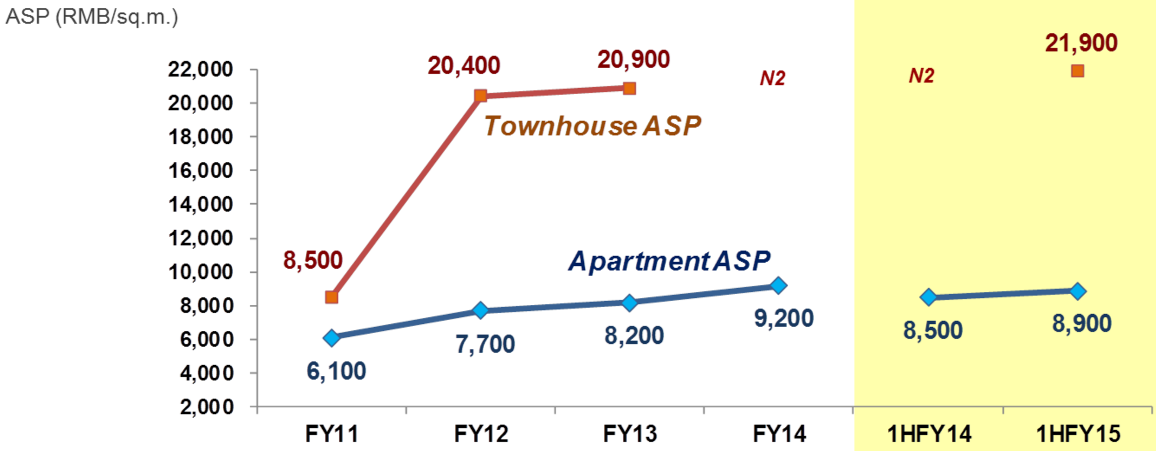
Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. It is strategically located approximately three kilometres from Baiyun International Airport in Guangzhou and close to the highway connecting the airport with Guangzhou city centre. Approximately 363,700 sq.m. of the development (consisting of 159 townhouses and 2,722 apartments) were sold and booked up to 31 December 2014.

90 units or 10,600 sq.m. of apartments and 3 units or 900 sq.m. of townhouses were sold in 1HFY15 and subsequently up to 14 January 2015. Total sales generated was RMB129 million, with an average selling price for apartments of RMB10,300 per sq.m., 12% higher than that of apartments sold in 1HFY14. 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 the second half of FY15.

As for booking of the units sold, 28 units or 4,300 sq.m. of apartments and 1 unit or 300 sq.m. of townhouses were booked in 1HFY15 and generated revenue of RMB47 million, representing a 58% year-on-year fall. The slower sales compared to the last corresponding period is mainly because the home purchase restriction is still on going in Guangzhou district and the apartments for sale in the period under review are larger units, which are less popular with buyers. The target revenue for FY15 is RMB300 million, with a total floor area of 27,400 sq.m. or 215 units.

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.

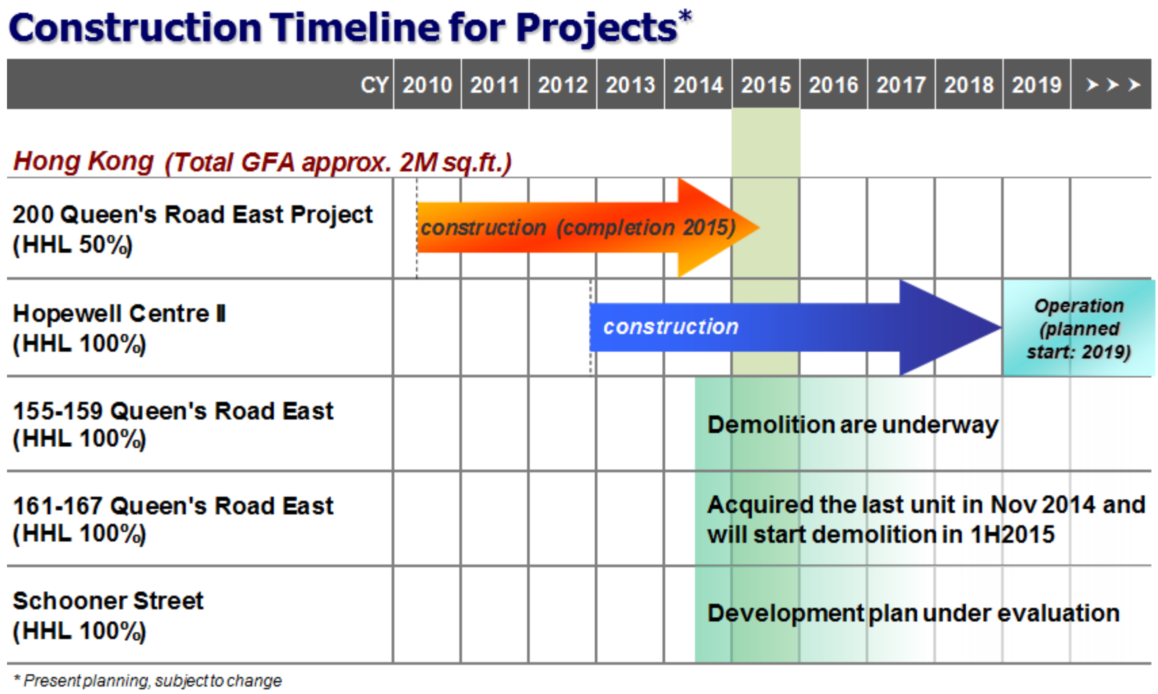
Average Selling Price ("ASP")[N1]



	FY11	FY12	FY13	FY14	1HFY14	1HFY15
GFA booked (sq.m.)						
Apartment	56,000	24,500	41,000	67,600	12,500	4,300
Townhouse	1,000	13,800	1,700	-	-	300
Units booked						
Apartment	574	306	333	695	77	28
Townhouse	4	48	6	-	-	1

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



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$9.7 billion (HHL's share: HK$4.9 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 87,700 square feet
Area to be handed over to the URA	Around 18,000 square feet

Revenue sharing with the URA	• Residential sales proceeds in excess of HK$6.2 billion will be shared equally between the URA and the joint venture • Net rental income and sales proceeds from the commercial portion of this property will be split 40:60 between the URA and the joint venture

The 200 Queen's Road East Project is a URA redevelopment project with residential, commercial and government, institutional or community elements. The Group and Sino Land Company Limited ("Sino") formed the 50:50 joint venture ("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 extensive experience of URA projects.

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

In addition to revitalising Wan Chai, this project will provide a convenient pedestrian link between Kennedy Road's 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 also enable the proposed Wan Chai Pedestrian Walkway to unite various parts of the district.

Known as "The Avenue", the residential portion of this project consists of four towers with 1,275 residential units of a wide range of sizes and layouts. Its retail portion, "Avenue Walk", will be a tree-lined pedestrian walkway equipped with lifestyle and wedding-related shops and dining options that will perfectly complement their beautiful streetscape surroundings. The project's new identity will harmoniously combine the themes of "Heritage and Modernity" and "East and West". Avenue Walk has so far received very positive responses from potential tenants and is targeted for grand opening in the fourth quarter of 2015. Connecting Wan Chai MTR station and Avenue Walk, Johnston Tunnel commenced construction in the second quarter of 2014 and it is targeted for completion in 2017. An additional QRE Tunnel connecting Avenue Walk and Hopewell Centre is now under planning.

With a retail GFA of 87,700 sq.ft., Avenue Walk will further enlarge the Group's rental property portfolio and is expected to boost synergy among existing properties such as Hopewell Centre, QRE Plaza and GardenEast. With the eventual completion of Hopewell Centre II, the resultant cluster will be one of Wan Chai's largest retail hubs.

Progress	2014	2015	2016	2017	2018 and Beyond
Avenue Walk	2014-3Q2015: Negotiation with potential tenants				
		3Q-4Q2015: Tenants move in and shop decoration			
		4Q2015: 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)	Under planning				

Work on the project's superstructure and fitting out is already underway. Phase 1 obtained its occupation permit in March 2014 and started being handed over to buyers in December 2014. Phase 2 is planned to be completed and ready for handover in the fourth quarter of 2015 and the whole development is expected to be completed in 2015. Pre-sales of units received an enthusiastic response when they began in November 2013. As at 14 January 2015, 1,202 units or 586,000 sq.ft. representing 94% of total number of units had been sold. This has generated around HK$12.5 billion of total sales at JV level before URA's share.

200 Queen's Road East Project, Wan Chai
- The Avenue Residential Sales (sales figure as of 14 Jan 2015)

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	**1,025 (486,000 sq.ft.)**	**177 (100,000 sq.ft.)**	**1,202 (586,000 sq.ft.)**
• As % of total units	**94%**	**99%**	**94%**
• Average selling price (sold units)	**HK$21,600/sq.ft.**	**HK$19,700/sq.ft.**	

Revenue shared from sales of Phase 1 (Site B) residential units amounted to HK$694 million, representing 177 units or 100,000 sq.ft. together with a HK$120 million fair value gain from the retail portion (Avenue Walk) under construction up to completion of development have been booked during the period under review, while revenue generated from sales of the Avenue Phase 2 (Site A) residential units is scheduled to be booked in FY16. As at 31 December 2014, the Group had received net proceeds of around HK$1.7 billion. The average selling price of units sold was around HK$21,300 per sq.ft. of saleable area. In addition, the estimated valuation of 73 unsold units covering approximately 71,000 sq.ft. was around HK$33,800 per sq.ft.

Revenue Booking^ (HHL's Share after URA sharing)

	1HFY15	FY16
Residential sales revenue		
- Phase 1	HK$694m (100,000 sq.ft.)	n/a
- Phase 2	n/a	HK$3,707m (486,000 sq.ft.)
Completion gain (retail) *	HK$120m	n/a

^ Based on contracted sales up to 14 Jan 2015
** Fair value gain of Avenue Walk under construction to completion of development*

The JV currently plans to invest around HK$9.7 billion in the project (excluding finance costs, agency fees and marketing expenses). Up to 31 December 2014, the Group had injected approximately HK$2.4 billion of its own funds into the project, of which around HK$1.7 billion was repaid by the JV. At JV level, all sales proceeds generated from units already sold are sufficient to fund outstanding construction and other related costs and also to repay the project's bank loan. The Group will therefore not need to inject further funds into the project.

Hopewell Centre II

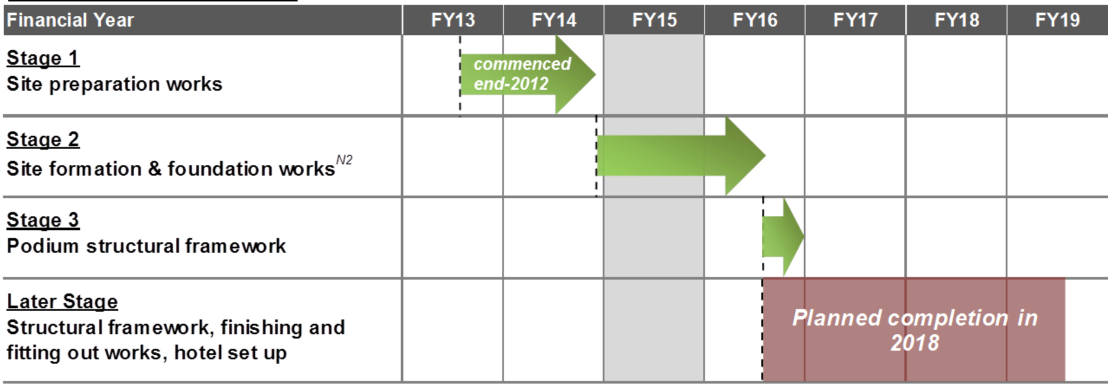
Project Description	
Location	Wan Chai, Hong Kong
Total GFA	Around 101,600 square metres
Nature of development	Primarily a conference hotel with approximately 1,024 guest rooms (hotel area of around 70,500 sq.m.), a retail area of around 27,700 sq.m. and an office area of 3,400 sq.m. (Subject to S16 application)
Height / No. of storeys	210 mPD/55 storeys
Estimated total nvestment	Around HK$9 -10 billion (including land premium of HK$3,726 million and an estimated investment cost for a road improvement scheme and parks)
Status	Site formation work in progress

A Land Grant execution involving a land premium payment of HK$3,726 million was completed on 24 October 2012. Site formation work is in progress, with tower cranes and hoarding erection already completed. Site formation works and podium structural frameworks are targeted for completion by the end of 2015 and sometime during 2016 respectively. According to the current plans, construction of the hotel will be completed in 2018 and the estimated total investment cost (including land premiums) will be roughly HK$9 to 10 billion. This will be financed by the Group's internal resources and/or external bank borrowings. Upon completion, Hopewell Centre II is expected to be one of largest hotels in Hong Kong with comprehensive conference facilities.

Wan Chai residents have long been calling for better connectivity and environmental protection and the Territory's demand for world-class meeting, conference and convention facilities is ever increasing. In response, the Group has submitted an application to refine and enhance the development scheme approved in 2009 to the Town Planning Board in November 2014. Under the current planning, this will not impact construction progress.

Hopewell Centre II, Wan Chai
- Construction Timeline and Capex Plan[N1]

Major Construction Works



Capex Plan

Financial Year	up to 30 Jun 2014	FY15	FY16	FY17 and Beyond
Amount (HK$'m)	around 4,350[N3]	180	1,260	3,340

Planned Total Investment: around $9b - $10b

N1: Present planning, subject to changes
N2: Include construction of retaining walls, soil and rock export
N3: Include land premium $3,726m

As at 31 December 2014, the market value of the hotel portion of this project amounted to HK$4,959 million (equivalent to around HK$4.8 million per room under development) as estimated by DTZ. In line with accepted market practice, the value of the hotel portion of the project is stated at a cost of around HK$2,286 million (equivalent to around HK$2.2 million per room under development) in the Group's balance sheet. This implies a hidden value of around HK$2.7 billion compared to stated market value.

A 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 and to preserve Nam Koo Terrace.

A road improvement scheme, a green park which will be open to the public and an extensive tree-planting plan will all be implemented within this project. The road improvement scheme will both improve the area's traffic flow and enhance pedestrian safety, whereas the green park will provide a venue for public recreation and enjoyment.

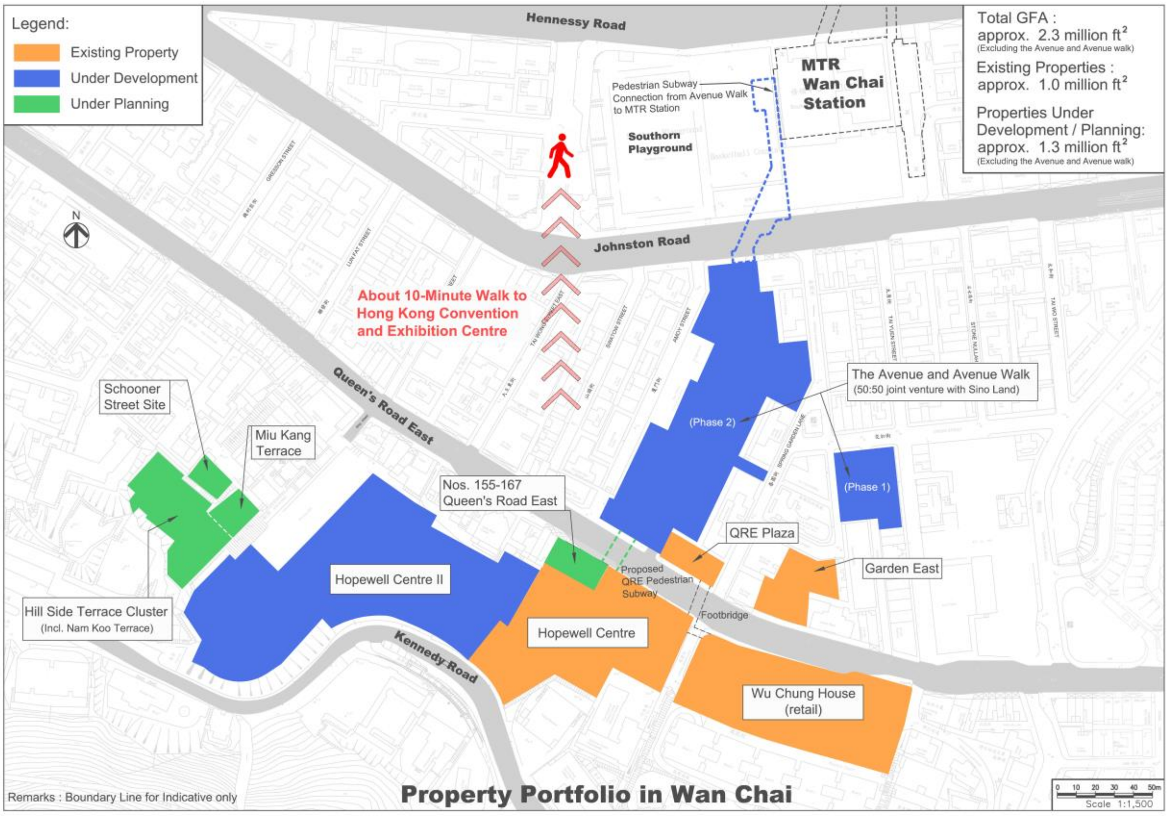
A key element in our Wan Chai Pedestrian Walkway proposal, the project will also provide a convenient pedestrian connection between the Kennedy Road residential area in Mid-Levels, Wan Chai MTR Station and Wan Chai North via Hopewell Centre and the 200 Queen's Road East Project. In helping to seamlessly integrate major areas of Wan Chai district, it will also provide access to the Group's properties under "The East" brand. Synergising with our current Wan Chai property portfolio, it will also further enhance our recurrent income base.

Properties For Development in Wan Chai

As redevelopment of the district is ongoing, significant changes in Wan Chai are likely to result. To this end, the Group is now exploring development opportunities for its various plots of land. The ultimate aim is to further enhance synergy with our existing properties and development in Wan Chai.

In November 2014, the Group acquired the last unit of 161-167 Queen's Road East attaining 100% ownership of 155-167 Queen's Road East. Demolition of 155-167 Queen's Road East is planned to be completed in the middle of 2015. A planning application for building a commercial property on the demolition site was approved by the Town Planning Board. Under current planning, the scale of the proposed development will be similar to that of QRE Plaza.

In July 2014, we took possession of a new plot of land we had purchased on Schooner Street. Development plans for the site are currently being evaluated. The fact both 155-167 Queen's Road East and the Schooner Street site are in close proximity to key addresses in the Group's Wan Chai property portfolio such as Hill Side Terrace Cluster and Miu Kang Terrace will create further synergy.



Given its close proximity to the Group's Wan Chai property portfolio, the assembly of amalgamated properties into sites has the potential to generate attractive investment returns. To this end, we will continue to look for opportunities to increase land reserves in locations that synergizing with its existing properties and future development in the area.

In increasing its exposure in Wan Chai, the Group also hope to capture additional growth opportunities. Based on HHL's existing investment properties and total attributable GFA of approximately 1.0 million sq.ft, plus properties covering around 1.3 million sq.ft. either under development or planning, the total attributable GFA of the HHL's investment properties in Wan Chai will amount to approximately 2.3 million sq.ft. This figure will include office, retail, residential and hotel space. Upon completion, Hopewell Centre II's retail space and Avenue Walk will join together with the Group's existing retail space to create 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 are underway	Acquired the last unit in Nov 2014 and will start demolition in 1H2015
	• A planning application to build a commercial building was approved by Town Planning Board (scale similar to QRE Plaza) • Demolition planned to be completed in 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

Pursuant to an agreement entered into by one of our subsidiaries and the development's landlord, Guangzhou Liede Economic Company Limited, the Group's subsidiary will be responsible for fitting out and equipping this commercial complex development. After its completion, the premises will then be leased to the Group's subsidiary under an operating lease arrangement.

2. INFRASTRUCTURE

A. Hopewell Highway Infrastructure Limited ("HHI")

Business Performance

During the period under review, the aggregate average daily traffic and aggregate average daily toll revenue on the GS Superhighway and the Western Delta Route rose 1% to 599,000 vehicles and decreased by 2% to RMB11.4 million respectively. The decline in toll revenue was mainly attributed to the drop of the GS Superhighway's toll revenue after the full opening of the Coastal Expressway on 28 December 2013 and the temporary traffic diversion due to the closure of Guangzhou Northern Ring Road for maintenance. The combined toll revenue of the HHI Group's four projects amounted to RMB2,100 million.

The average daily toll revenue of the GS Superhighway fell by 6% year-on-year to RMB8.6 million during the period under review. Its average daily traffic and average daily full-length equivalent traffic fell by 1% and 7% year-on-year to 459,000 vehicles and 90,000 vehicles, respectively. In addition to the impact from the full opening of the Coastal Expressway, the GS Superhighway was also affected by the traffic diversion measures temporarily adopted by the police along the section from Huocun to Guangdan from 10 September 2014 to 24 October 2014 when the westbound of the Guangzhou Northern Ring Road was closed for maintenance. The impact was insignificant and the traffic resumed gradually after the reopening. Nevertheless, the average daily toll revenue of the GS Superhighway has stabilised at around RMB8.9 million, which is the level in 2013.

Benefitting from the growth in Guangdong's car ownership, the average daily traffic and average daily toll revenue of the Western Delta Route continued to grow healthily by 12% and 13% to 140,000 vehicles and RMB2.8 million respectively. Its total toll revenue accounted for 25% of the HHI Group's shared aggregate toll revenue, compared to 22% during the same period in FY14.

Both Phase I West and Phase II West maintained healthy growth, attributable to the synergy created among the three phases. The average daily traffic and average daily toll revenue of Phase I West grew by 10% and 6%, amounted to 53,000 vehicles and RMB532,000 respectively. The average daily traffic and average daily toll revenue of Phase II West were 112,000 vehicles and RMB1,702,000, representing a growth of 14% and 9% respectively.

Phase III West's traffic and toll revenue had been ramping up robustly. Its average daily traffic and average daily toll revenue grew by 32% and 33% to 25,000 vehicles and RMB546,000 respectively.

Financial Year	*1H FY14*	***1H FY15***	*% Change*
GS Superhighway (at JV company level)			
Average Daily Toll Revenue (RMB ’000)	9,222	**8,631**	-6%
Average Daily Traffic (No. of vehicles ’000)	465	**459**	-1%
Average Daily Full-Length Equivalent Traffic (No. of vehicles ’000)	96	**90**	-7%
Western Delta Route (at JV company level)			
Average Daily Toll Revenue (RMB ’000)	2,472	**2,781**	+13%
Average Daily Traffic (No. of vehicles ’000)	125#	**140#**	+12%
Average Daily Full-Length Equivalent Traffic (No. of vehicles ’000)	31	**36**	+15%
Phase I West (at JV company level)			
Average Daily Toll Revenue (RMB ’000)	500	**532**	+6%
Average Daily Traffic (No. of vehicles ’000)	48	**53**	+10%
Average Daily Full-Length Equivalent Traffic (No. of vehicles ’000)	41	**45**	+10%
Phase II West (at JV company level)			
Average Daily Toll Revenue (RMB ’000)	1,560	**1,702**	+9%
Average Daily Traffic (No. of vehicles ’000)	99	**112**	+14%
Average Daily Full-Length Equivalent Traffic (No. of vehicles ’000)	43	**48**	+12%
Phase III West (at JV company level)			
Average Daily Toll Revenue (RMB ’000)	411	**546**	+33%
Average Daily Traffic (No. of vehicles ’000)	19	**25**	+32%
Average Daily Full-Length Equivalent Traffic (No. of vehicles ’000)	14	**19**	+35%

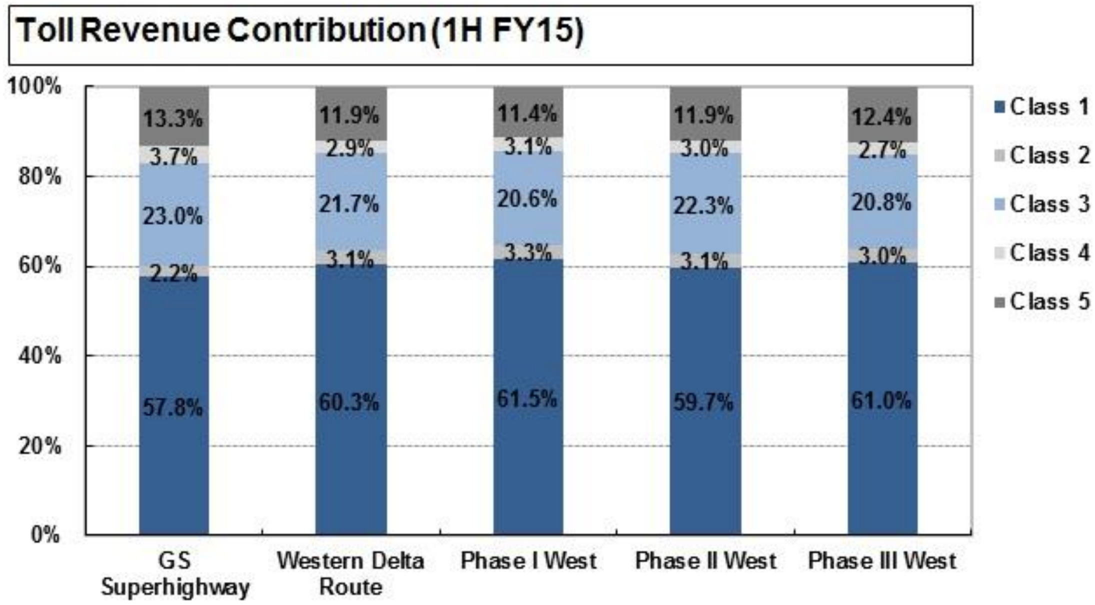
Western Delta Route’s traffic figure was smaller than the sum of Phases I, II and III West as each vehicle which travelled across different phases was counted as one vehicle under the traffic of the Western Delta Route.

Economic Environment

The national GDP of China and Guangdong grew at a modest pace of 7.4% and 7.6% respectively in the first three quarters of 2014. As the core economic region of Guangdong Province, the PRD region's economy posted a strong growth. In the first three quarters of 2014, the GDP of three main cities namely Guangzhou, Dongguan and Shenzhen, where the GS Superhighway passes through, recorded a 8.5%, 7.6% and 8.5% growth respectively; while the GDP of Foshan, Zhongshan and Zhuhai, where the Western Delta Route passes through, grew by 8.1%, 7.7% and 10.0% respectively. The growth of the above six cities (except Dongguan) outstripped the average of the province and altogether they contributed over 70% 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 number of vehicles in Guangdong continued to climb as there were around 1.3 million vehicles newly registered during the first eleven months of 2014 according to media reports.

From 2009 to the end of 2013, total length of expressways in Guangdong reached 5,703 kilometres with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was reflected not only in a compound annual growth of car ownership at 16% but also in a compound annual growth of passenger and freight transport distance by highways, both recorded at 17% during the same period and reached 278 billion passenger-kilometres and 287 billion ton-kilometres in 2013 respectively. The growth in demand for road usage was almost double the growth of expressway length. The prosperous economic development and the rising car ownership as well as the sustained demand for road traffic will continue to support the growth of the HHI Group's expressways.

According to the China Association of Automobile Manufacturers, vehicle sales in the PRC in 2014 was 23.5 million units at an annual growth rate of 7%, mainly driven by the demand in passenger cars. China remained as the world's largest vehicle sales market for the sixth consecutive year. Given that Class 1 small cars contributed over 50% to the toll revenue of our expressway projects, HHI believes that the GS Superhighway and Western Delta Route will continue to benefit from the robust growth of the PRC's passenger car sales.

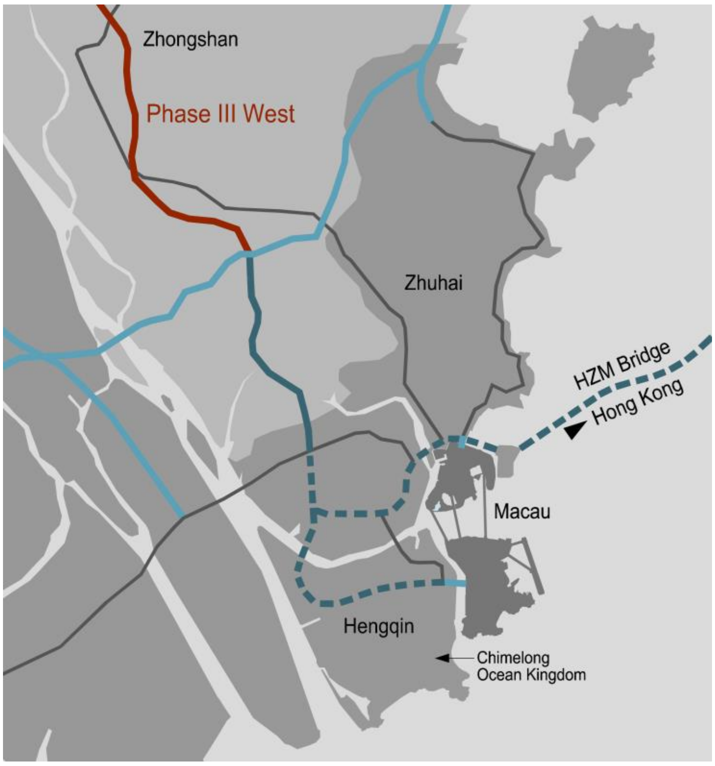


Growth Potential of the Western Delta Route

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprises 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 direct and convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The 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 is located at the heart and runs along the central axis 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, Guangzhou-Zhongshan-Jiangmen Expressway, HZM Bridge, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will be completed by 2016, 2016, 2016, 2018 and 2020 respectively, according to the media reports) to form a comprehensive regional expressway network. Moreover, a new Second Hengqin Bridge that directly links up Zhuhai's Hengqin is expected to open to traffic in 2015 and will further facilitate the traffic to and fro Hengqin through the Western Delta Route. It is believed that 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. By October 2014, over 50% of the main bridge construction was completed according to the media reports. Upon its completion, cities on the western bank of the PRD region will fall into a 3-hour commuting radius from Hong Kong. The cross border passenger and freight traffic 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 long 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 licenses for private cars had significantly been increased to utilise 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 shortly after its opening. The HZM Bridge's opening will further foster the region's economic development and integration.

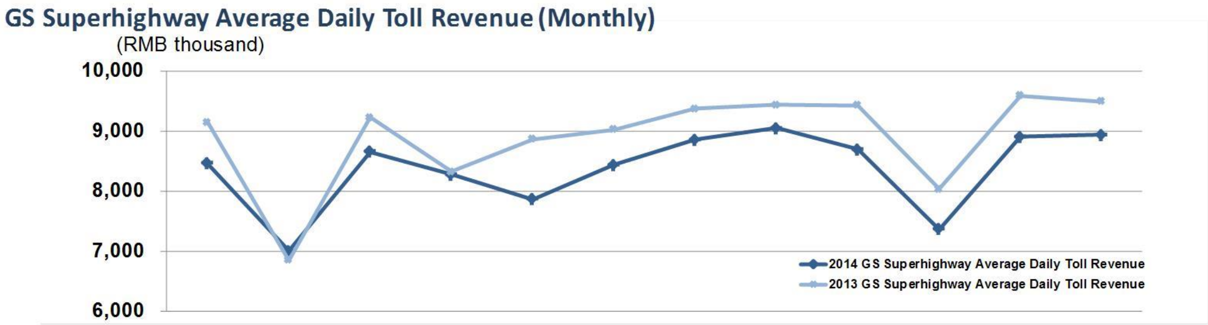


Hengqin in Zhuhai is the third State-level Strategic New Zone after Shanghai's Pudong District and Tianjin's Binhai area in China. It is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. According to the media, the GDP of Hengqin New Zone is expected to grow robustly by more than 50% in the first ten months of 2014 with ongoing intensive investments. A new batch of expansion projects of Chimelong International Ocean Tourist Resort, which comprises of Circus Hotel, Penguin Hotel and a 5D cinema with a total investment of RMB5 billion, had been initiated in January

2014 and are expected to commence operation in 2015. After the expansion, the number of guestrooms will be increased to near 5,000. The resort received around 6.5 million visitors in 2014 since its opening, creating a boost to the tourism in Zhuhai. In addition, Zhuhai International Convention and Exhibition Center started trial operation on 30 October 2014. It is expected that more exhibitions will be hosted in Zhuhai in the future that will further give impetus to the traffic of the Western Delta Route. Macau will also increase leisure facilities notably with the expansion and construction of new gaming resorts and hotels starting 2015. Together with Macau Cotai-Hengqin border crossing started 24-hour opening since 18 December 2014 for passengers and passenger cars, the passenger flow between Hengqin and Macau will further increase. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

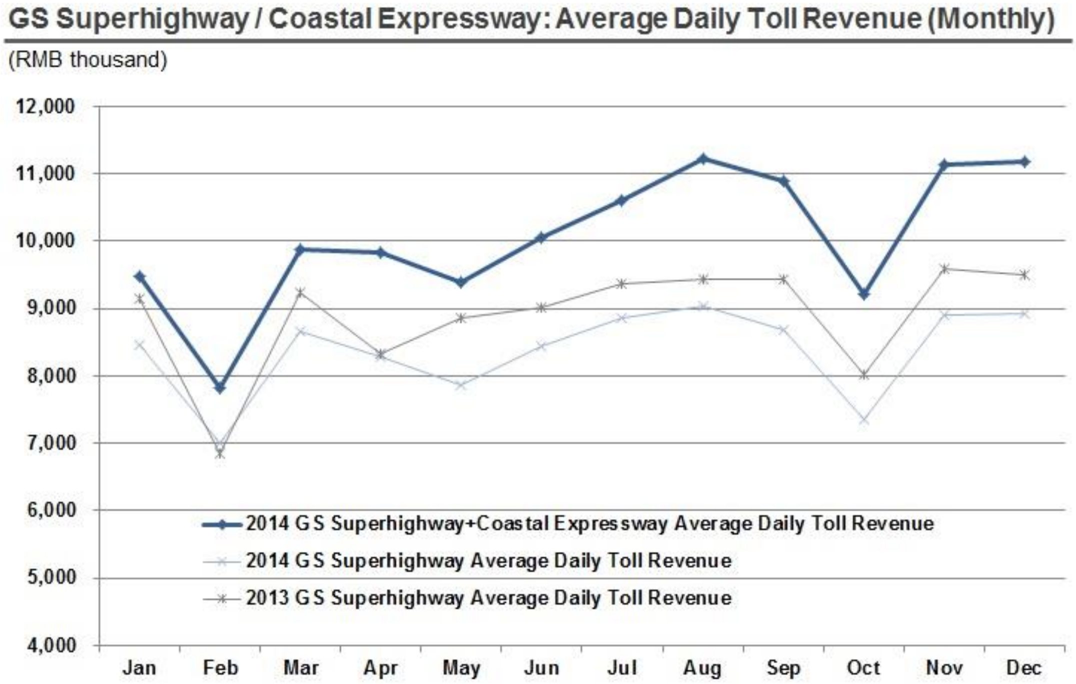
Full Opening of a Parallel Road

The 89-km Coastal Expressway was fully opened on 28 December 2013. An 18-km stretch of its Guangzhou-Dongguan section being toll-free since its opening had resumed tolling from 1 August 2014. GS Superhighway's average daily toll revenue has stabilised at around RMB8.9 million, which is the level in 2013. The HHI Group believes that the diversion impact from the Coastal Expressway on the GS Superhighway has fully been realised.



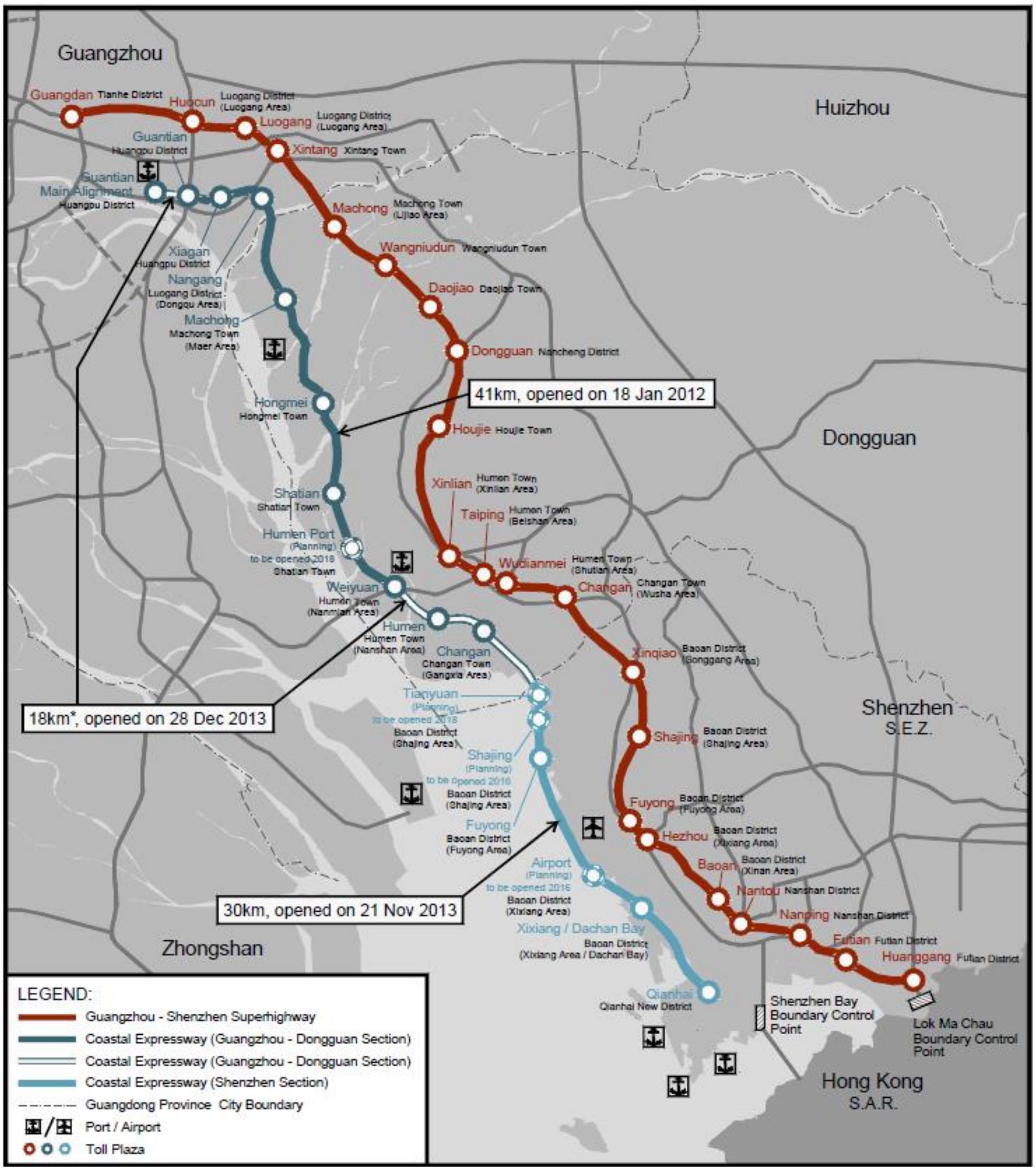
	Jan + Feb (Lunar New Year)	Mar	Apr + May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	Yearly Average
2012										9,147
2013	8,055	9,228	8,595	9,023	9,371	9,440	8,717	9,592	9,492	8,913
2014	7,770	8,657	8,069	8,438	8,857	9,046	8,017 (Guangzhou Northern Ring Road closure)	8,903	8,933	8,384
yoy change	*-4%*	*-6%*	*-6%*	*-6%*	*-5%*	*-4%*	*-8%*	*-7%*	*-6%*	

Based on the average daily toll revenue, the market, comprising the GS Superhighway and the Coastal Expressway, grew around 13% since the full opening of the Coastal Expressway. This had been further supported by the solid demand for toll road usage in Guangdong Province.



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 Huocun 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. Together with Guangdong's continuous economic growth, the HHI Group believes that the GS Superhighway will maintain its leading position as the main traffic artery on the eastern bank of the PRD region.



* *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 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 single and 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 greatly shortening the time spent on taking entry tickets and paying tolls at various entrance and exit plazas 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, following its implementation in the Northern District in 2009 as well as 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. The impact of the toll-by-weight scheme on the toll revenue of the GS Superhighway and Western Delta Route is insignificant. During the period under review, the total traffic of commercial trucks and their toll revenue remained at a stable level for both the GS Superhighway and the Western Delta Route. Nevertheless, this scheme can help reduce the number of overloaded trucks and the damages so caused to the expressways.

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 the PRC.

New vehicle registration policy in Shenzhen

Shenzhen has the highest car ownership figure in Guangdong, with total car ownership reaching 2.6 million vehicles at the end of 2013 and it is estimated to have reached around 3 million vehicles by the end of 2014, according to the media. On 29 December 2014, the Shenzhen Government announced new registration of small- and mini-sized passenger vehicles would be limited to 00,000 units per year. The policy aims to enhance the transportation system of Shenzhen by relieving traffic congestion and improve air quality.

Traffic restriction during peak hours in Shenzhen

On 29 December 2014, the Traffic Police Bureau of Shenzhen announced a new traffic restriction on non-Shenzhen registered passenger vehicles. These vehicles are prohibited to travel within the four downtown districts of Shenzhen, namely Futian, Luohu, Nanshan and Yantian, during peak hours from 07:00 to 09:00 and from 17:30 to 19:30 since 30 December

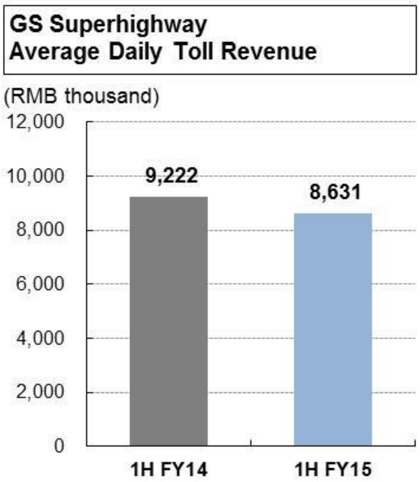
2014 for five months, except on routes linking the six border crossings. Hence, vehicles travelling along the GS Superhighway to the Huanggang and Futian border crossings will not be affected under this measure.

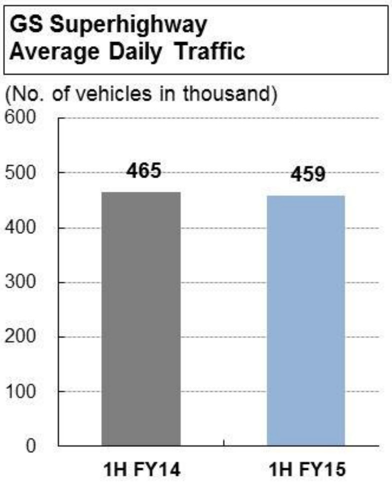
Regulation on the Administration of Toll Roads (Amendment Proposal)

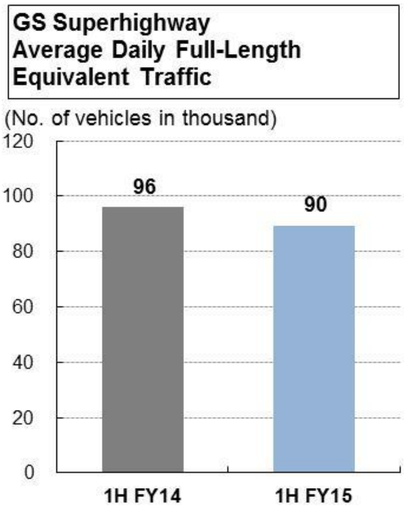
On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and relevant industries. Among other matters, the draft amendments included proposed compensation terms for the operators of toll roads suffering 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 further information has been released since then. HHI will closely monitor the latest developments concerning the amendments.

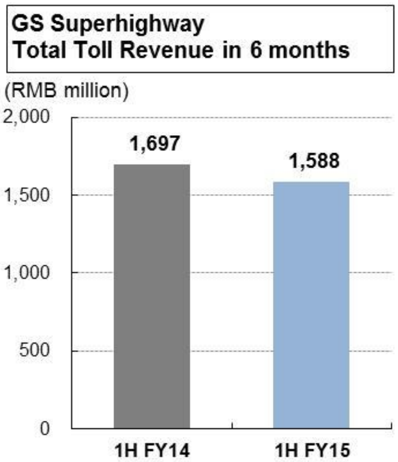
Guangzhou-Shenzhen Superhighway

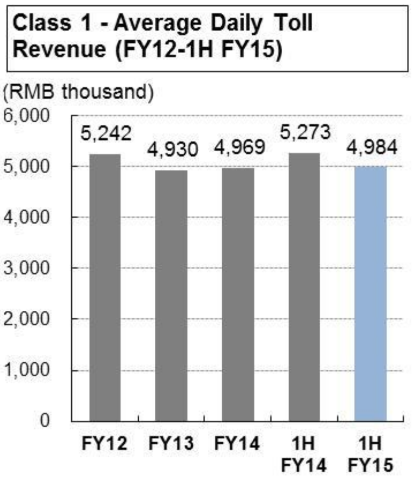
The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, its average daily toll revenue decreased by 6% year-on-year to RMB8.6 million, whereas its total toll revenue amounted to RMB1,588 million. Apart from the diversion impact of the full opening of the Coastal Expressway on 28 December 2013, the average daily toll revenue was also affected by traffic diversion measures being adopted by the police temporarily along the section from Huocun to Guangdan from 10 September 2014 to 24 October 2014 when the westbound of Guangzhou Northern Ring Road was closed for maintenance. The impact was insignificant and the traffic on the GS Superhighway resumed gradually after the reopening. Meanwhile, the average daily traffic recorded a mild drop of 1% year-on-year to 459,000 vehicles. The average daily full-length equivalent traffic volume for the GS Superhighway decreased by 7% year-on-year to 90,000 vehicles mainly due to traffic diversion to the Coastal Expressway. This indicates there is still room for traffic to grow on the GS Superhighway.

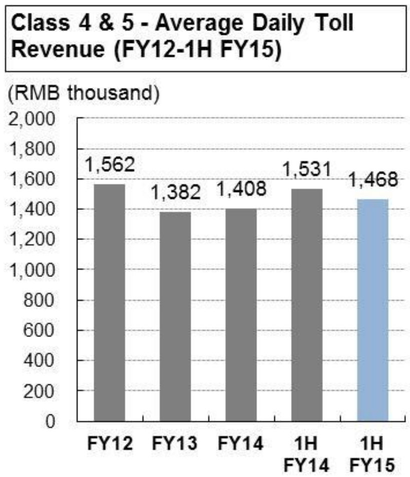




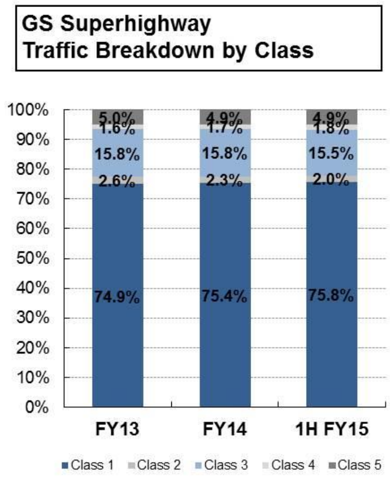


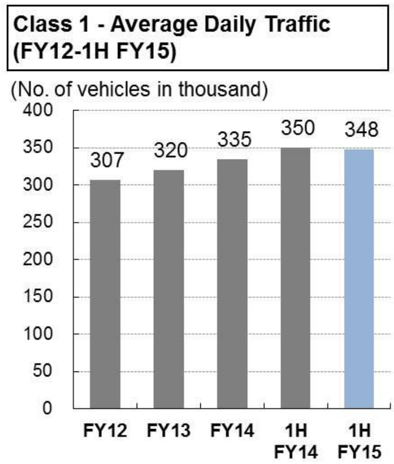


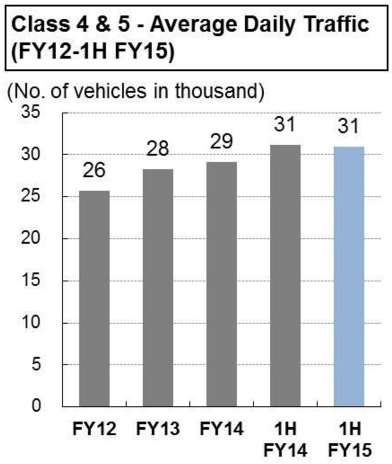




Class 1 small car traffic dropped by 1% year-on-year. It accounted for 75.8% of the GS Superhighway's total traffic volume, compared to 75.3% in the same period in FY14. The average daily toll revenue of Class 1 small car decreased by 5% to RMB5 million, contributing 57.8% to the total toll revenue. The average daily traffic and average daily toll revenue of Classes 4 and 5 dropped 1% and 4% respectively. The average toll revenue per vehicle per km remained unchanged at RMB0.77.

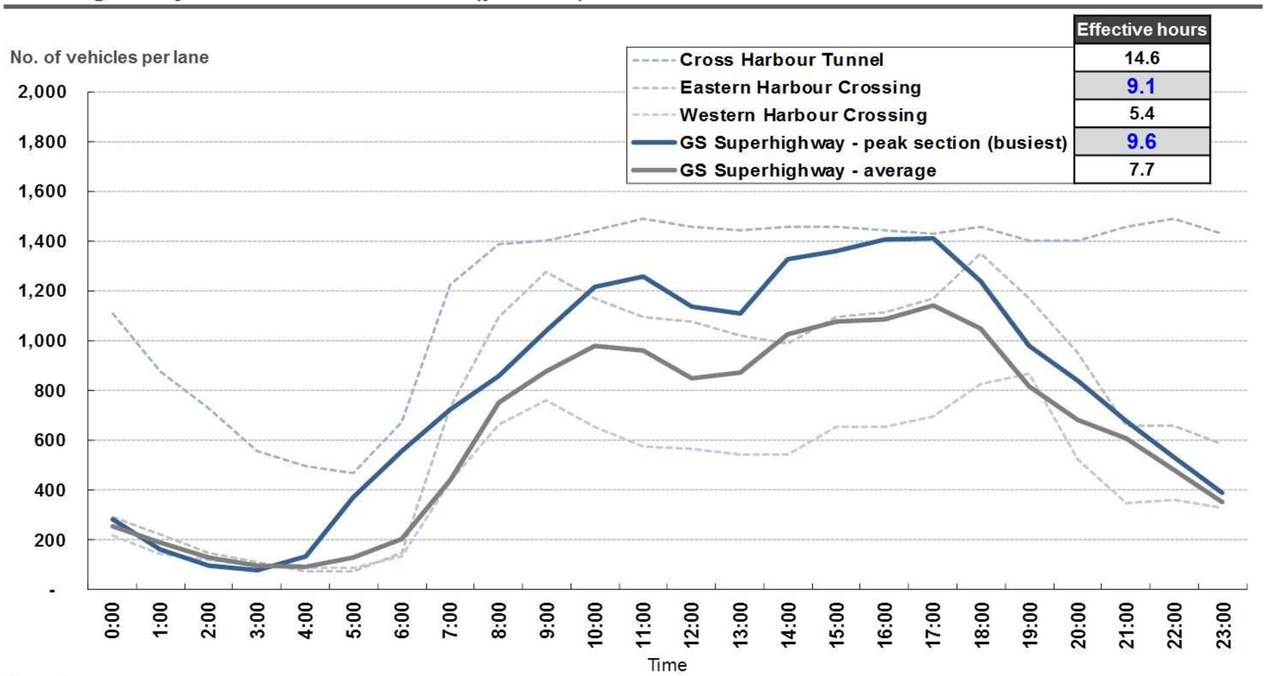






With reference to the chart below, comparing the cross sectional traffic volume (per lane) of the GS Superhighway with that of the Eastern Harbour Crossing in Hong Kong, its busiest section was similar to the Eastern Harbour Crossing while the average of all sections was lower.

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 (Dec 14)*

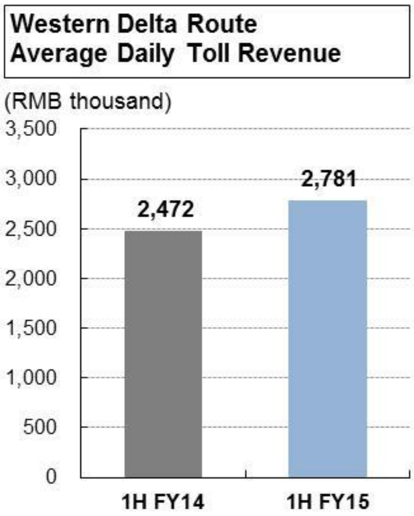
As mentioned earlier in the section headed "Full Opening of a Parallel Road", the HHI Group believes that the diversion impact from the full opening of the Coastal Expressway on GS Superhighway has fully been realised. In fact, the GS Superhighway is comparable in length and charges the same tariff as 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 the 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.

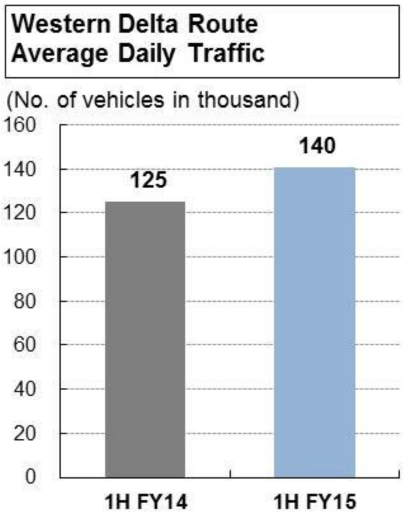
The GS Superhighway JV has been making incessant progress in increasing its operational efficiency and its capability to cope with increasing traffic by installing automated equipment at the toll lanes and entry lanes. Currently, around 60% of all the toll lanes at entrances to the GS Superhighway have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

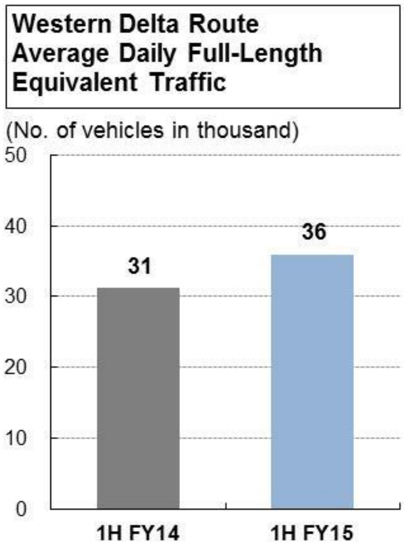
Western Delta Route

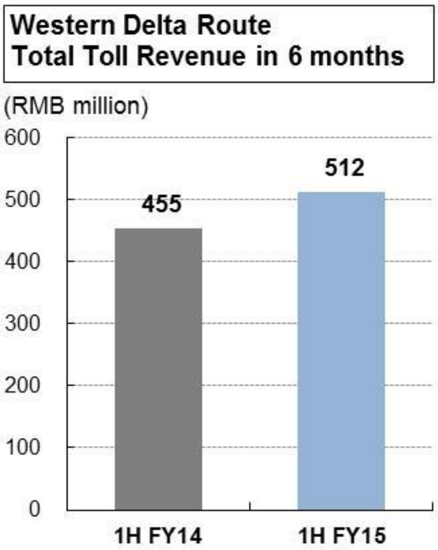
The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprised of Phase I West, Phase II West and Phase III West. It is the central expressway artery on the western bank of the PRD region connecting four major cities – Guangzhou, Foshan, Zhongshan and Zhuhai. It is well connected with Guangzhou's expressway network in the north and extends southwards to link with Zhuhai's expressway network, offering a convenient access to Hengqin and the forthcoming HZM Bridge to Hong Kong.

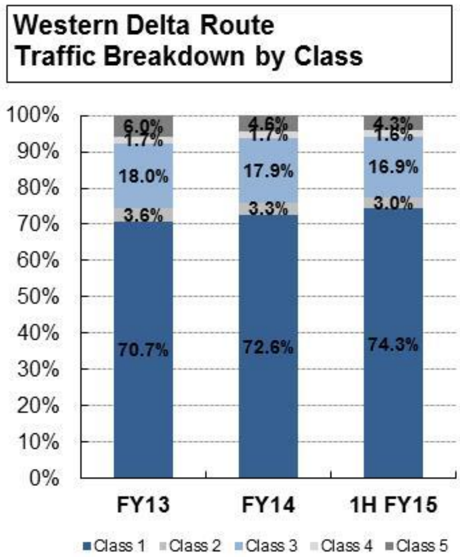
During the period under review, benefiting from the growth in Guangdong's car ownership, the average daily traffic and average daily toll revenue of the Western Delta Route continued to grow healthily and achieved 12% and 13% year-on-year growth to 140,000 vehicles and RMB2.8 million respectively. Meanwhile, its total toll revenue amounted to RMB512 million. The average daily full-length equivalent traffic for Western Delta Route grew 15% to 36,000 vehicles.



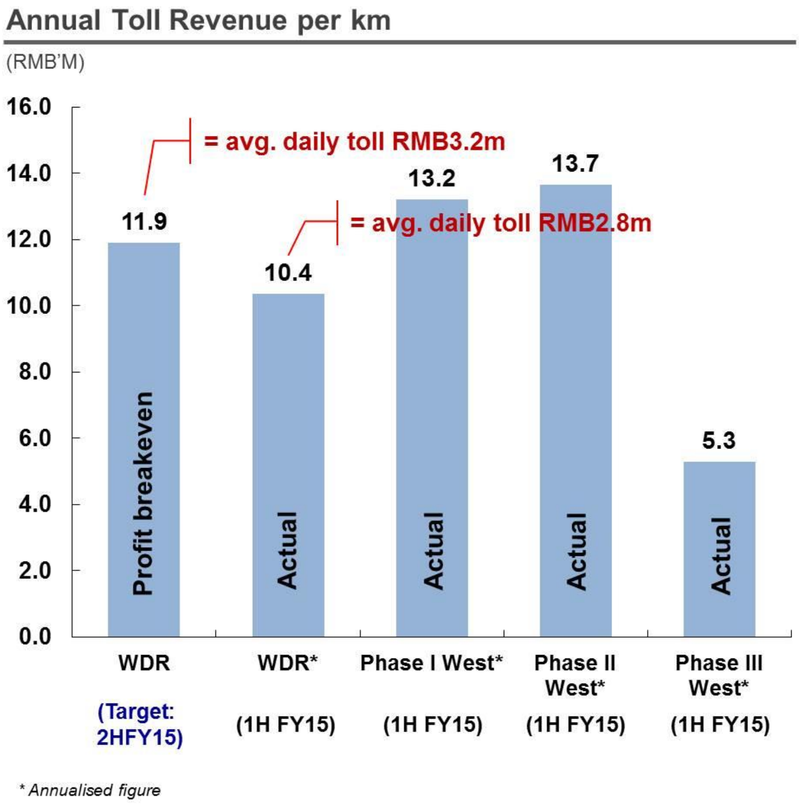




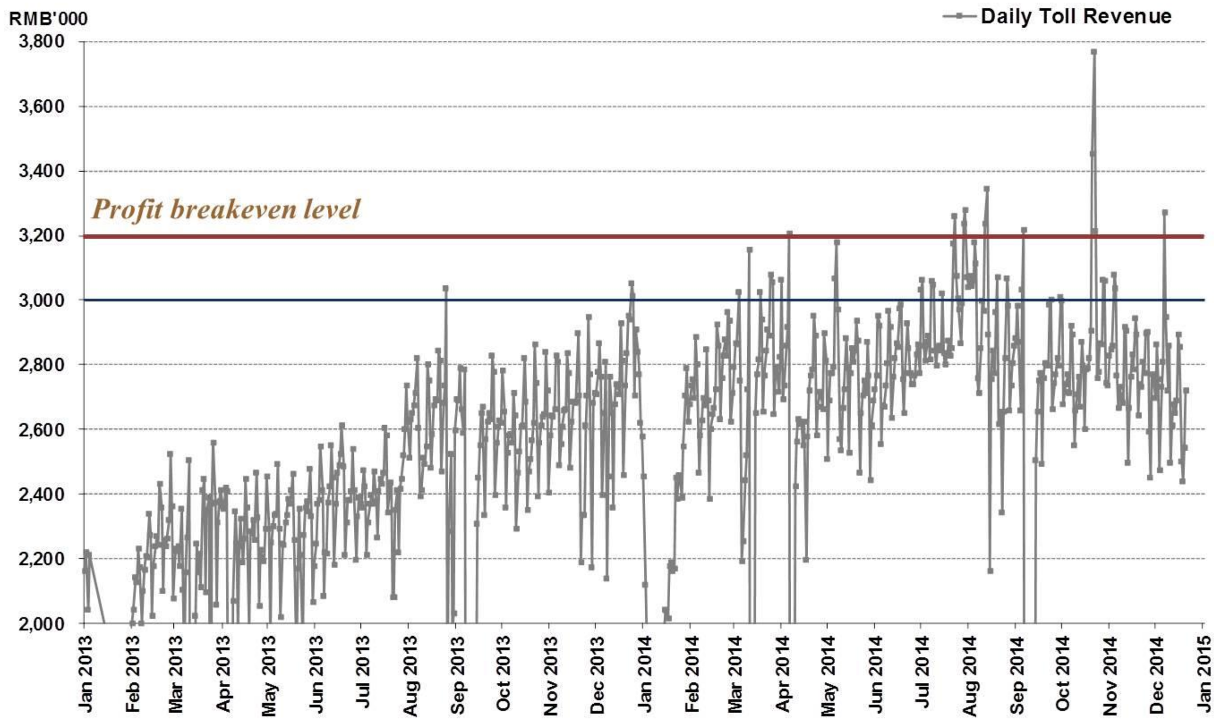




After the opening of Phase III West in the second half of FY13, the Western Delta Route continues to maintain its positive operating cash flow (after taking interest expense payments into account). Its daily toll revenue has exceeded RMB3.2 million for several days in 2014. It is targeted to achieve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



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

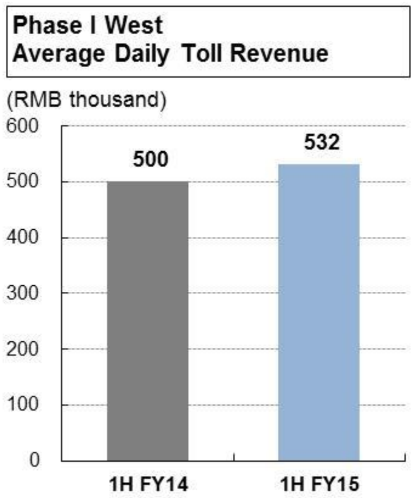


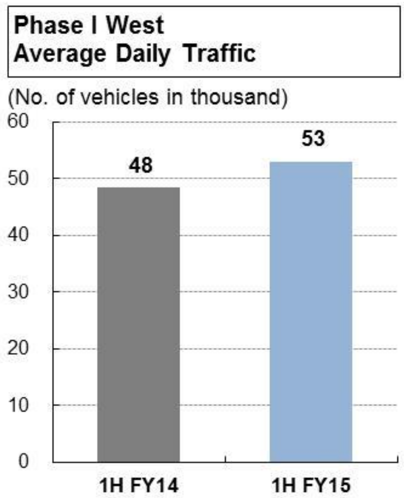
** Data from 25 January 2013 (when Phase III West commenced operation) to 14 January 2015; Holiday Toll-free Policy was implemented during 9-15 February 2013, 4-6 April 2013, 29 April-1 May 2013, 1-7 October 2013, 31 Janurary-6 February 2014, 5-7 April 2014, 1-3 May 2014 and 1-7 October 2014*

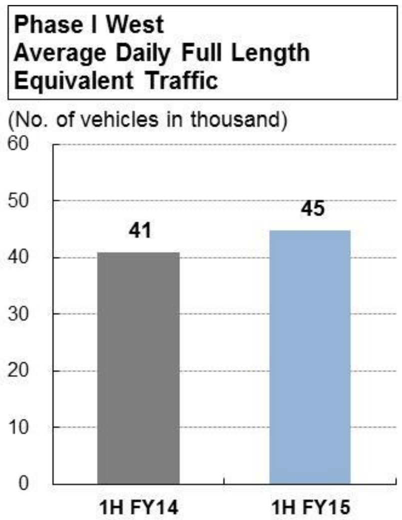
Phase I of the Western Delta Route

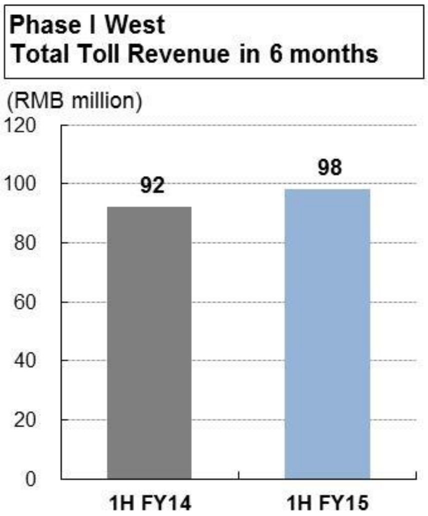
Phase I West connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. As the northern part of the Western Delta Route, Phase I West's synergy with Phase II West and Phase III West as well as the on-going economic growth of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

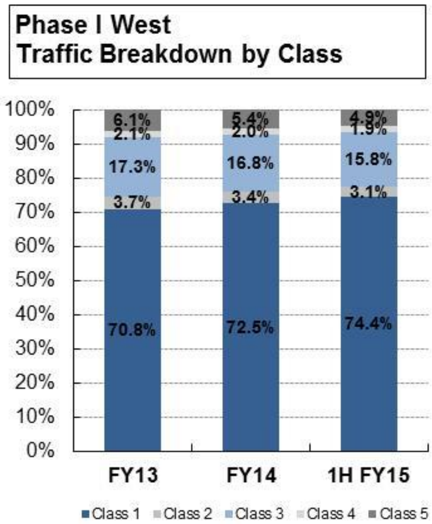
The traffic volume and toll revenue of Phase I West grew steadily, mainly driven by a strong rise in the number of Class 1 small cars. During the period under review, its average daily traffic increased by 10% year-on-year to 53,000 vehicles, whereas its average daily toll revenue increased by 6% to RMB532,000. Although a temporary closure of the westbound of Guangzhou Northern Ring Road for maintenance from 10 September 2014 to 24 October 2014 affected the traffic entering Nanya station of the Western Delta Route, the impact on its traffic and toll revenue was insignificant. Its total toll revenue amounted to RMB98 million during the period.











The traffic and toll revenue for Class 1 small cars continued to grow, accounted for 74.4% of Phase I West's total traffic volume. The average daily full-length equivalent traffic on Phase I West amounted to 45,000 vehicles, representing a year-on-year growth of 10%.

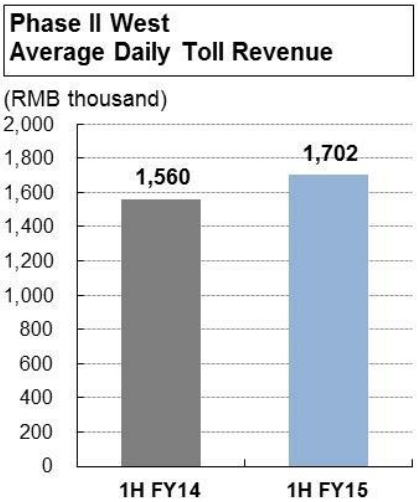
A new interchange between Shizhou and Bijiang interchanges named Wujiawei interchange has partially opened at the end of December 2014. It is constructed by Guangzhou-Gaoming Expressway and is currently connected with the southbound of Phase I West. The whole interchange is expected to be completed and fully open to traffic in 2015. This new connection will help to bring in traffic from western Foshan to the Western Delta Route.

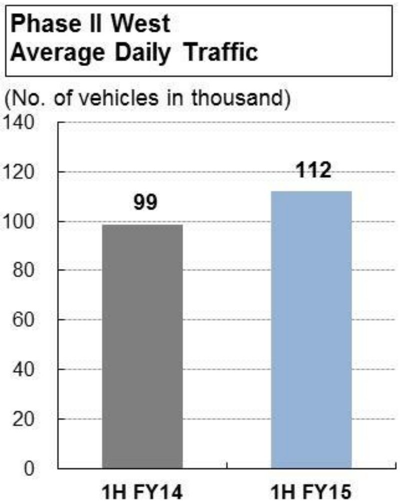
Phase II of the Western Delta Route

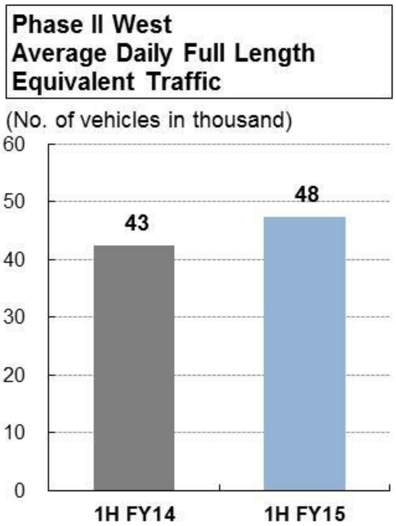
Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also interconnected with National Highway 105, Guangzhou Southern Second Ring Road and Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern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

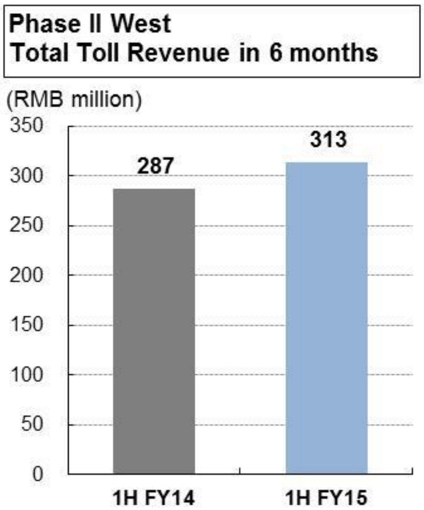
The traffic volume and toll revenue of Phase II West have continued to grow healthily ever since it opened in June 2010. During the period under review, its average daily traffic rose by 14% year-on-year to 112,000 vehicles, whereas its average daily toll revenue grew by 9% to RMB1,702,000. Its total toll revenue for the period amounted to RMB313 million. Class 1 small cars, the main driving force, recorded strong growth and contributed 76.4% to Phase II West's total traffic volume. The average daily full-length equivalent traffic on Phase II West amounted to 48,000 vehicles, representing a year-on-year growth of 12%.

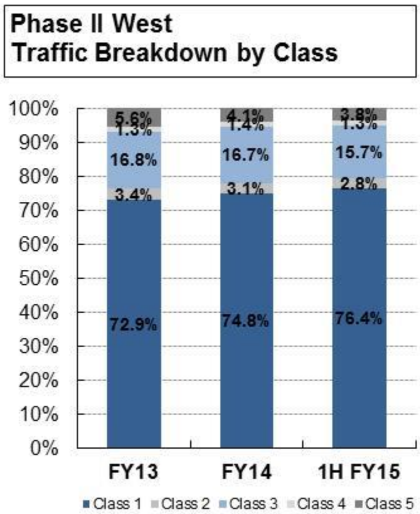
In October 2014, upgrading work of Shunde to Zhongshan section of National Highway 105, which runs parallel to Ronggui interchange to Zhongshanxi interchange of Phase II West, had been completed. The traffic on National Highway 105 becomes smoother.







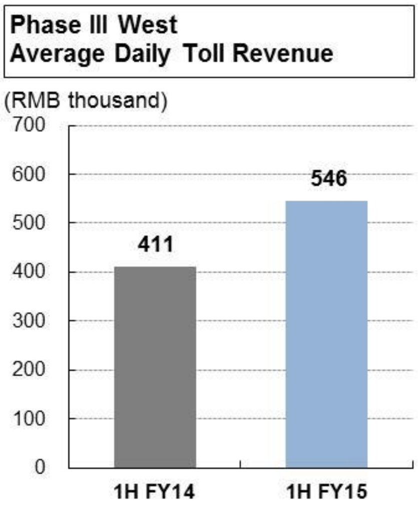


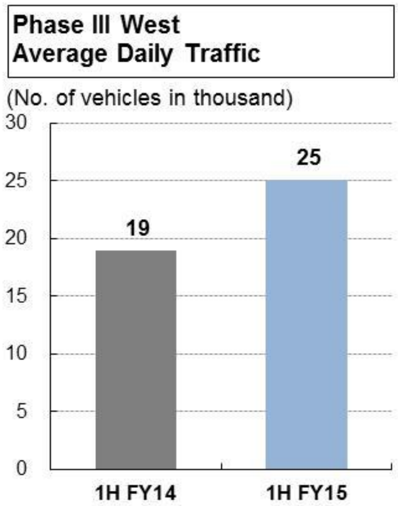


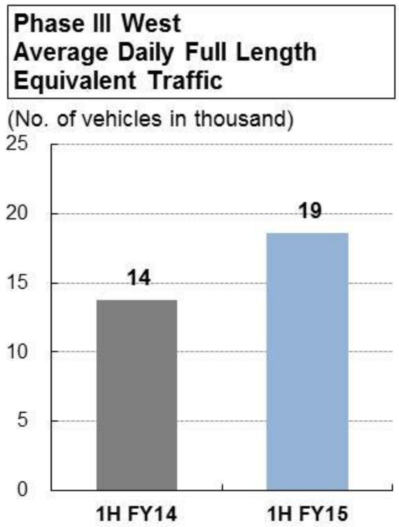
Phase III of the Western Delta Route

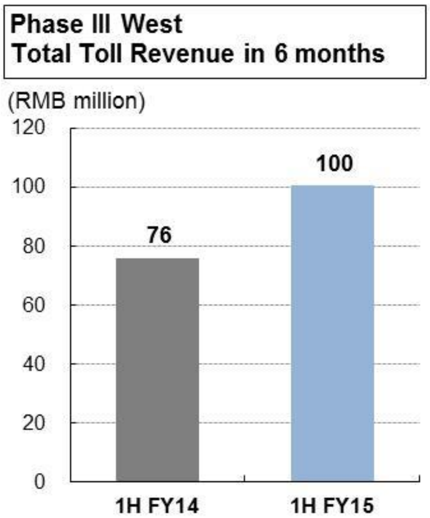
Phase III West is connected to Phase II West at Zhongshan to the north. It extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is currently under construction. It provides 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.

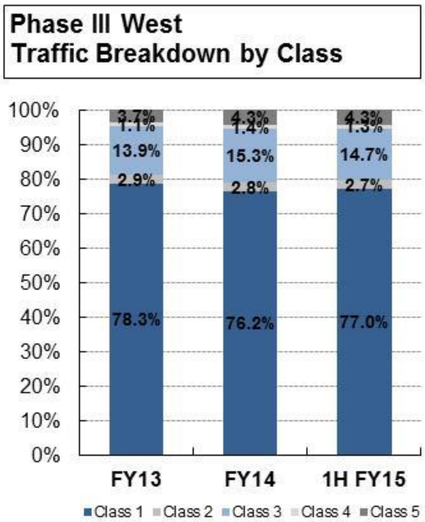
The traffic volume and toll revenue of Phase III West have been ramping up robustly. During the period under review, its average daily traffic and average daily toll revenue amounted to 25,000 vehicles and RMB546,000, rose by 32% and 33% respectively. Its total toll revenue for the period amounted to RMB100 million. The average daily full-length equivalent traffic on Phase III West grew by 35% year-on-year to 19,000 vehicles.



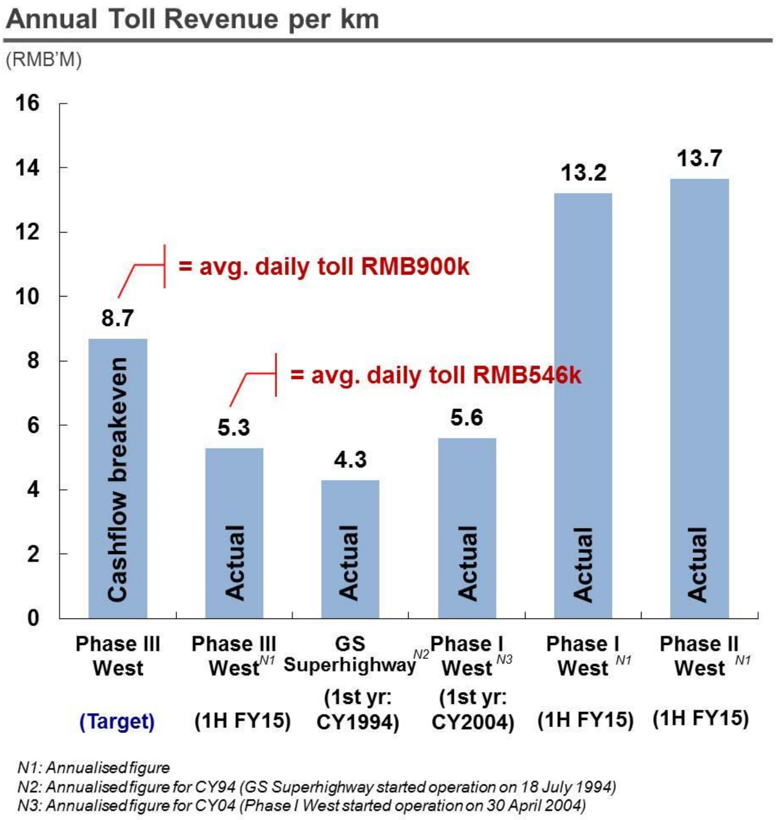








Phase III West's performance is expected to improve along with its traffic and toll revenue ramp-up. Based on the annual toll revenues and expenses of the GS Superhighway, Phase I West and Phase II West during their first full year of operation and the actual performance of Phase III West, the HHI Group 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).

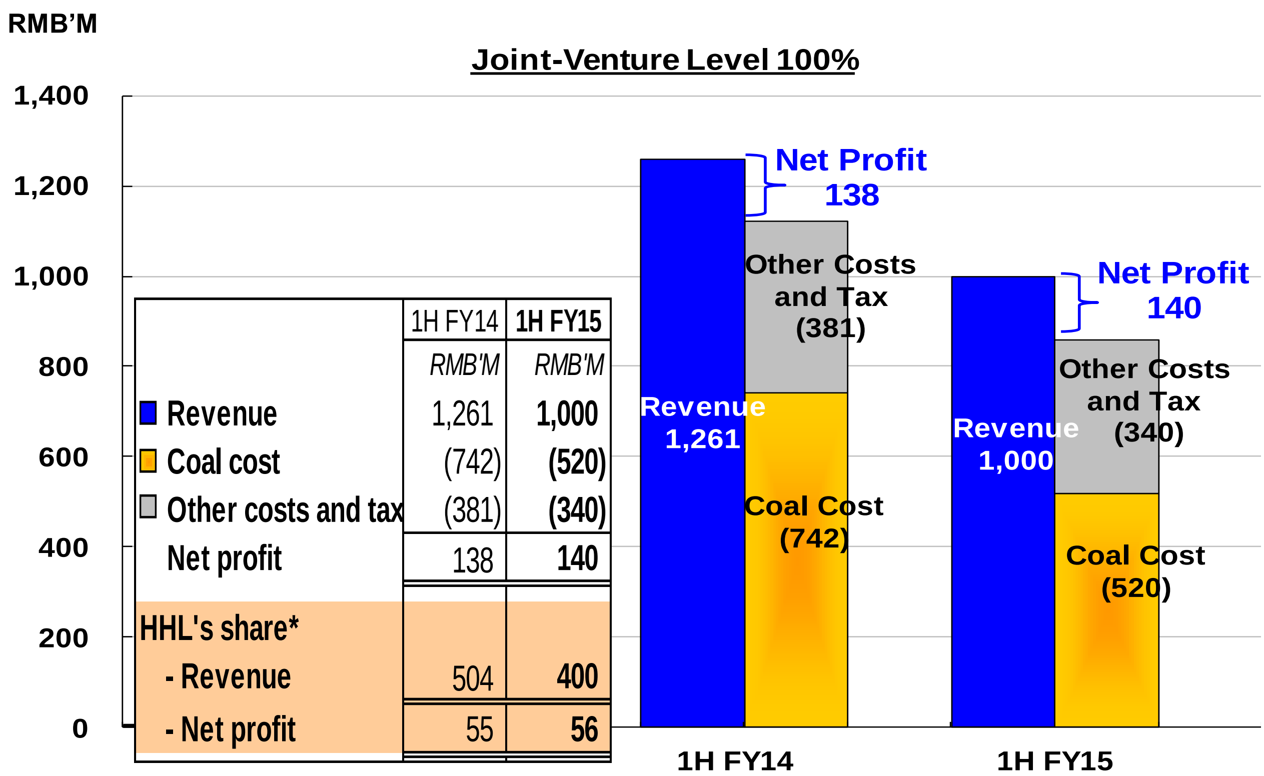


B. Power

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
Status	In operation

Key operating data	1H FY14	**1H FY15**
Gross Generation	3,000GWh	**2,500GWh**
Utilisation rate [N1] (hours)	57% (2,513hrs)	**47% (2,060hrs)**
Availability factor [N2]	82%	**78%**
Average on-grid tariff (with desulphurisation and denitrification) (excluding VAT) (RMB/MWh)	444.1 [N3]	**431.1**
Approximate cost of coal (5,500 kcal/kg) (including transportation cost and excluding VAT) (RMB/ton)	650	**565**



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

N1: Utilisation rate =

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

N2: Availability factor =

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

N3: Unit 1- without denitrification tariff

Heyuan Power Plant is one of Guangdong Province’s most efficient and environmentally friendly coal-fired power plants.

During the period under review, the utilisation rate of the plant has decreased primarily due to a decreased usage of fossil fuel electricity in Guangdong Province brought by the increased electricity supply including transmission from West to East and hydropower. Besides, the plant’s tariff (excluding VAT) was reduced by 2% from RMB439.3/MWh to RMB429.1/MWh since 1 September 2014 according to NDRC’s announcement.

Nevertheless, the Heyuan JV’s net profit and net profit margin increased from RMB138 million to RMB140 million and from 11% to 14% respectively. This is because the above mentioned impacts were offset by the decline in cost of coal.

As of 31 December 2014, the Heyuan JV had repaid RMB1.59 billion of debt which includes RMB200 million shareholder’s loans provided by the Group previously. The total outstanding project debt was RMB0.96 billion, including shareholder’s loans of RMB300 million provided by the Group to increase the JV’s financial resources and reduce its finance costs.

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 which will consist of 2 x 1,000MW coal-fired generating units. A feasibility study has already been submitted to the relevant PRC authorities, and the Heyuan JV is currently applying for approvals for the project.

PROSPECTS

The global economy is continuing its gradual recovery. With their central banks actively implementing accommodative fiscal and monetary measures to stimulate their economies, Japan and the Eurozone countries seem to be slowly approaching economic stability. The US economy's recovery has been rather more impressive and is expected to continue its momentum throughout 2015. The Federal Reserve's ending of quantitative easing measures is a strong indicator of the country's positive economic outlook. The low interest rate environment should continue to sustain the US's stability and act as a catalyst to global economic development for the foreseeable future.

Closer to home, the PRC's Central Government is expected to continue to take policy steps in all aspects of economic reforms in order to gradually shift from a credit-driven, investment- and export-led economy into a more technology- and consumption-directed system. In November 2014, the People's Bank of China lowered interest rates to spur growth. In doing so, they helped ensure China's economy stayed on track with GDP growth close to 7%. Despite its posting of a slower economic growth rate than in previous years, we expect the PRC government's measures to continue to curb speculative housing demand, prudently manage liquidity in the banking system, and to further internationalize the RMB. All of these steps will keep China's economic environment stable. Given the improving economic outlook of the US and the stable economic condition of the Eurozone, Japan and the PRC, Hong Kong's economy is also expected to remain steady. Driven by increasing demand from developed economies, exports are likely to rise while unemployment rates should stay low and the service sector and domestic consumption should remain balanced.

Such a fairly favourable economic backdrop means demand for office space in Hong Kong is expected to stay stable and the overall trend towards decentralisation in the office market should continue. Improving economic conditions in developed countries and China's steady economic environment are continuing to drive tourist visitation to Hong Kong. Having grown steadily in 2014, tourist arrivals and spending levels are expected to carry on climbing moderately and benefitting the hospitality industry throughout 2015. Should tourist expenditure and local consumption remain steady, local retailers will continue to enjoy high sales and this in turn will sustain and benefit Hong Kong's retail property market.

Hong Kong's government's measures to curb speculation in the residential sales market are helping this sector to develop more healthily and steadily. Transaction volumes and prices for residential units have both maintained their steady rising trend in recent months. Though the supply of new residential properties will increase in the next few years, housing demand is expected to remain strong, keeping transaction prices - especially those in the primary market - to stay firm.

The Group will continue to capitalise on the favourable conditions of the different segments in Hong Kong's real estate market through proactive enhancement and management of its existing property portfolio. Ultimately, efforts such as the continuous enhancement of property facilities, commencement of the Hopewell Centre's podium façade revamp, continuous refinement of retail tenant mix at the East and Panda Place, repositioning of E-Max as an entertainment hub and strengthening of Panda Hotel's MICE business will all help further expand our competitive advantages. Such efforts will also serve to enhance our image as a landlord of premium properties in Hong Kong and eventually bring sustainable growth to our business and shareholders' value.

Major new projects the Group currently has in the pipeline include 200 Queen's Road East and Hopewell Centre II will synergise with the Group's existing properties in Wan Chai. The impressive end result will be the formation of an attractive lifestyle hub drawing in abundance of attention, visitation, business, residence and spending. By the end of 2015, the Avenue is likely to draw in a large group of high-income households while the opening of Avenue Walk will further increase our retail space in the area. Upon their completion, Avenue Walk and Hopewell Centre II will link together with the Group's other existing retail space in the district to form one of Wan Chai's largest retail clusters. Destined to be one of Hong Kong's largest hotels once completed, Hopewell Centre II will benefit from Hong Kong's limited supply of large-scale premium hotels in prime locations. With its comprehensive conference facilities, it is also perfectly positioned to capitalise on the opportunities created from our city's shortage of top quality conference venues.

In addition to these two key projects, a planning application for building a commercial property on the site at 155-167 Queen's Road East was approved by the Town Planning Board. The Group is also formulating development plans for the plot of land we have recently acquired on Schooner Street. Both projects underline the Group's determination to acquire land which synergises with its existing property portfolio and will help drive the redevelopment of Wan Chai. As part of its long-term growth strategy, the Group will continue to look for opportunities to increase land reserves in locations that synergise 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. Benefitting from the synergy created among the three phases and the growth in Guangdong's car ownership, during the period under review, the traffic and toll revenue of Phase I West and Phase II West maintained healthy growth while that of Phase III West had been ramping up robustly. Going forward, the Western Delta Route will also offer convenient access to the Hengqin State-level Strategic New Zone, Macau and Hong Kong via its connection with the HZM Bridge. As the urbanisation of cities in the western PRD region accelerates, the resulting economic growth will bring bright prospects to Western Delta Route and the Group.

CORPORATE SUSTAINABILITY

<u>Corporate Governance</u>

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.

During the period under review, the Company complied with all code provisions as set out in the CG Code, except for the deviations from code provisions A.5.1 and A.5.6 of the CG Code which are explained below.

Code provision A.5.1

The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size, composition and diversity. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in the 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.

Awards and Recognition

- HHL has once again been selected by Hang Seng Indexes as a constituent stock of the Hang Seng Corporate Sustainability Index. Both HHL and HHI have achieved constituent stock status on the Hang Seng Corporate Sustainability Benchmark Index for four consecutive years from 2011 to 2014
- The Group's Sustainability Report 2013/14 achieved a GRI B+ rating
- The Group was awarded a 5th Hong Kong Outstanding Corporate Citizenship Logo while the HH Social Club achieved a Bronze Award in the Volunteer Team category from the Hong Kong Productivity Council and the Committee on the Promotion of Civic Education

Environmental

Electric Vehicle ("EV") Charging Stations

The Group's new Tesla Supercharging Station at Hopewell Centre offers six Superchargers for public use. In addition to bringing greater convenience to the Territory's EV drivers, the facility underlines the Group's commitment to promoting the use of EV and enhanced energy efficiency.

Food Wise

The first six months of FY15 saw the Group further strengthen its promoting and practicing of enhanced food waste management and food recycling. In addition to co-operating with Food Grace to encourage restaurant tenants and customers to adopt measures to reduce food waste, its efforts included organizing a site visit so primary students at St Francis Canossian School could increase their awareness of food waste problems.

Heyuan Power Plant

Heyuan power plant has invested RMB 15 million in installing roof-top solar panels on major buildings, car park and free space at its premises in order to generate cleaner energy for internal use.

Our People

Employee relations and engagement

We treasure our employees and are committed to creating a harmonious and efficient working environment. In delivering on this promise, our management makes active efforts to engage and communicate with staff, and encourages everyone to optimise their work-life balance by taking advantage of the Group's Employee Assistance Programme as well as various employee social functions and outings.

Employee Development

In offering and sponsoring a wide range of work-related training programmes, seminars and workshops for employees, the Group reiterates its belief in life-long learning and personal development. Staff orientation programmes for new employees to facilitate a productive and long-lasting employer-employee relationship are also organised at regular intervals.

HH Social Club

The HH Social Club ("the Club") serves as an important platform for effective internal communication, encouraging work-life balance and enhancing employee relationship. The Club has recently launched several new interest groups and further increased its range of activities. Its intranet page was also revamped and now includes new interactive and social networking elements that further enhance staff engagement and internal communication.

Customers and Communities

Youth Development

Youth development remains one of our sustainability policy's cornerstones. To this end, we continue our enthusiastic support of various youth organisations. Specific examples of ways we are delivering on this promise include our providing of scholarships to Asian Youth Orchestra and our sponsoring of the annual campaign of the Hong Kong Outstanding Students' Association, etc. During the six months under review, the Group also provided a new sponsorship that will nurture rising stars of the Wan Chai Sports Federation football team.

Community Engagement

As a Group, we also remain committed to maintaining a close relationship with the communities which sustain our business. Notable events which were organised at Group properties during the first half of FY15 and were well-received by the local community included a QRE Carnival, Green Globe Exhibition, Green Fair and Art Workshop.

OTHER INFORMATION

Review of Interim Results

The Group's unaudited interim results for the six months ended 31 December 2014 were reviewed by the Audit Committee and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2014 the Group, excluding its JV companies, had 1,175 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family-friendly employment policies and practices. The Group arranged birthday parties, BBQ parties, Christmas party, stress management workshops and Employees Assistance Program for employees, which were delivered by professionals who shared their experiences and methods to handle stress. The Group also invests in human capital development by providing relevant training 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 kind of seminars and workshops for the employees to enhance their awareness of corporate governance.

In 2014, the Group continues to hire 6 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 to support its employees' continuous learning and development and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their career development plan in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programmes, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training, educational sponsorships and study leave.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2014.

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 rule ("Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information. Having made specific enquiry with Directors and the relevant employees, all of them confirmed that they had fully complied with the Model Code and the Share Dealing Rules respectively throughout the period under review.

On behalf of the Board
Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 26 January 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	NOTES	31.12.2013 *HK$'000* (unaudited)	**31.12.2014** ***HK$'000*** **(unaudited)**
Turnover	3	788,468	**770,677**
Cost of sales and services		(300,043)	**(300,315)**
		488,425	**470,362**
Other income	4	161,529	**138,577**
Selling and distribution costs		(34,791)	**(38,207)**
Administrative expenses		(167,154)	**(168,874)**
Fair value gain of completed investment properties		133,505	**132,391**
Finance costs	5	(48,211)	**(45,933)**
Share of profits of			
Joint ventures	6		
Expressway projects		402,214	**332,386**
200 Queen's Road East Project			
Sales of properties		-	**73,200**
Fair value gain of investment property under construction up to completion of development (Avenue Walk)		-	**120,000**
Power plant project and others		69,853	**70,921**
An associate		1,097	**1,106**
Profit before taxation	7	1,006,467	**1,085,929**
Income tax expense	8	(124,146)	**(104,584)**
Profit for the period		882,321	**981,345**
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of subsidiaries and joint ventures		178,674	**16,338**
Total comprehensive income for the period		1,060,995	**997,683**
Profit for the period attributable to:			
Owners of the Company		738,795	**859,501**
Non-controlling interests		143,526	**121,844**
		882,321	**981,345**
Total comprehensive income attributable to:			
Owners of the Company		878,877	**874,873**
Non-controlling interests		182,118	**122,810**
		1,060,995	**997,683**
		HK$	***HK$***
Earnings per share	9		
Basic		0.85	**0.99**
Diluted		0.85	**0.99**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	NOTE	30.6.2014 *HK$'000* (audited)	**31.12.2014** ***HK$'000*** **(unaudited)**
ASSETS			
Non-current Assets			
Completed investment properties		26,838,359	**27,015,716**
Property, plant and equipment (“PPE”)		739,728	**711,504**
Properties under development			
Commercial portion of HCII (investment properties)		4,411,300	**4,434,510**
Hotel portion of HCII (PPE)		2,232,829	**2,285,749**
Properties for development		1,233,124	**1,242,297**
Interests in joint ventures			
Expressway projects		7,893,999	**8,016,914**
200 Queen's Road East Project		-	**193,200**
Power plant project and others		1,090,205	**1,162,197**
Interest in an associate		30,635	**31,741**
Available-for-sale investments		8,977	**8,986**
Amounts due from joint ventures		762,806	**-**
		45,241,962	**45,102,814**
Current Assets			
Inventories		7,484	**8,998**
Stock of properties			
Under development		670,472	**872,770**
Completed		181,101	**155,051**
Trade and other receivables	11	347,542	**78,512**
Deposits and prepayments		124,845	**198,943**
Amounts due from joint ventures		2,251,389	**2,382,064**
Bank balances and cash held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		4,194,150	**3,565,998**
HHI Group		1,016,188	**1,469,611**
		8,793,171	**8,731,947**
Assets classified as held for sale (Broadwood Twelve)		634,350	**634,350**
		9,427,521	**9,366,297**
Total Assets		54,669,483	**54,469,111**
Time deposits with original maturity over three months held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		*212,330*	***195,588***
HHI Group		*936,743*	***346,985***
		1,149,073	***542,573***
Cash and cash equivalents held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		*3,981,820*	***3,370,410***
HHI Group		*79,445*	***1,122,626***
		4,061,265	***4,493,036***
Total bank balances and cash		*5,210,338*	***5,035,609***

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 31 DECEMBER 2014

	NOTE	30.6.2014 *HK$'000* (audited)	**31.12.2014** ***HK$'000*** **(unaudited)**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		11,179,498	**11,179,498**
Reserves		32,595,445	**32,814,480**
Equity attributable to owners of the Company		43,774,943	**43,993,978**
Non-controlling interests		3,116,782	**3,266,541**
Total Equity		46,891,725	**47,260,519**
Non-current Liabilities			
Warranty provision		53,966	**53,966**
Deferred tax liabilities		431,954	**471,266**
Amount due to a minority shareholder of a subsidiary		50,371	**42,325**
Bank borrowings of:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		3,249,800	**2,150,200**
HHI Group		247,900	**270,300**
		4,033,991	**2,988,057**
Current Liabilities			
Trade and other payables	12	516,988	**473,224**
Rental and other deposits		301,249	**377,327**
Amount due to an associate		1,360	**2,039**
Amount due to a joint venture		10,611	**10,611**
Tax liabilities		289,059	**231,834**
Bank borrowings of:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,000,000	**2,200,000**
HHI Group		624,500	**925,500**
		3,743,767	**4,220,535**
Total Liabilities		7,777,758	**7,208,592**
Total Equity and Liabilities		54,669,483	**54,469,111**

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. 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

	Six months ended 31.12.2013			**Six months ended 31.12.2014**		
	External	Inter-segment	Combined	**External**	**Inter-segment**	**Combined**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***
Property investment	442,531	23,699	466,230	**474,193**	**21,252**	**495,445**
Hotel, restaurant and catering operation	209,033	106	209,139	**240,306**	**101**	**240,407**
Property development	136,904	-	136,904	**750,028**	**-**	**750,028**
Toll road investment	1,284,184	-	1,284,184	**1,244,530**	**-**	**1,244,530**
Power plant	639,431	-	639,431	**504,772**	**-**	**504,772**
Treasury income	129,576	-	129,576	**120,600**	**-**	**120,600**
Total segment revenue	2,841,659	23,805	2,865,464	**3,334,429**	**21,353**	**3,355,782**

Segment revenue includes the turnover as presented in condensed consolidated statement of profit or loss and other comprehensive income, treasury income of the Group, and the Group's attributable share of revenue of joint ventures engaged in toll road investment, power plant and property development.

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

3. TURNOVER AND SEGMENT INFORMATION - continued

Segment revenue - continued

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

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
Total segment revenue from external customers	2,841,659	**3,334,429**
Less:		
Treasury income	(129,576)	**(120,600)**
Share of revenue of joint ventures engaged in:		
Toll road investment	(1,284,184)	**(1,244,530)**
Power plant	(639,431)	**(504,772)**
Property development	-	**(693,850)**
Turnover as presented in condensed consolidated statement of profit or loss and other comprehensive income	788,468	**770,677**

Segment results

	Six months ended 31.12.2013				**Six months ended 31.12.2014**			
	The Company and subsidiaries	Joint ventures	Associate	Total	**The Company and subsidiaries**	**Joint ventures**	**Associate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Property investment	292,395	2	1,097	293,494	**294,357**	**-**	**1,106**	**295,463**
Hotel, restaurant and catering operation	58,930	-	-	58,930	**72,092**	**-**	**-**	**72,092**
Property development	43,890	-	-	43,890	**(2,652)**	**193,200**	**-**	**190,548**
Toll road investment	(22,167)	402,214	-	380,047	**(20,462)**	**332,386**	**-**	**311,924**
Power plant	(1,113)	69,851	-	68,738	**(995)**	**70,921**	**-**	**69,926**
Treasury income	129,576	-	-	129,576	**120,600**	**-**	**-**	**120,600**
Other operations	(3,310)	-	-	(3,310)	**(238)**	**-**	**-**	**(238)**
Total segment results	498,201	472,067	1,097	971,365	**462,702**	**596,507**	**1,106**	**1,060,315**

For the six months ended 31 December 2014, share of fair value gain of investment property under construction up to completion of development (Avenue Walk) attributable to a joint venture amounting to HK$120 million (six months ended 31.12.2013: nil) formed part of the segment results of property development.

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.

3. TURNOVER AND SEGMENT INFORMATION - continued

***Segment results* - continued**

	Six months ended 31.12.2013 HK$'000	Six months ended **31.12.2014** ***HK$'000***
Segment results	971,365	**1,060,315**
Unallocated other income	16,988	**787**
Unallocated corporate expenses	(67,180)	**(61,631)**
	921,173	**999,471**
Fair value gain of completed investment properties	133,505	**132,391**
Finance costs	(48,211)	**(45,933)**
Profit before taxation	1,006,467	**1,085,929**

4. OTHER INCOME

	Six months ended 31.12.2013 HK$'000	Six months ended **31.12.2014** ***HK$'000***
Included in other income are:		
Interest income from bank deposits	71,357	**68,299**
Interest income from amounts due from joint ventures	58,219	**52,301**
Exchange gain, net	17,516	**1,395**

5. FINANCE COSTS

	Six months ended 31.12.2013 HK$'000	Six months ended **31.12.2014** ***HK$'000***
Interests on:		
Corporate bonds	5,942	**-**
Bank borrowings wholly repayable within 5 years	52,496	**50,847**
Loan commitment fees and others	15,991	**10,497**
	74,429	**61,344**
Less: finance costs capitalised in properties under development	(26,218)	**(15,411)**
	48,211	**45,933**

6. SHARE OF PROFITS OF JOINT VENTURES

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
Expressway projects in PRC		
Share of results of joint ventures before amortisation of additional cost of investments in joint ventures	466,161	**389,813**
Amortisation of additional cost of investments in joint ventures	(63,947)	**(57,427)**
	402,214	**332,386**
200 Queen's Road East Project		
Share of profits of joint venture (sales of properties)	-	**73,200**
Share of fair value gain of investment property under construction up to completion of development (Avenue Walk)	-	**120,000**
	-	**193,200**
Power plant project and others		
Share of profits of joint ventures	69,853	**70,921**
	472,067	**596,507**

7. PROFIT BEFORE TAXATION

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	34,896	**36,749**
Share of tax of joint ventures (included in share of profits of joint ventures)	193,469	**167,619**
Share of tax of an associate (included in share of profits of an associate)	211	**213**

8. INCOME TAX EXPENSE

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
Hong Kong Profits Tax		
Current period	36,854	**36,424**
Overprovision in respect of prior periods	(2,690)	**(3,110)**
	34,164	**33,314**
Taxation elsewhere - current period		
PRC Enterprise Income Tax ("EIT")	45,111	**23,958**
PRC Land Appreciation Tax ("LAT")	20,638	**8,157**
	65,749	**32,115**
Deferred tax	24,233	**39,155**
	124,146	**104,584**

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

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 periods.

PRC EIT for the period includes PRC withholding tax on dividends declared during the period by the Group's joint ventures amounting to approximately HK$11,003,000 (six months ended 31.12.2013: HK$22,224,000).

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.

Deferred tax is mainly attributable to the temporary difference on accelerated tax depreciation and the withholding tax on undistributed earnings of certain joint ventures established in the PRC.

9. EARNINGS PER SHARE

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic and diluted earnings per share	738,795	**859,501**
	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	871,757,856	**871,255,221**
Effect of dilutive potential ordinary shares in respect of share options	127,269	**85,174**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	871,885,125	**871,340,395**

10. DIVIDENDS

	Six months ended	
	31.12.2013	**31.12.2014**
	HK$'000	***HK$'000***
Dividends recognised as distribution during the period:		
Final cash dividend for the year ended 30 June 2014 of HK60 cents per share (six months ended 31.12.2013: for the year ended 30 June 2013 of HK55 cents per share)	479,822	**522,753**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(40)	**(43)**
	479,782	**522,710**
Special final dividend for the year ended 30 June 2014 by way of a distribution in specie (Note)	-	**164,232**
	479,782	**686,942**
Dividends declared:		
Interim cash dividend for the year ended 30 June 2015 of HK50 cents per share (six months ended 31.12.2013: for the year ended 30 June 2014 of HK50 cents per share)	436,216	435,628
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(36)	(36)
	436,180	435,592

Note: During the period ended 31 December 2014, a special final dividend for the year ended 30 June 2014 was effected by way of a distribution in specie of shares in HHI. Eligible shareholders received one ordinary share in HHI for every multiple of 20 ordinary shares in the Company held by them. A total of 43,562,761 HHI shares with aggregate market value of HK$164,232,000 were recognised as distribution during the period.

The difference between the market value and the carrying amount of the respective interest in HHI has resulted in an increase in net assets value attributable to the Group amounting to HK$30,881,000, which is recognised in equity in the condensed consolidated financial statements during the current period.

Subsequent to 31 December 2014, the Directors declared that an interim dividend in respect of the financial year ending 30 June 2015 of HK50 cents per share shall be paid to the shareholders of the Company whose names appear on the Register of Members on 10 February 2015.

The amount of interim dividend declared for the year ending 30 June 2015 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 condensed consolidated financial statements.

11. 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:

	30.6.2014	**31.12.2014**
	HK$'000	***HK$'000***
Receivables aged		
0 - 30 days	34,532	**41,001**
31 - 60 days	4,083	**5,954**
Over 60 days	5,491	**5,670**
	44,106	**52,625**
Less: Allowance for doubtful debts	(669)	**(585)**
	43,437	**52,040**
Interest receivable on bank deposits	25,029	**26,472**
Dividend receivables from joint ventures	279,076	**-**
	347,542	**78,512**

12. TRADE AND OTHER PAYABLES

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

	30.6.2014	**31.12.2014**
	HK$'000	***HK$'000***
Payables aged		
0 - 30 days	98,402	**65,821**
31 - 60 days	5,342	**14,131**
Over 60 days	28,781	**23,173**
	132,525	**103,125**
Retentions payable	61,229	**71,102**
Accrued construction and other costs	277,712	**256,144**
Accrued staff costs	44,546	**29,868**
Accrued interest on bank borrowings	976	**12,985**
	516,988	**473,224**

13. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities and the Group's net current assets at 31 December 2014 amounted to approximately HK$50,249 million (30.6.2014: HK$50,926 million) and HK$5,146 million (30.6.2014: HK$5,684 million) respectively.

GLOSSARY

"1H FY14"	the first half of FY14
"1H FY15"	the first half of FY15
"2H FY13"	the second half of FY13
"2H FY14"	the second half of FY14
"Average Occupation Rate"	the average of the Occupancy Rate as at the end of each month in the relevant period
"Board"	the Board of Directors of the Company
"CBD"	Central business district
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL"	Hopewell Holdings Limited
"Director(s)"	director(s) of the Company
"EBIT"	earnings before interest and tax
"F&B"	food and beverage
"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
"Grand Site"	Grand Site Development Limited
"GRI"	Global Reporting Initiative
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"GWh"	Gigawatt hour
"Heyuan JV"	Shenzhen Energy & Hopewell Power (Heyuan) Co., Ltd., the joint venture company holding Heyuan Power Plant
"Heyuan Power Plant"	The ultra super-critical coal-fired power plant project located in Heyuan City, Guangdong Province
"HHI"	Hopewell Highway Infrastructure Limited
"HHI Group"	HHI and its subsidiaries
"Hill Side Terrace Cluster"	1-3 Hill Side Terrace, 1A hill Side Terrace, and 55 Ship Street (Nam Koo Terrace), Wan Chai
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of PRC
"Hong Kong Government"	the Government of Hong Kong
"HZM Bridge"	the Hong Kong-Zhuhai-Macau Bridge
"JV/JVs"	joint venture/ventures

"KITEC F&B"	IT Catering & Services Limited, the food and beverage operation of KITEC
"KITEC"	Kowloonbay International Trade and Exhibition Centre
"Liede Project"	Liede Integrated Commercial (Operating Lease) Project
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	Macau Special Administrative Region of PRC
"MICE"	meeting, incentives, convention and exhibition
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MWh"	Megawatt hour
"NDRC"	National Development and Reform Commission
"Occupancy rate"	the percentage of total area comprising those already leased and occupied by tenants, reserved for specified uses and those where in respect of which leases have been committed but not yet commenced over total lettable floor area
"Phase I West"	Phase I of Western Delta Route
"Phase II West"	Phase II of Western Delta Route
"Phase III West"	Phase III of Western Delta Route
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta
"RMB"	Renminbi, the lawful currency of the PRC
"Shenzhen Energy Group Co., Ltd"	Shenzhen Energy Group Company Limited
"sq.ft."	square foot
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"URA"	Urban Renewal Authority
"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

As at the date of this announcement, the Board comprises seven Executive Directors namely, Sir Gordon Ying Sheung WU (Chairman), Mr. Eddie Ping Chang HO (Vice Chairman), Mr. Thomas Jefferson WU (Managing Director), Mr. Josiah Chin Lai KWOK (Deputy Managing Director), Mr. Albert Kam Yin YEUNG, Mr. William Wing Lam WONG and Ir. Leo Kwok Kee LEUNG; two Non-Executive Directors namely, Lady WU Ivy Sau Ping KWOK and Mr. Carmelo Ka Sze LEE; and five Independent Non-Executive Directors namely, Mr. Guy Man Guy WU, Ms. Linda Lai Chuen LOKE, Mr. Sunny TAN, Dr. Gordon YEN and Mr. Ahito NAKAMURA.