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

FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2017

Highlights

FY17

- Core profit# fell 6% yoy to HK$1,334 million, or HK$1.53 per share, mainly due to a decrease in the profit shared from sales of The Avenue
- If excluding profit shared from sales of The Avenue, core profit# grew 32% yoy to HK$1,304 million given continued healthy growth from investment properties, toll road and Hopewell New Town
- Total dividend of HK175 cents per share (final dividend of HK75 cents per share, special final dividend of HK45 cents per share, and interim dividend of HK55 cents per share)
- Despite challenging commercial leasing environment, investment properties' performance was stable with EBIT up 4% yoy
- Retail rental income increased 5% yoy given Lee Tung Avenue's full year contribution and retail portfolio consists of neighborhood shopping centres for local shoppers
- E-Max's G/F upmarket fashion outlets opened in August 2016 and well-received by market. The food court on 2/F was opened in the first quarter of 2017
- Hopewell New Town booked RMB715 million of sales, up 179% yoy and exceeded the target of RMB600 million
- As at 30 June 2017, all residential units of The Avenue were sold

Upcoming: FY18 and beyond

- E-Max is undergoing evolution with expansion of upmarket fashion outlets. Renovation on B1/F commenced in second quarter of 2017. New tenants are planned to start operation by summer 2018. Target E-Max's rental income to grow 50% in FY19 as compared to FY16
- Hopewell Centre II's construction is advancing at full steam and it targets to open in 2021. In August 2017, the Town Planning Board approved the 2017 Scheme
- Expanded the project of 155-167 QRE into 153-167 QRE to increase the interface for Hopewell Holdings' property portfolio on Queen's Road East. The project is envisioned to commence operation in 2022
- Hopewell New Town targets to book sales revenue of approximately RMB500 million in FY18

represents profit attributable to owners of the Company excluding fair value gain of the completed investment properties

CHAIRMAN'S STATEMENT

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

Final Dividend and Special Final Dividend

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

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

Closure of Register of Members

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

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

Business Review

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

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

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

Investment Properties and Hospitality

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

Wanchai projects

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

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

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

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

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

Infrastructure

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

Corporate Sustainability

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

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

Prospects

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

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

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

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

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

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

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

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

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

Acknowledgement

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

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 16 August 2017

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

GROUP RESULTS

Overview

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

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

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

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

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

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

Note:

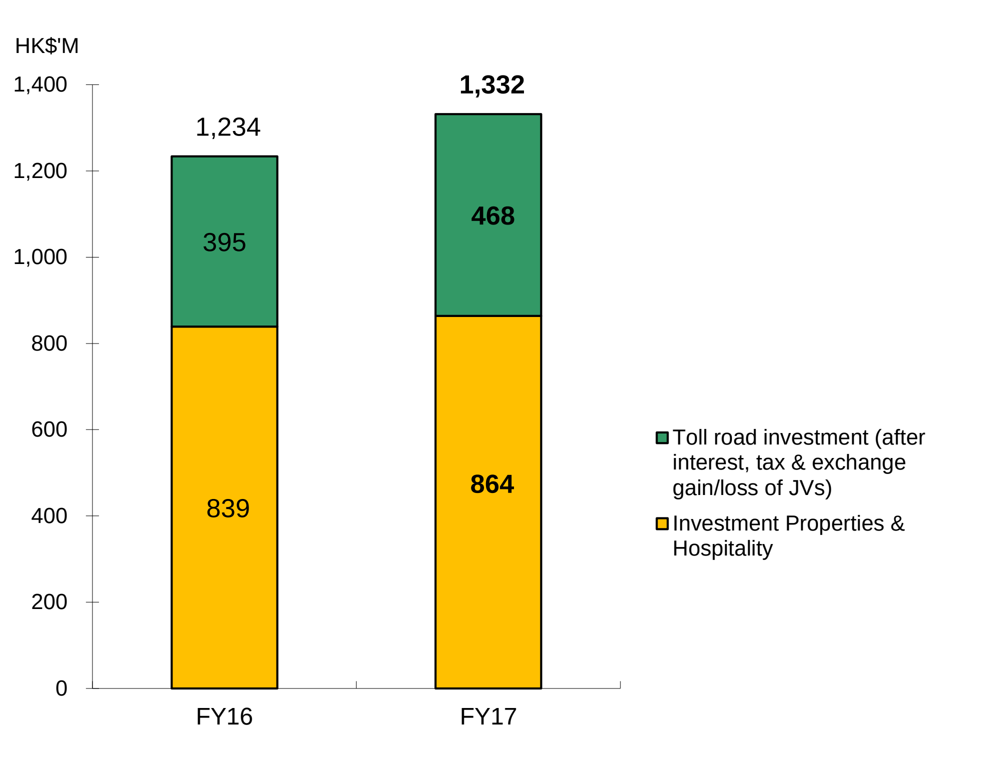
Reconciliation of Revenue, EBIT and Core Profit with Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

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

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

Operating Profit* from Prime-Earning Businesses



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

Revenue

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

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

Earnings before Interest and Tax

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

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

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

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

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

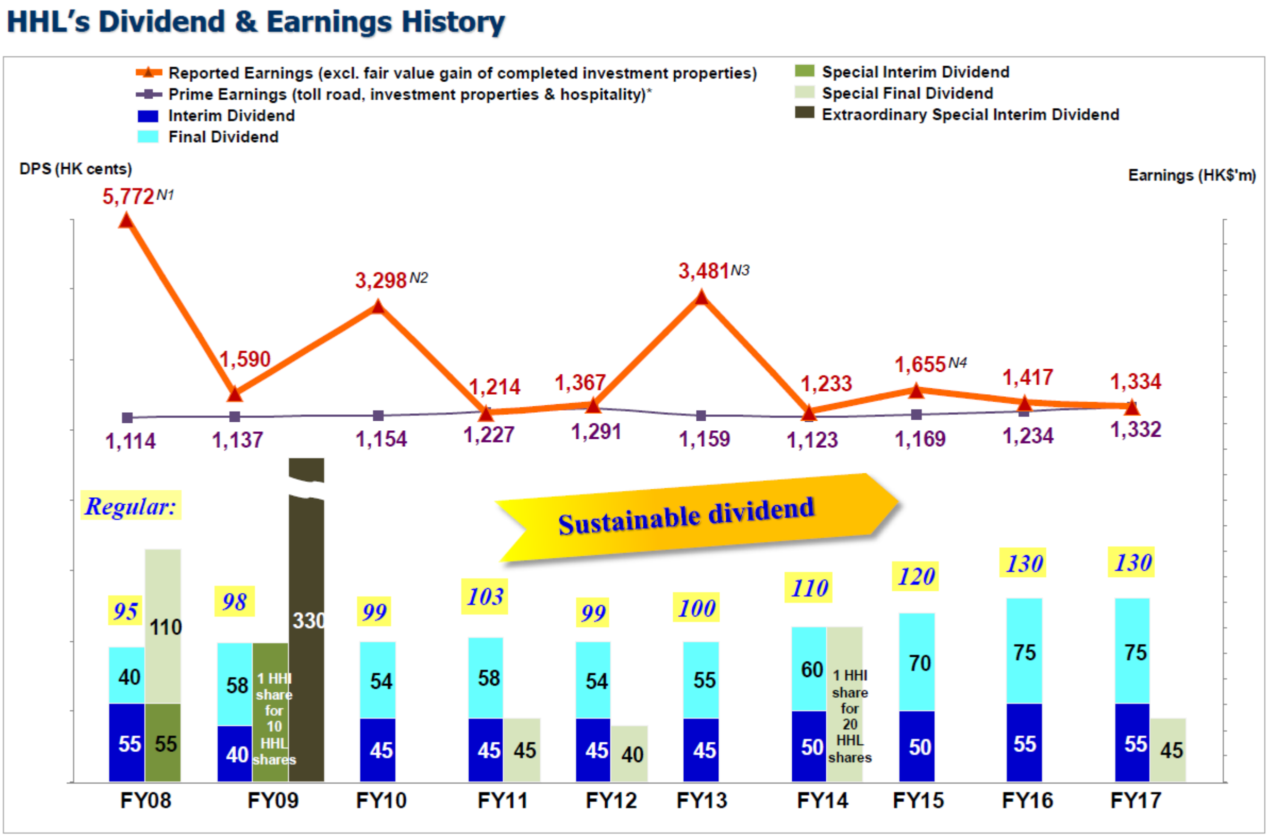
Profit and Core Profit Attributable to Owners of the Company

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

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

Dividend

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



* EBIT net of proportional share by non-controlling interests
N1: Including disposal gain of Nova City HK$3,948m and Ring Road HK$793m
N2: Including BW12 completion gain HK$2,238m
N3: Including HCII land conversion gain HK$2,249m
N4: Including Lee Tung Avenue completion gain HK$120m & 155-167 QRE redevelopment gain HK$300m

__Major Assets in Balance Sheet__ (Adjusted Shareholders' Equity)

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

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

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

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

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

Liquidity and Financial Resources

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

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

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

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

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

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

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

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

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

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

Major Projects Plan

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

N1: Present planning, subject to change

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

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

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

Treasury Policies

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

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

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

Charges on Assets

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

Project Commitments

(a) Hopewell Centre II

As at 30 June 2017, the Group's commitment in respect of development costs of the Hopewell Centre II project, which had been contracted for but not provided, was approximately HK$153 million.

(b) Hopewell New Town

	30.6.2016	***30.6.2017***
	HK$'000	***HK$'000***
Contracted for but not provided	34,260	**121,625**

(c) Heyuan Power Plant Project

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

	30.6.2016	***30.6.2017***
	HK$'000	***HK$'000***
Contracted for but not provided	55,203	**61,391**

(d) Property renovation

	30.6.2016	***30.6.2017***
	HK$'000	***HK$'000***
Contracted for but not provided	17,379	**58,859**

(e) Other property for/under development

	30.6.2016	***30.6.2017***
	HK$'000	***HK$'000***
Contracted for but not provided	41,257	**18,662**

Contingent Liabilities

A subsidiary of the Company acted as the guarantor for the repayment of mortgage bank loans amounting to HK$266 million as at 30 June 2017 granted to purchasers of the subsidiary's properties.

The Company acted as guarantor of certain performance bonds issued by banks in respect of Grand Site, a joint venture, to the extent of HK$119 million as at 30 June 2017.

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 year.

BUSINESS REVIEW

1. PROPERTIES

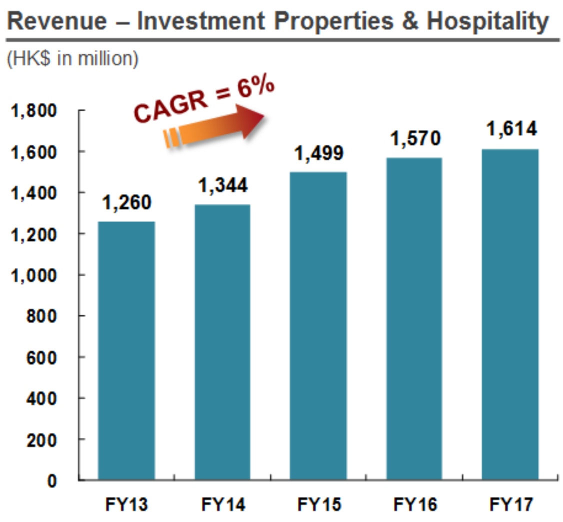
A. Investment Properties and Hospitality

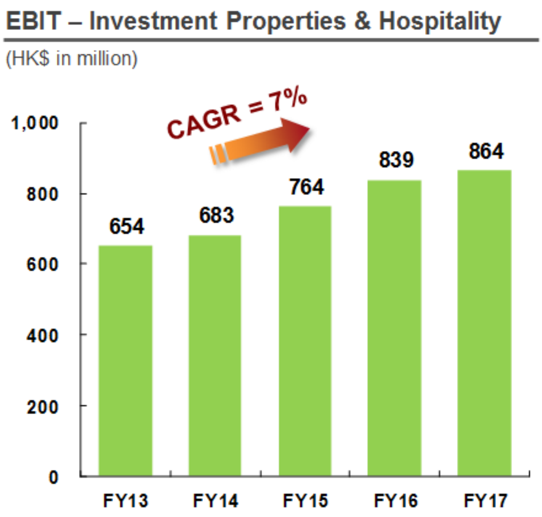
The Group's investment properties and hospitality businesses comprise its wholly-owned investment property portfolio and hotel, restaurant and catering operations. The revenue from these businesses increased 3% yoy to HK$1,614 million during the year under review.

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

** Excluding tenancies for HHL's own use*

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





Investment Properties

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

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

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

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

Occupancy and Rental Rates of Investment Properties

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

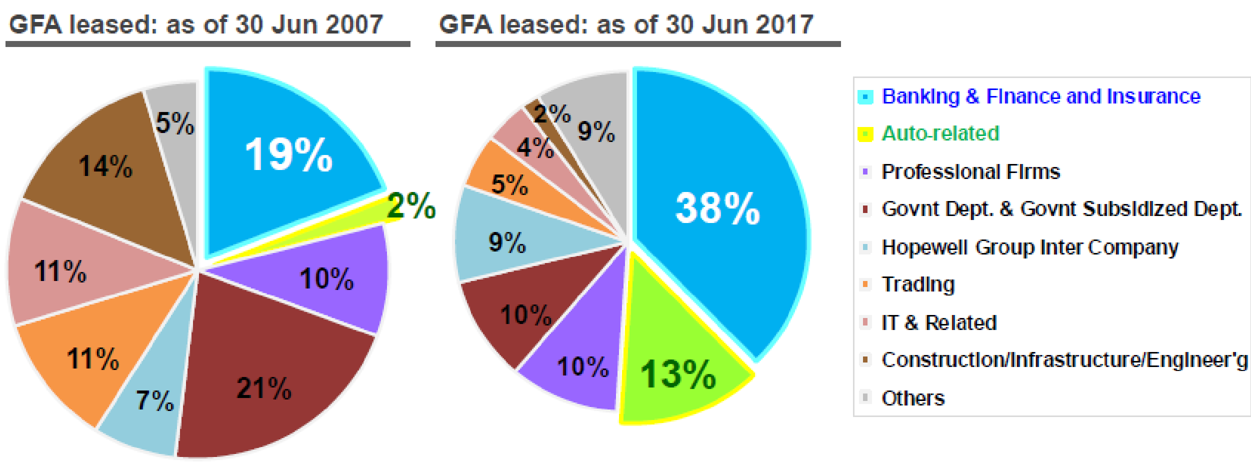
N1: Occupancy rate was approximately 93% as at 30 June 2017
N2: Tenants in B1/F vacated by the first quarter of 2017 for renovation of E-Max's fashion outlets expansion
N3: Opened in the first quarter of 2016

Hopewell Centre

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

Office

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

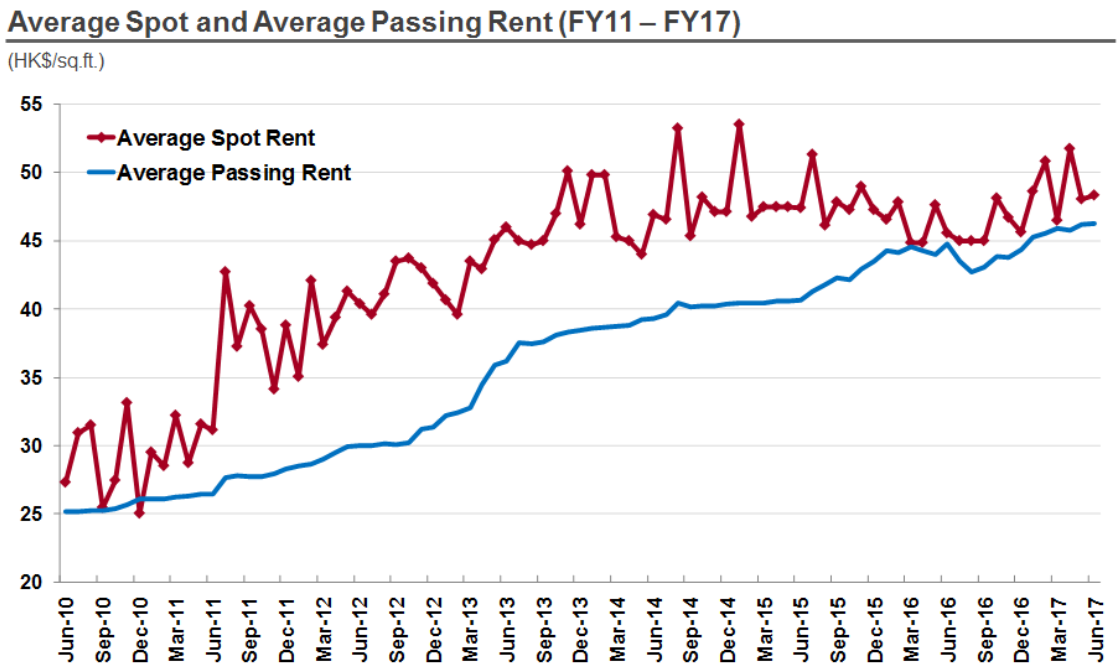


During the year under review, rental income fell 1% yoy to HK$268 million and average occupancy rate fell to 87% in the year under review from 93% in FY16 mainly due to tenant reshuffling. Despite softened demand for office space which resulted in the gap between the passing rent and spot rent narrowed compared with the previous year, the Group's continuous AEI to enhance facilities and services has led to average passing rent increased by 3% yoy to

HK$45 per sq.ft. and average spot rent rising slightly to around HK$48 per sq.ft. in the year under review. In November 2016, the Group has signed the lease with a globalized FMCG company to lease approximately 20,000 sq.ft. at Hopewell Centre, which has further proven our recognised market position. As at 30 June 2017, the occupancy rate for Hopewell Centre office was approximately 92% as new leases were signed. Given the uncertainty in the market, the Group expects the spot rent will rise at a milder pace. As a result, the gap between passing rent and spot rent will continue to narrow. Nevertheless, the Group expects rental uplift for Hopewell Centre by phases when i) Hopewell Centre II's site formation and foundation works complete and ii) Hopewell Centre II opens whereby the surroundings in Wan Chai will be further upgraded.

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

Hopewell Centre Office



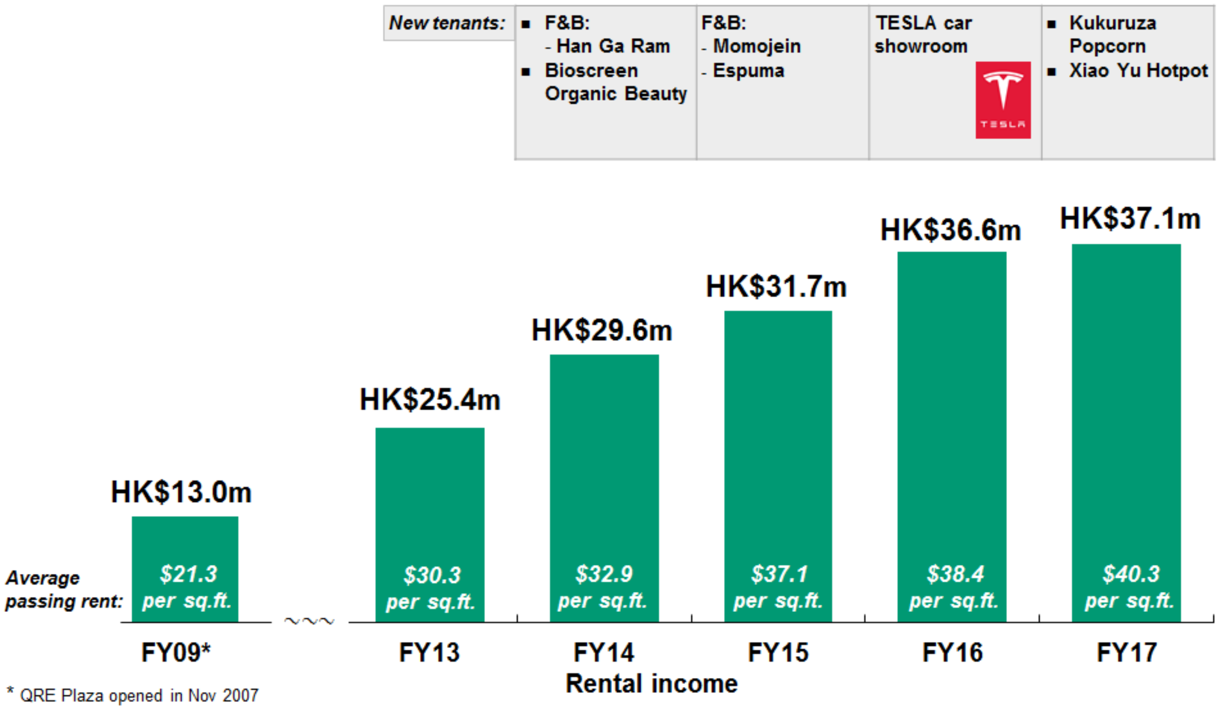
Retail

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

QRE Plaza

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

Rental Income



Lee Tung Avenue

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

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

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

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

Wu Chung House (Retail shops)

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

GardenEast

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

KITEC

Office

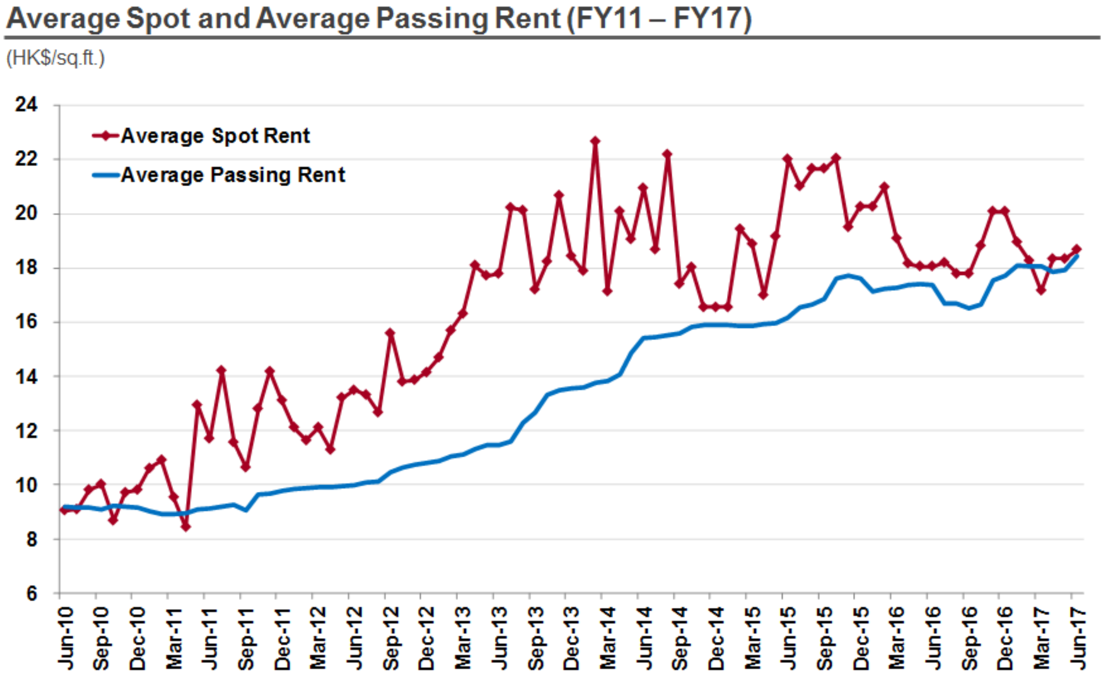
In its 2017 Policy Address, the Hong Kong Government will continue to take forward the "Kai Tak Fantasy", a recreational landmark on the site of the former airport runway at the Kai Tak Development Area ("The Area"). More residential flats, commercial floor areas and sport and tourism facilities will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

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

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

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

KITEC Office



E-Max

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

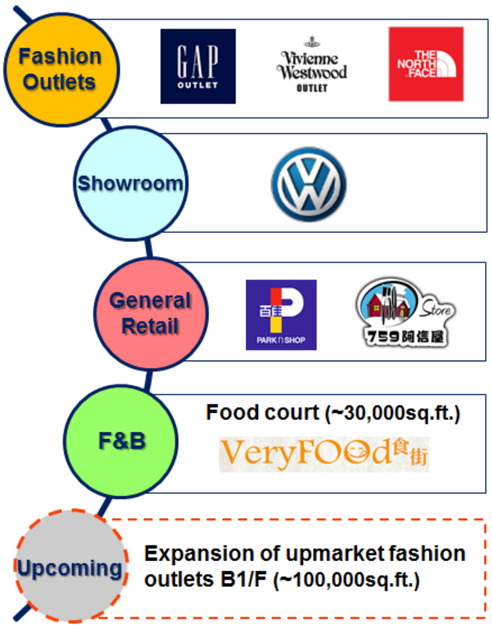
Foreseeing a high traffic flow and purchasing power in Kowloon East, the Group has continued to optimize E-Max's tenant mix in the past few years. In 2014, the Group launched a multi-cinema complex, The Metroplex, at G/F and introduced a new E-Max Home concept spanning the premise's 4/F and 5/F. The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

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

In addition, a new food court of approximately 30,000 sq.ft. was opened on 2/F in the first quarter of 2017.

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

Introduced more popular brands and elements



Conventions, Exhibitions and Entertainment

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

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

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

The Metroplex (multi-cinema complex)

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

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

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

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

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

Panda Place

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

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

Hospitality

Panda Hotel

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

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

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

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

Restaurant & Catering Services

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

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

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

B. Sales

Hopewell New Town

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

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

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

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

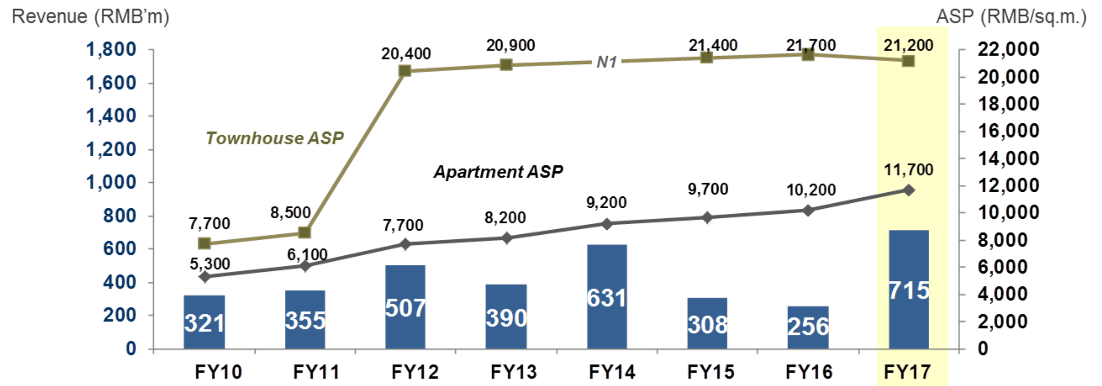
	FY16	FY17	
Sales Target	**85,000 sq.m. (achieved)**		
	FY16	**FY17**	**FY18**
Sales Booking	**RMB256m**	**RMB715m (exceeded target)**	**Target ~RMB500m** N1

N1: Subject to construction progress

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

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

Revenue and Average Selling Price ("ASP") Booked



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
GFA booked (sq.m.)								
Apartment	41,000	56,000	24,500	41,000	67,600	29,600	23,200	55,100
Townhouse	13,000	1,000	13,800	1,700	-	900	900	3,200
Units booked								
Apartment	366	574	306	333	695	252	195	486
Townhouse	43	4	48	6	-	3	3	11

N1: No sales of townhouse booked in FY14

The Avenue

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

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

The Avenue Residential Sales (as at 30 June 2017)

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

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

Broadwood Twelve

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

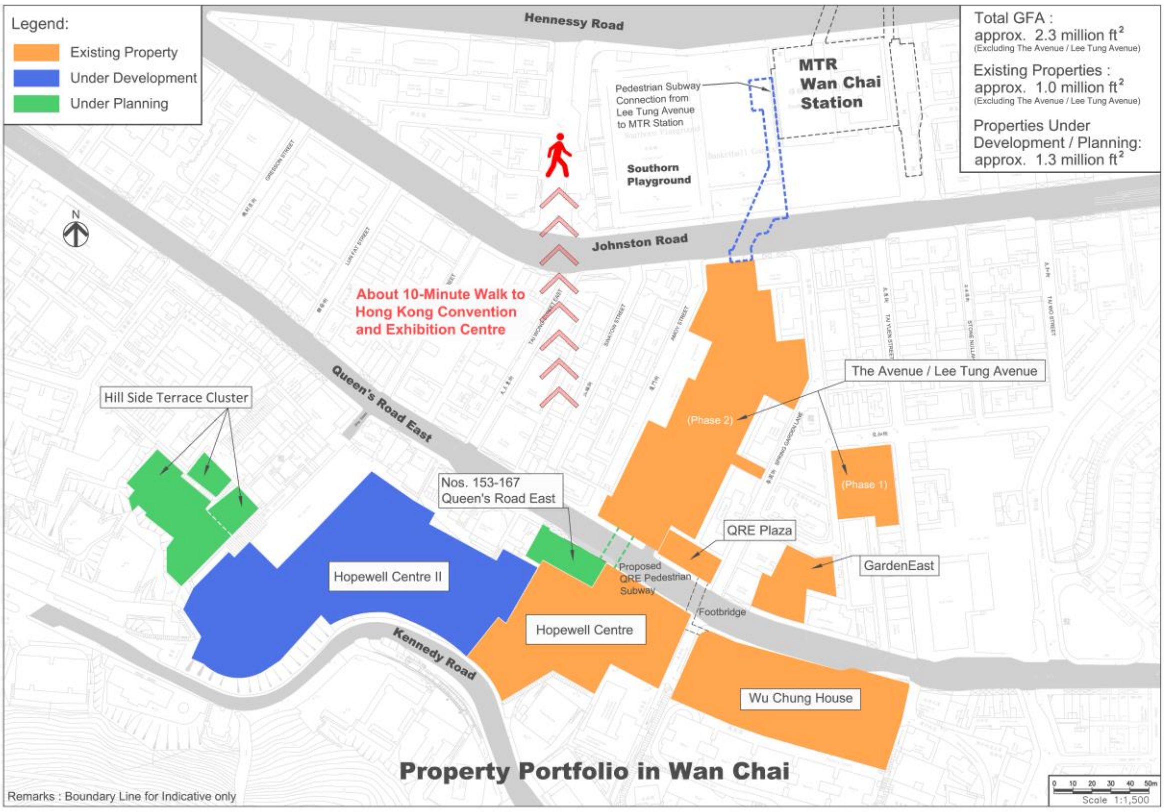
Broadwood Twelve is the Group's residential development on Broadwood Road. The top-quality finishes of its units and the stunning views they enjoy over the racecourse and Victoria Harbour have positioned them as attractive luxury residences.

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

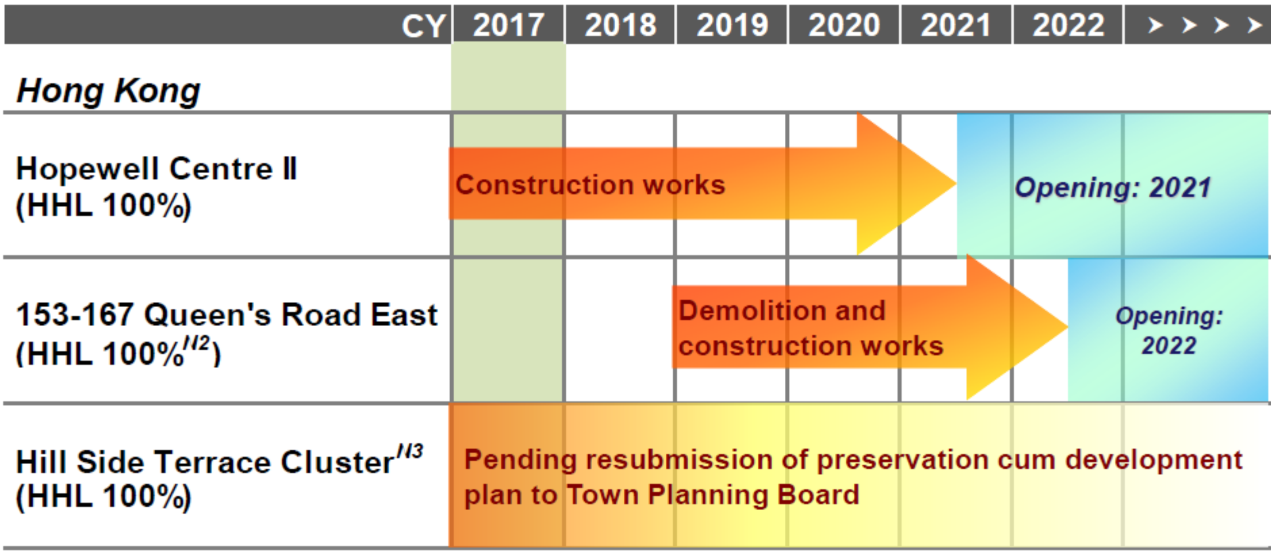
Despite the introduction of new ad valorem stamp duty in November 2016, the luxury residential market is relatively unaffected due to the limited new supply, especially for the flats in prime locations and traditional luxury districts. The Group is confident about the long term prospects for the luxury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

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

C. Properties Under / For Development



Timeline for Projects[N1]



N1: Present planning, subject to change

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

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

Hopewell Centre II

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

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

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

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

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

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

Capex Plan[N1] (HK$'m)

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

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

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

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

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

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

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

Hill Side Terrace Cluster Development

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

**Acquisition date of the last unit*

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

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

153-167 Queen's Road East

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

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

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

Developments in Wan Chai

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

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

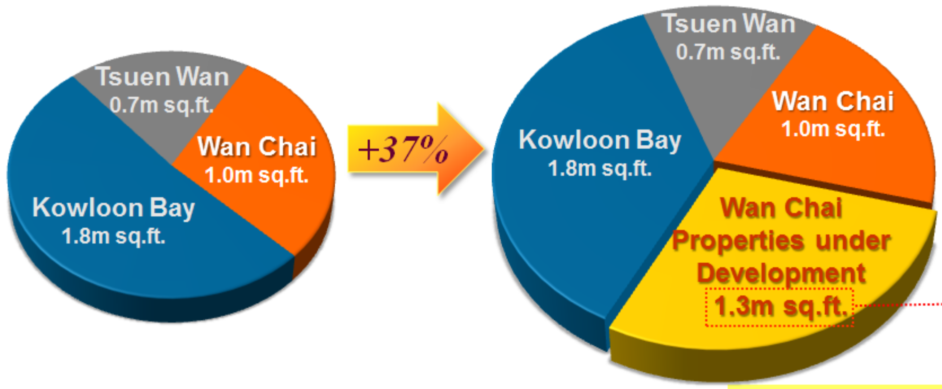
Investment Properties* under Development
- Future Growth Driver

Existing

Total GFA: 3.5 million sq.ft.

Future

Total GFA: 4.8 million sq.ft.



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

N1: Under current planning

** Including hotel*

2. INFRASTRUCTURE

A HHI

Business Performance

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

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

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

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

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

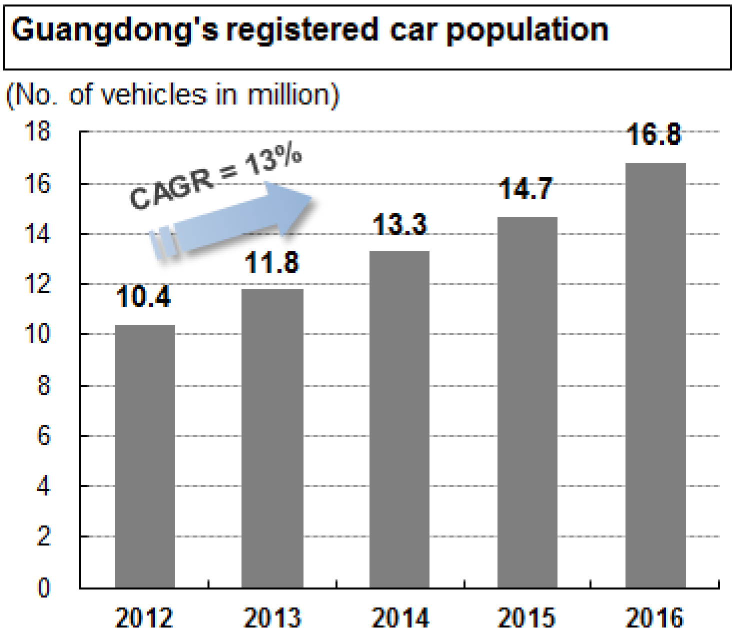
Financial Year	*2016*	***2017***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue# (RMB '000)	8,682	**9,169**	+6%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	92	**99**	+8%
Western Delta Route			
Average Daily Toll Revenue# (RMB '000)	2,941	**3,377**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

\# Including tax

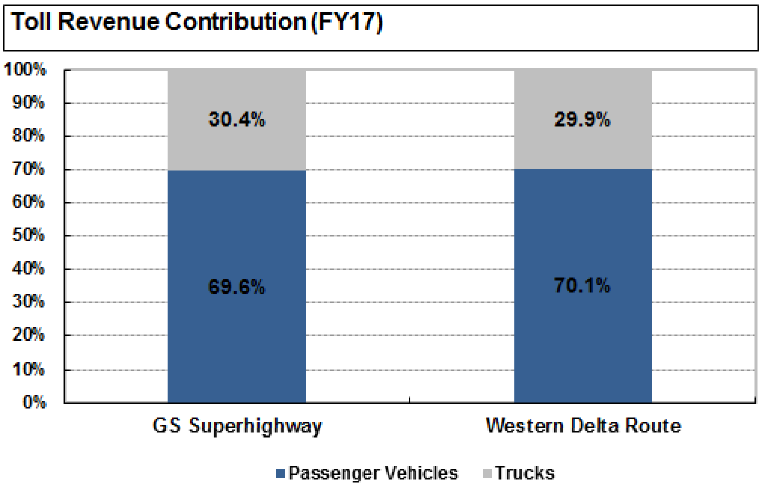
* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review. It can better reflect road usage as it takes into account total travelling distance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

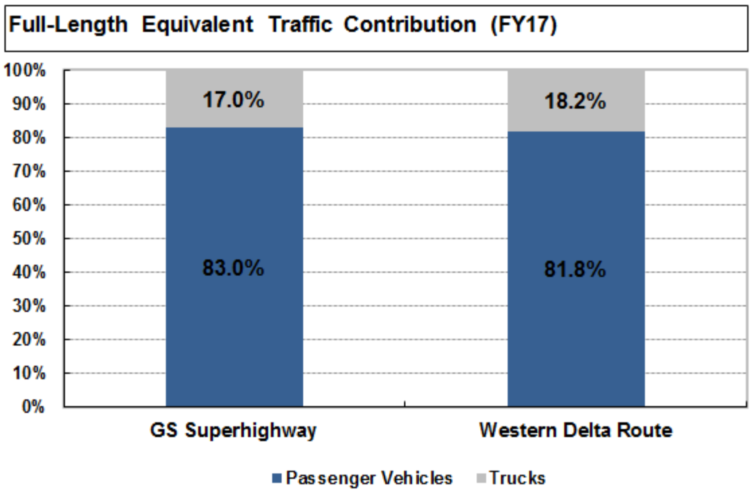
Economic Environment

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



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





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

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

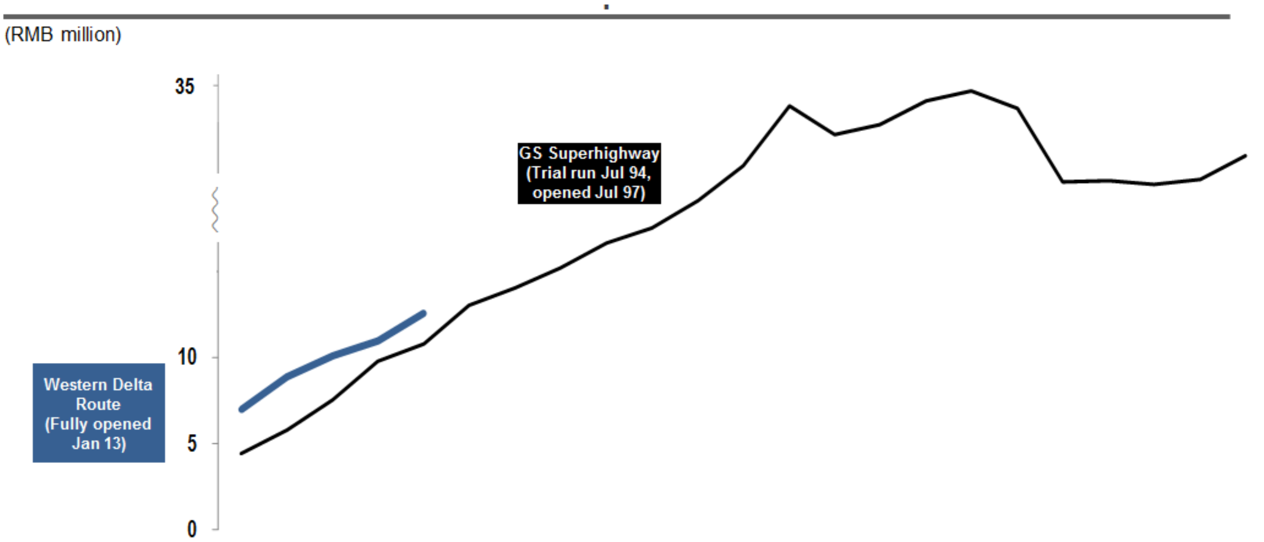
Guangdong-Hong Kong-Macao Bay Area

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

Growth Potential of the Western Delta Route

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

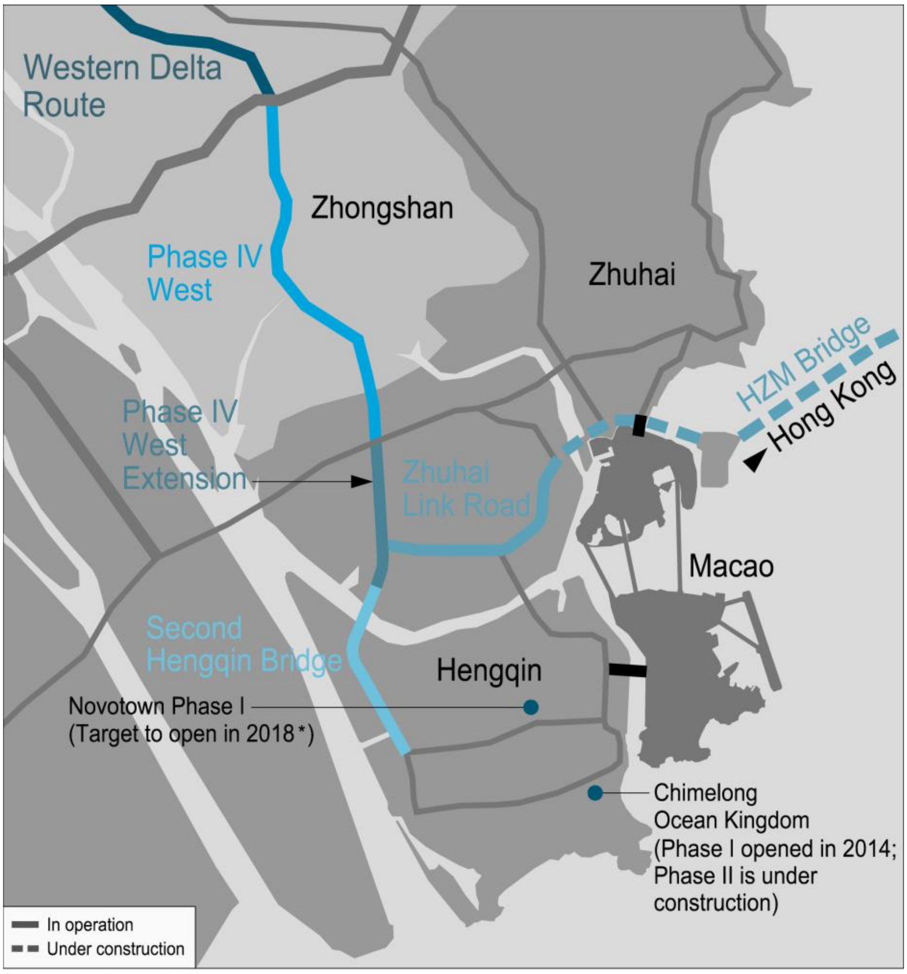
Western Delta Route — Annual Toll Revenue* per km



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

* Including tax

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



* According to media

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

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

<u>Hengqin's Developments</u>

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

* According to media

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

Latest Update in Toll Road Industry

Toll discount for trucks in state-owned expressways

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

Regulation on the Administration of Toll Roads (Amendment Proposal)

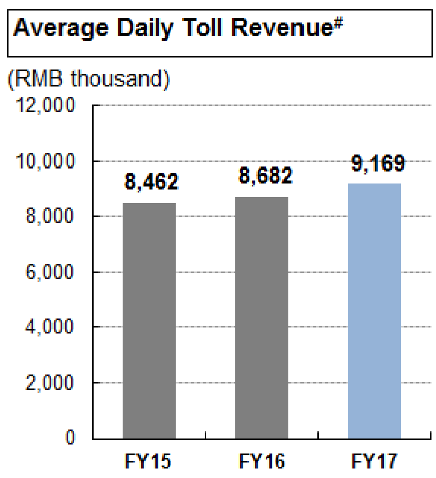
On 8 May 2013, the Ministry of Transport proposed amendments to the existing Regulation on the Administration of Toll Roads and invited opinions from the public and relevant industries. On 21 July 2015, the Ministry of Transport announced a new version of amendment and invited opinions from the public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

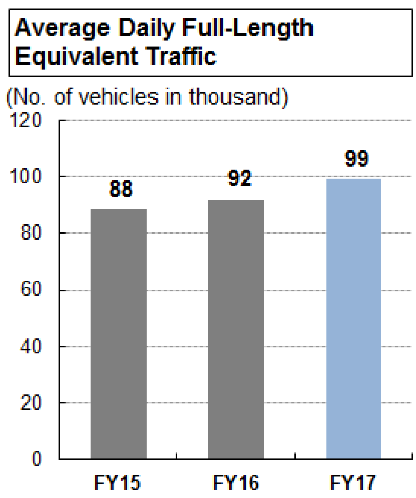
Guangzhou-Shenzhen Superhighway

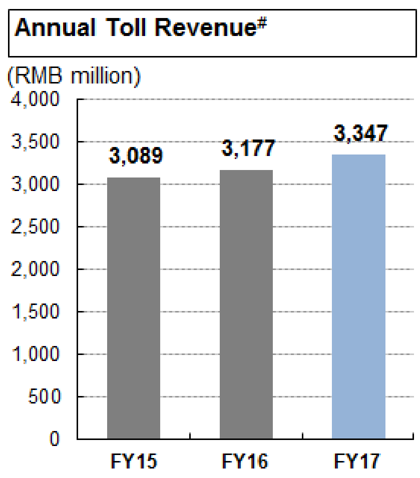
The GS Superhighway is the main expressway connecting the PRD region's three major cities – Guangzhou, Dongguan, Shenzhen and Hong Kong. After the full opening of the Coastal Expressway at the end of 2013, the GS Superhighway returned to positive growth ever since the second half of FY15. During the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

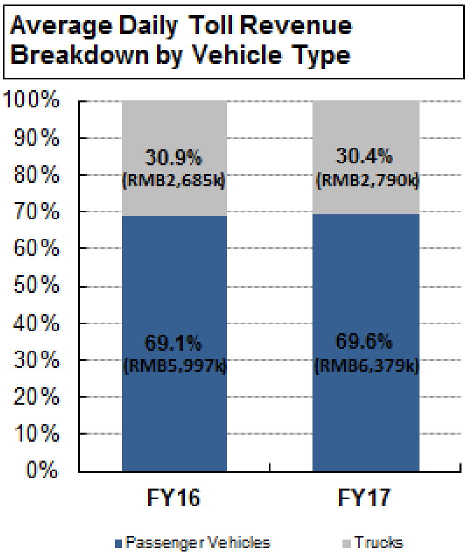
The implementation of traffic restriction measures in the peripheral area of Shenzhen Bay border crossing due to road network upgrade works since mid-October 2016 has diverted some passenger cars to travel on the GS Superhighway and the impact has been minimal so far. The construction period of the aforesaid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

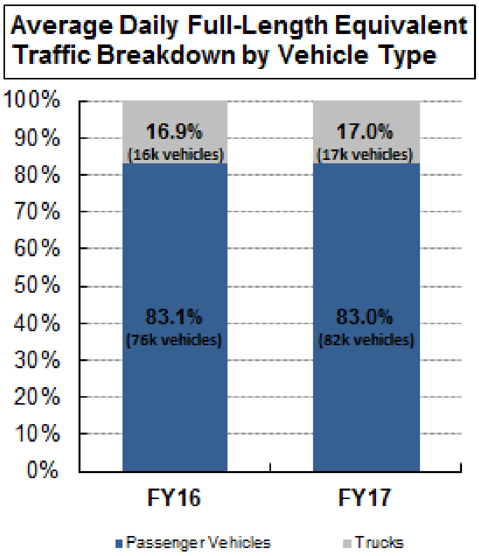
Nanguang Expressway and Longda Expressway (Shenzhen section), which are parallel to Taiping to Nantou section of the GS Superhighway, became toll-free since 7 February 2016. It generated a slight positive impact on the GS Superhighway afterwards. One year after the toll-free measures became effective,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





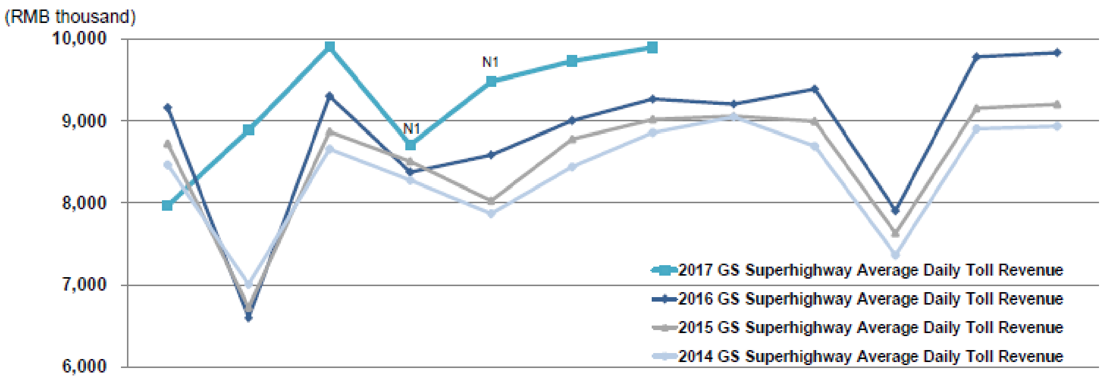






\# Including tax

GS Superhighway Average Daily Toll Revenue (Monthly)

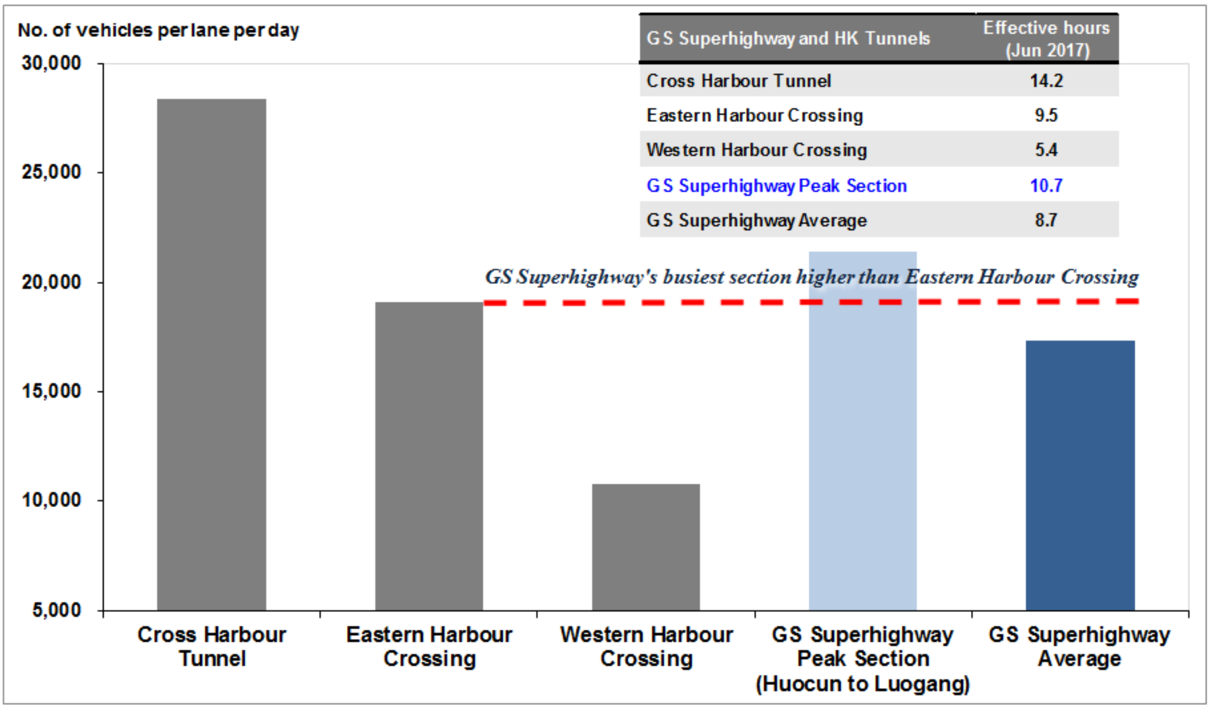


	Jan + Feb (Lunar New Year)	Mar	Apr (Ching Ming Festival)	May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	CY Yearly Average	yoy change 1HCY	yoy change 2HCY
2014	7,770	8,657	8,276	7,868	8,438	8,857	9,046	8,017	8,903	8,933	8,384	-5%	-6%
2015	7,774	8,867	8,505	8,025	8,775	9,017	9,057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

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

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

<u>GS Superhighway – Average Daily Cross Sectional Traffic Per Lane and Effective Hour</u>



Remarks:
1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
3) Average daily traffic of HK tunnels (May 2017): Cross Harbour Tunnel 113,000, Eastern Harbour Crossing 76,000, Western Harbour Crossing 65,000
4) Average daily traffic of GS Superhighway (June 2017)

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

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

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

Western Delta Route

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

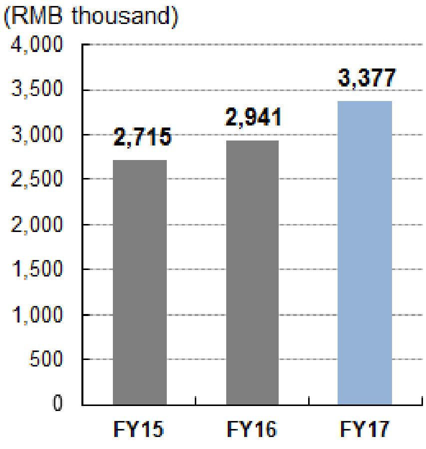
During the year under review, its average daily toll revenue and average daily full-length equivalent traffic grew strongly and achieved 15% and 17% yoy growth to RMB3.4 million and 47,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB1,233 million. Passenger vehicles are the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

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

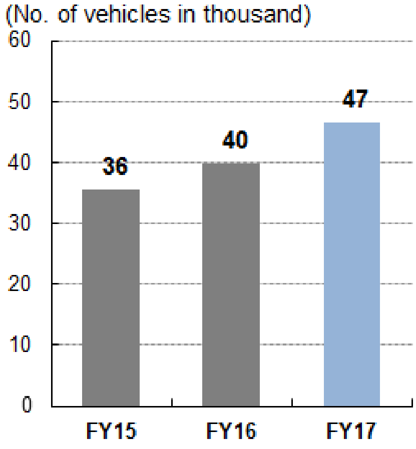
Foshan Ring Road, a major local road of Foshan city which is close to the northern end of the Western Delta Route, is scheduled to be upgraded into several toll expressways. The construction works are being carried out from late June 2017 to the end of 2019. Traffic restriction measures are implemented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

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

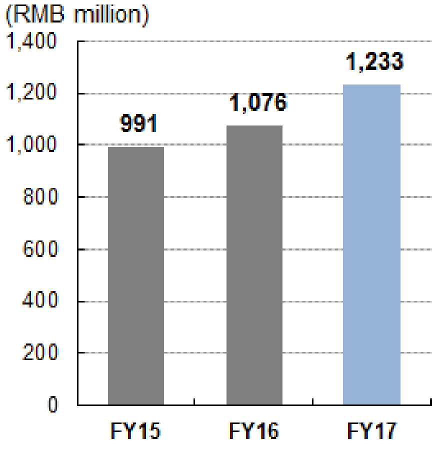
Average Daily Toll Revenue#



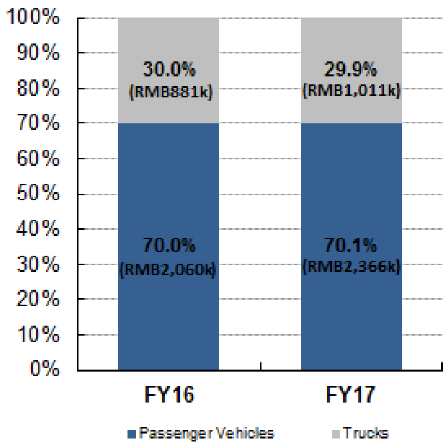
Average Daily Full-Length Equivalent Traffic



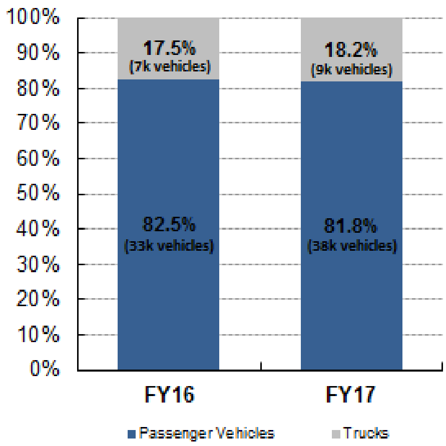
Annual Toll Revenue#



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

B Power

Heyuan Power Plant Phase I

Project Description	
Location	Heyuan City, Guangdong Province, PRC
Installed Capacity	2 x 600MW
HHL's stake	35%
JV partner	Shenzhen Energy Group Company Limited
Total investment	RMB 4.7 billion
Status	In operation

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

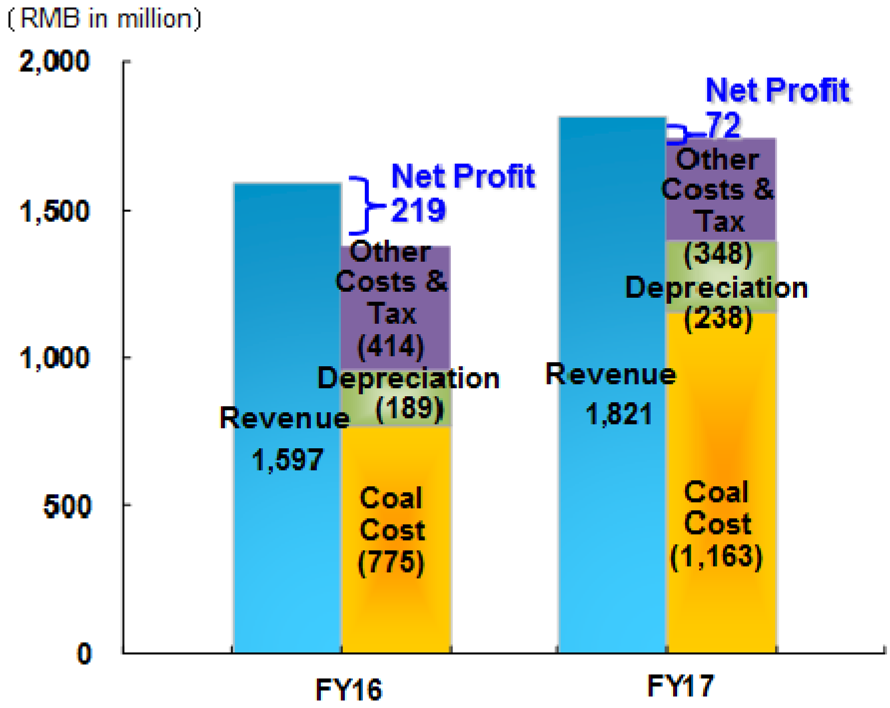
N1: Utilisation rate = $\dfrac{\textit{Gross generation during the year under review}}{\textit{Total number of hours during the year under review x Installed capacity}}$

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

N3: With super low emission tariff:

Unit 1 – since 18 January 2017; Unit 2 – during the year under review

P&L Highlight — JV Level 100%



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

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

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

<u>Heyuan Power Plant Phase II</u>

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

OTHER INFORMATION

Review of Annual Results

The Audit Committee of the Company had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's annual results for the year ended 30 June 2017.

Scope of Work of the Company's auditor in respect of the Preliminary Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("DTT"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by DTT in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by DTT on the preliminary announcement.

Purchase, Sale or Redemption of Securities

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

Corporate Governance Practices

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

Code Provision A.5.1

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

Code Provision A.5.6

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	2016 *HK$'000*	**2017** ***HK$'000***
Turnover	3	1,850,252	**2,360,128**
Cost of sales and services		(770,970)	**(943,575)**
		1,079,282	**1,416,553**
Other income	4	155,005	**115,187**
Other gains and losses	5	(61,843)	**1,391**
Selling and distribution costs		(72,573)	**(77,862)**
Administrative expenses		(343,287)	**(339,576)**
Gain on disposal of assets classified as held for sale (Broadwood Twelve)		-	**39,065**
Fair value gain of completed investment properties		1,344,740	**627,489**
Finance costs	6	(59,411)	**(12,132)**
Share of results of joint ventures:	7		
Expressway projects		654,518	**760,386**
Power plant project		106,483	**33,587**
Property development project (The Avenue and Lee Tung Avenue)		424,905	**43,448**
Share of profit of an associate		2,060	**2,084**
Profit before taxation	8	3,229,879	**2,609,620**
Income tax expense	9	(234,985)	**(386,212)**
Profit for the year		2,994,894	**2,223,408**
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of subsidiaries and joint ventures		(865,525)	**(136,406)**
Total comprehensive income for the year		2,129,369	**2,087,002**
Profit for the year attributable to:			
Owners of the Company		2,762,145	**1,961,273**
Non-controlling interests		232,749	**262,135**
		2,994,894	**2,223,408**
Total comprehensive income attributable to:			
Owners of the Company		2,116,624	**1,865,209**
Non-controlling interests		12,745	**221,793**
		2,129,369	**2,087,002**
		HK$	***HK$***
Earnings per share	10		
Basic		3.17	**2.25**
Diluted		3.17	**N/A**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	NOTE	2016 *HK$'000*	**2017** ***HK$'000***
ASSETS			
Non-current Assets			
Completed investment properties		29,639,276	**30,318,946**
Property, plant and equipment ("PPE")		660,394	**700,246**
Properties under development			
Commercial portion of HCII (investment properties)		4,548,835	**4,645,923**
Hotel portion of HCII (PPE)		2,409,525	**2,537,700**
QRE project (investment properties)		769,571	**776,930**
Properties for development		799,443	**1,156,903**
Interests in joint ventures			
Expressway projects		7,415,200	**6,149,912**
Power plant project		1,124,815	**1,143,386**
Property development project		618,905	**662,353**
Interest in an associate		38,895	**38,548**
Available-for-sale investments		8,585	**8,513**
		48,033,444	**48,139,360**
Current Assets			
Inventories		7,879	**8,070**
Stock of properties			
Under development		418,320	**304,766**
Completed		368,822	**128,455**
Trade and other receivables	12	58,987	**37,132**
Deposits and prepayments		143,550	**149,303**
Amount due from a joint venture		528,806	**305,306**
Bank balances and cash held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		2,885,757	**4,035,537**
HHI Group		761,392	**540,365**
		5,173,513	**5,508,934**
Assets classified as held for sale (Broadwood Twelve)		638,000	**292,100**
		5,811,513	**5,801,034**
Total Assets		53,844,957	**53,940,394**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 30 JUNE 2017

	NOTE	2016 *HK$'000*	**2017** ***HK$'000***
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		11,197,829	**11,197,829**
Reserves		35,313,723	**36,048,235**
Equity attributable to owners of the Company		46,511,552	**47,246,064**
Non-controlling interests		2,840,949	**2,360,763**
Total Equity		49,352,501	**49,606,827**
Non-current Liabilities			
Deferred tax liabilities		541,670	**549,897**
Other liabilities		53,966	**53,966**
Bank borrowings		2,350,000	**1,200,000**
		2,945,636	**1,803,863**
Current Liabilities			
Trade and other payables	13	543,471	**511,957**
Rental and other deposits		542,774	**546,299**
Tax liabilities		260,575	**317,148**
Bank borrowings		200,000	**1,150,000**
		1,546,820	**2,525,404**
Liabilities associated with assets classified as held for sale		-	**4,300**
		1,546,820	**2,529,704**
Total Liabilities		4,492,456	**4,333,567**
Total Equity and Liabilities		53,844,957	**53,940,394**

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties that are measured at fair values at the end of each reporting period, as appropriate.

The financial information relating to the years ended 30 June 2017 and 2016 included in this preliminary announcement of annual results 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the HKCO is as follows:

The Company has delivered the consolidated financial statements for the year ended 30 June 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the HKCO and will deliver the consolidated financial statements for the year ended 30 June 2017 in due course.

The Company's auditor has reported on those consolidated financial statements of the Company and its subsidiaries (the "Group") for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the HKCO.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

<u>Amendments to HKFRSs that are mandatorily effective for the current year</u>

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs - continued

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

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

(a) when the intangible asset is expressed as a measure of revenue; or
(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs - continued

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

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

HKFRS 9 *Financial Instruments*

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs - continued

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

HKFRS 16 *Leases*

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

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

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

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

3. TURNOVER AND SEGMENT INFORMATION

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

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

3. **TURNOVER AND SEGMENT INFORMATION - continued**

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

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

Information regarding the above segments is reported below.

Segment revenue

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

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

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

3. TURNOVER AND SEGMENT INFORMATION - continued

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

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

Segment results

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

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

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

Segment assets and liabilities

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

3. **TURNOVER AND SEGMENT INFORMATION - continued**

Geographical information

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

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

Notes:

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

(b) Non-current assets exclude financial instruments.

4. **OTHER INCOME**

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

5. **OTHER GAINS AND LOSSES**

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

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

6. FINANCE COSTS

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

7. SHARE OF RESULTS OF JOINT VENTURES

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

8. PROFIT BEFORE TAXATION

	2016 *HK$'000*	**2017** ***HK$'000***
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	5,502	**5,502**
Depreciation of property, plant and equipment	68,452	**70,115**
Charitable donations	969	**723**
Share of tax of an associate (included in share of profit of an associate)	396	**446**
Share of tax of joint ventures (included in share of results of joint ventures)	333,545	**292,328**

9. INCOME TAX EXPENSE

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

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

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

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

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

10. EARNINGS PER SHARE

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

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

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

11. DIVIDENDS

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

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

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

12. TRADE AND OTHER RECEIVABLES

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

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

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

13. TRADE AND OTHER PAYABLES

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

	2016 *HK$'000*	**2017** ***HK$'000***
Payables aged		
0 to 30 days	69,720	**76,532**
31 to 60 days	2,012	**1,489**
Over 60 days	23,568	**22,603**
	95,300	**100,624**
Retentions payable	37,112	**26,329**
Amount due to a minority shareholder of a subsidiary	28,091	**28,091**
Amount due to an associate	612	**1,088**
Accrued construction and other costs	331,011	**300,001**
Accrued staff costs	49,853	**55,450**
Accrued interest on bank borrowings	1,492	**374**
	543,471	**511,957**

GLOSSARY

"2017 Annual General Meeting"	the annual general meeting of the Company to be held at The Glass Pavilion, 3/F., KITEC, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Thursday, 26 October 2017 at 11:00 a.m.
"ASEAN"	the Association of Southeast Asian Nations
"Average daily full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review
"Average daily toll revenue"	average daily toll revenue including tax
"Average Occupancy Rate"	the average of the Occupancy Rate as at the end of each month in the relevant period
"Brexit"	the process by which the United Kingdom withdraws from the European Union
"Board"	the Board of Directors of the Company
"CAGR"	compound annual growth rate
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company" or "HHL" or "Hopewell Holdings"	Hopewell Holdings Limited
"CY"	calendar year
"Director(s)"	director(s) of the Company
"DPS"	dividend per share
"EBIT"	earnings before interest and tax
"F&B"	food and beverage
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ended 30 June 2012
"FY13"	the financial year ended 30 June 2013
"FY14"	the financial year ended 30 June 2014
"FY15"	the financial year ended 30 June 2015
"FY16"	the financial year ended 30 June 2016
"FY17"	the financial year ended 30 June 2017
"FY18"	the financial year ending 30 June 2018
"FY19"	the financial year ending 30 June 2019
"FY20"	the financial year ending 30 June 2020

"GDP"	gross domestic product
"GFA"	gross floor area
"Grand Site"	Grand Site Development Limited, the joint venture company established for the property development project of the Avenue/ Lee Tung Avenue
"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, 55 Ship Street (Nam Koo Terrace), 53 Ship Street and 1-5 Schooner Street (Miu Kang Terrace), Inland Lot No.9048 Schooner Street, Wan Chai
"HK$" or "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Government" or "Government"	the Government of Hong Kong
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge
"JV/JVs"	joint venture / ventures
"KITEC F&B"	IT Catering & Services Limited, the food and beverage operations of KITEC
"KITEC"	Kowloonbay International Trade & Exhibition Centre
"km"	kilometre
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macao"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"MWh"	megawatt hour

“Occupancy rate”	the percentage of total area comprising those already leased and occupied by tenants, reserved for specific uses and those in respect of which leases have been committed but not yet commenced over total lettable floor area
“Phase I West”	Phase I of Western Delta Route
“Phase II West”	Phase II of Western Delta Route
“Phase III West”	Phase III of Western Delta Route
“Phase IV West” or “Phase IV West Extension”	Western Coastal Expressway Branch Line, a non-HHI project owned by Guangdong Provincial Highway Construction Company Limited (the joint venture partner for WDR) and Guangdong Communication Enterprise Investment Company Limited
“PRC” or “China”	the People’s Republic of China
“PRD”	Pearl River Delta
“QRE”	Queen’s Road East
“RMB”	Renminbi, the lawful currency of the PRC
“sq.ft.”	square foot
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Belt and Road initiative”	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
“URA”	Urban Renewal Authority
“US” or “United States”	the United States of America
“USD”, “US$” or “US Dollar(s)”	US Dollars, the lawful currency of the United States
“VAT”	value added tax
“West Route JV”	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
“Western Delta Route”	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
“yoy”	year-on-year

As at the date of this announcement, the Board of the Company 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. Dr. Leo Kwok Kee LEUNG; two Non-executive Directors namely, Lady WU Ivy Sau Ping KWOK and Mr. Carmelo Ka Sze LEE; and six Independent Non-executive Directors namely, Mr. Guy Man Guy WU, Ms. Linda Lai Chuen LOKE, Mr. Sunny TAN, Dr. Gordon YEN, Mr. Ahito NAKAMURA and Mr. Yuk Keung IP.