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 2016

Highlights

FY16

- HHL is planning celebrations for 45th anniversary of listing on Hong Kong Stock Exchange
- EBIT before completion and redevelopment gains up 6% yoy to HK$1,944 million
- Core profit attributable to owners of the Company (excluding fair value gain of completed investment properties) fell 14% yoy to HK$1,417 million, or HK$1.63 per share, mainly because profit for the last year included completion and redevelopment gains of HK$420 million
- Total cash dividend of HK130 cents per share (final cash dividend of HK75 cents per share and interim cash dividend of HK55 cents per share)
- Retail rental income increased 20% yoy, as retail portfolio consists of neighborhood shopping centres for local shoppers and less hit by drop in tourist arrivals to Hong Kong
- E-Max's rental income grew 27% yoy, mainly driven by new tenants (e.g. Volkswagen showroom)
- Hopewell Centre II construction is advancing full steam forwards. It plans to commence operation in 2019
- Booked HK$4.1 billion revenue from The Avenue Phase 2 residential sales
- Hopewell New Town achieved sales revenue target, with RMB256 million booked
- Panda Hotel's total revenue fell 9% yoy mainly due to drop in tourist arrivals. Increase in F&B revenue was offset by the fall in room revenue
- Exchange loss attributable to owners of the Company of HK$125 million due to RMB depreciation (mainly from GS Superhighway JV's US Dollar loan and RMB deposit held by HHL corporate level)
- Reduced RMB exposure by converting RMB deposit into HKD mainly for loan repayments

Upcoming: FY17 and beyond

- E-Max is in evolution now: G/F upmarket fashion outlets and 2/F food court plan to open in third and fourth quarter of 2016 respectively. Target E-Max's rental income to grow 50% in FY19 as compared to FY16
- 155-167 QRE envisions to commence operation in 2019 with targeted full-year rental income of not less than HK$40 million in FY21
- Hopewell New Town expects to book sales revenue of approximately RMB600 million in FY17, of which 69% sales had been achieved as of 11 August 2016
- The exchange loss attributable to owners of the Company would increase by approximately HK$8 million if RMB against HK$/US Dollars depreciated by 1% mainly based on GS Superhighway JV's US Dollar loan of USD188 million (HHI's share) as of 30 June 2016

CHAIRMAN'S STATEMENT

I am pleased to report to shareholders that the Group achieved profit attributable to owners of the Company of HK$2,762 million for the financial year ended 30 June 2016. The Group's total revenue for the year, including treasury income and its share of the revenues of JVs engaged in toll roads, power plant operations and property development, amounted to HK$9,235 million, 48% more than the previous year's figure. The significant increase in revenue of the Group was principally due to the continued growth of investment property business together with the sales recognition of The Avenue Phase 2, which offset decreased electricity sales of Heyuan Power Plant, treasury income and hospitality business' revenue. The Group's EBIT before redevelopment gain and completion gain rose by 6% year-on-year to HK$1,944 million. This is mainly due to the continued growth of investment properties business and profit shared from residential property sales of The Avenue Phase 2, which were partly offset by an exchange loss due to RMB depreciation together with drops in treasury income, decreased electricity sales of Heyuan Power Plant and hospitality business. In the absence of redevelopment gain and completion gain, which were recorded in the previous year, the Group's basic earnings per share amounted to HK$3.17, a 2% decrease on the previous year's HK$3.25.

Final Dividend

The Board has proposed a final cash dividend of HK75 cents per share for the year ended 30 June 2016. Together with an interim cash dividend of HK55 cents per share paid on 22 March 2016, the total cash dividends for the year will amount to HK130 cents per share. This represents an increase of 8% on the last financial year's total cash dividends of HK120 cents per share, and represents a payout ratio of 80% of the Company's core profit (excluding the fair value gain of completed investment properties).

Subject to shareholders' approval at the 2016 Annual General Meeting to be held on Wednesday, 26 October 2016, the proposed final dividend will be paid on Tuesday, 8 November 2016 to shareholders who are registered at the close of business on Tuesday, 1 November 2016.

Closure of Register of Members

To ascertain shareholders' eligibility to attend and vote at the 2016 Annual General Meeting to be held on Wednesday, 26 October 2016, the Register of Members of the Company will be closed from Wednesday, 19 October 2016 to Wednesday, 26 October 2016, 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 2016 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 Tuesday, 18 October 2016.

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Tuesday, 1 November 2016, if and only if the proposed final dividend are approved by the shareholders at the 2016 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, 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 Monday, 31 October 2016.

Business Review

During the year under review, the global economy was affected by uncertainty over the timing of the US interest rate hike. Britain's vote to leave the European Union ("EU") ("Brexit") has also set in motion an unprecedented and unpredictable process that threatens turbulence and potential crisis — for Britain, Europe and the global economy. Such challenges are coming at an already fragile moment for the world's economy and the gloomy outlook is exaggerated by a sharp decline in the pound and plummet of the global stock market.

The PRC economy remains as the growth engine to the world economy. To maintain the GDP growth momentum at the target rate of 6.5% - 7.0%, the PRC government continues to stimulate domestic consumption, ease money market liquidity, liberate interest rate, open up capital market and invest in large-scale infrastructure projects. Although RMB weakened unexpectedly in August 2015, the PRC economy still experienced a sustainable expansion. Its GDP in the second quarter of 2016 grew by 6.7% year-on-year, a similar figure to 2015's.

Sluggish external demand and weak tourism hit the Hong Kong economy. With private consumption, exports of goods and services plus investment expenditure keep on contracting, Hong Kong's GDP growth in the second quarter of 2016 grew by 1.6% year-on-year only.

Investment Properties and Hospitality

Total revenue from the two business segments — investment properties and hospitality businesses, grew annually by 5% to HK$1,570 million, resulting in an 8% five-year compound annual growth rate of the two segments' revenue. Despite the challenging economic environment, the Group's investment properties business maintained a mild growth. Driven by the demand for office space, redevelopment and revitalization of the Wan Chai and Kowloon East areas and proactive asset enhancement, the Group's office rental business maintained its growth, which served as the key contributor to growth for the investment properties business. During the year under review, the Group's office space maintained high occupancy rate of over 90%.

Wanchai projects

Sales of The Avenue Phases 1 & 2 were well-received. As of 11 August 2016, 1,264 units or 99% of the total number of units had been sold. The grand opening of Lee Tung Avenue, will be held in the third quarter of 2016. It has further enlarged the Group's rental property portfolio and created a new retail neighborhood which further realised the project's synergy with the Group's other properties in the area.

Site formation work of Hopewell Centre II is in progress and the hotel is targeted to commence operation in 2019. A road improvement scheme and a green park which will be 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 amenity.

The ongoing district redevelopment is expected to bring significant changes to Wan Chai. Demolition of 155-167 QRE was completed and construction works are underway. It is envisioned to commence operation in 2019 with a development similar to that of QRE Plaza in scale. 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 of Hill Side Terrace Cluster 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 acquisitions actively in the district in order to create synergy between its existing and future development in the area.

Infrastructure

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and Western Delta Route grew 4% year-on-year to RMB11.6 million and the combined toll revenue amounted to RMB4,254 million. The average daily full-length equivalent traffic of GS Superhighway increased 4% year-on-year to 92,000 vehicles, while its average daily toll revenue grew 3% year-on-year to RMB8.7 million. The average daily full-length equivalent traffic of the Western Delta Route increased 12% year-on-year to 40,000 vehicles, while its average daily toll revenue grew 8% year-on-year to RMB2.9 million.

Corporate Sustainability

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

Prospects

The global economy is facing growing uncertainty after UK voted to leave EU. The unprecedented decision had rendered the slump of world financial markets, and the immediate effect was that the GBP had plunged by approximately 10% against USD on the announcement day of Brexit voting. Furthermore, Brexit had cast cloud on whether Scotland and Northern Ireland may leave UK and created the unforeseeable domino effect that other EU members will follow to exit EU, which might eventually lead to the disintegration of EU and Euro markets. The US will inevitably be affected under the precarious economic climate in the coming years, which will make the Federal Reserve more cautious in raising interest rate this year.

Against the backdrop of unstable economic environment, the PRC government will continue to transform the economy to a consumption-oriented, technology-advanced and environmentally-sustainable growth economy. In order to maintain its GDP growth at a slower rate, the PRC authorities have been deploying policies to revitalize the PRC property market and encourage domestic consumption. These were manifested from series of official lending rate cuts, targeted tax reduction and accommodative monetary and fiscal policies.

"The Belt and Road initiative" of PRC tactically redirects the overcapacity in PRC to forge a strategic connection to international arena through international infrastructure projects. In the long run, it will promote co-development and mutual co-operation in the areas of economic, finance, transport, tourism and technology which will finally result in prosperity of the nations along the regions.

Amid the setback in inbound tourism, the Hong Kong Government spares no effort to strengthen Hong Kong's infrastructure through implementing large-scale projects to boost the economy and create job opportunities, such as the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the Hong Kong-Zhuhai-Macao Bridge and the airport's three-runway system.

Given more PRC companies are setting up offices in Hong Kong, together with the cautiously optimistic economic backdrop, the demand for office space in Hong Kong is expected to remain stable, while end-users' demand is expected to provide support to the residential property market.

For offices, the Group will continue to pursue proactive enhancement and management of its existing investment property portfolio. These include, opening of a new venue at 3/F of KITEC, The Glass Pavilion, for wedding banquets and corporate events; repositioning E-Max as an entertainment hub to expand its competitive advantages; introducing a new catering venue, the Crystal, to Panda Hotel; and implementing marketing plan to strengthen Panda Hotel's MICE business. These will strengthen the Group's image as a landlord of quality properties in Hong Kong and contribute to the sustainable growth of its businesses.

Sales of The Avenue were well-received and will help bring in high-income households to the area. Lee Tung Avenue has become a popular shopping and dining rendezvous in Hong Kong. The Group's major pipeline projects, namely Hopewell Centre II, Hill Side Terrace Cluster and the 155-167 QRE, 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 hotels in prime locations. With its comprehensive conference facilities, it is well-positioned to capitalise on the opportunities as a result of the lack of conference venues in Hong Kong. Together with the development of Hill Side Terrace Cluster, not only will the area be developed into a fashionable charm, but it will also be transformed into a major business centre and cool dining neighborhood. 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 has persisted since the second half of FY15, after the full opening of the Coastal Expressway in December 2013. The Western Delta Route is the most direct and convenient artery of a regional expressway network that covers the most prosperous and populous cities on the western bank of the Pearl River Delta, including Guangzhou, Foshan, Zhongshan and Zhuhai, and reduces the travelling time between them. It also offers convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The urbanization of cities in the western PRD region is expected to accelerate, thus creating economic growth that will benefit the Group.

Acknowledgement

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

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 23 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

GROUP RESULTS

Overview

The Group's revenue for the year ended 30 June 2016 ("the year under review") significantly increased by 48% from the figure for the previous year. The increase was mainly due to the property sales recognition of The Avenue Phase 2. The revenue from the Group's investment properties business continued to grow healthily. These positive factors were partly offset by decreases in Heyuan Power Plant's sales of electricity, treasury income and hospitality business revenue.

In the absence of redevelopment gain HK$300 million on 155-167 QRE, and completion gain HK$120 million on Lee Tung Avenue recorded in the previous year, the Group's EBIT for the year decreased to HK$1,944 million from HK$2,257 million for 2015.

The Group's EBIT before redevelopment gain and completion gain increased by 6% during the year under review compared to the previous year mainly due to the profit shared from property sales recognition of The Avenue Phase 2. In addition, EBIT of the Group's investment properties business for the year continued to grow solidly. These EBIT increases were partly offset by an exchange loss mainly from the GS Superhighway JV's US Dollar loan and RMB deposit held by HHL corporate level due to RMB depreciation, and decreases in treasury income, profit from Heyuan Power Plant and hospitality businesses.

The Group's revenue and EBIT by activities for the year ended 30 June 2016 were as follows:

	Revenue		**EBIT ***	
HK$ million	*2015*	***2016***	*2015*	***2016***
Property letting, agency and management	1,015	**1,119**	632	**739**
Hotel, restaurant and catering operation	484	**451**	132	**100**
Investment properties and hospitality sub-total	1,499	**1,570**	764	**839**
Property development	1,071	**4,364**	185	**463**
Toll road investment	2,406	**2,408**	623	**610**
Power plant	1,028	**774**	164	**105**
Treasury income	231	**119**	231	**119**
Others	-	**-**	(130)	**(192)**
Revenue/EBIT before completion gain and redevelopment gain	6,235	**9,235**	1,837	**1,944**
Completion gain on Lee Tung Avenue	-	**-**	120	**-**
Redevelopment gain on 155-167 QRE**	-	**-**	300	**-**
Revenue/EBIT (Note)	6,235	**9,235**	2,257	**1,944**

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

** *Refers to the initial fair value gain arising from the commencement of redevelopment of 155-167 QRE*

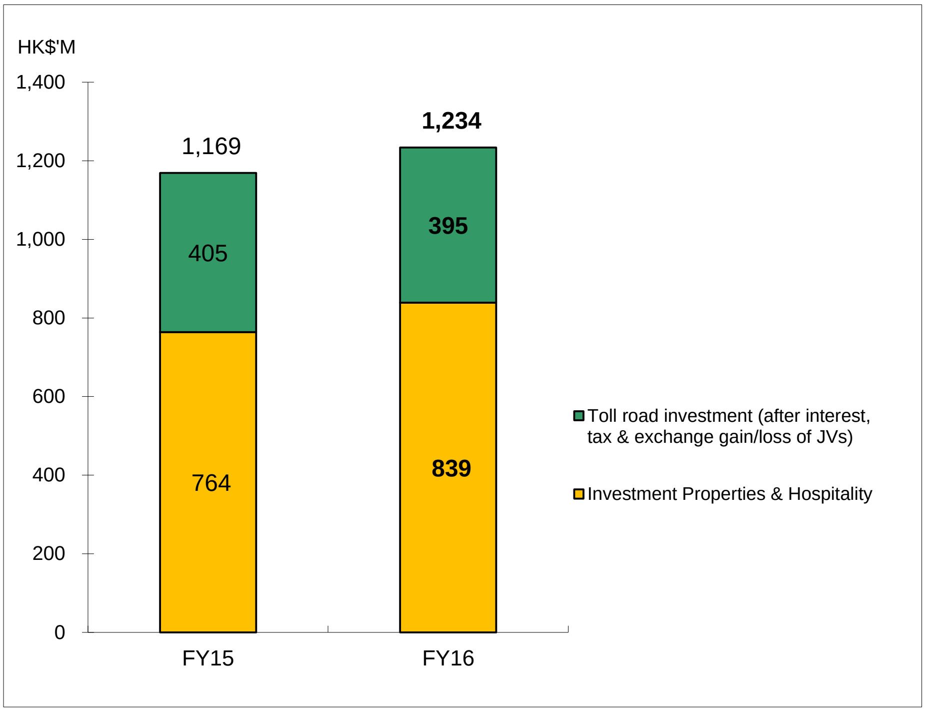
Note:

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

	Results	
HK$ million	*2015*	***2016***
EBIT	2,257	**1,944**
Finance costs	(90)	**(59)**
Fair value gain of completed investment properties	1,180	**1,345**
Profit before taxation	3,347	**3,230**
Taxation	(267)	**(235)**
Profit for the year	3,080	**2,995**
Attributable to:		
Owners of the Company	2,835	**2,762**
Non-controlling interests	245	**233**
	3,080	**2,995**

	Revenue	
HK$ million	*2015*	***2016***
Revenue per Financial Review	6,235	**9,235**
Less:		
Treasury income	(231)	**(119)**
Share of revenues of JVs engaged in		
- Toll road investment	(2,406)	**(2,408)**
- Power plant	(1,028)	**(774)**
- Property development	(705)	**(4,084)**
Turnover per Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,865	**1,850**

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$9,235 million, a 48% increase over the HK$6,235 million recorded for the previous year. This revenue included treasury income and the Group's share of revenues of JVs engaged in toll road, power plant operations and property development.

The significant increase was mainly due to the property sales recognition of The Avenue Phase 2. The Group's investment properties business continued to achieve healthy growth for the year under review. These positive factors were, however, partly offset by decreases in Heyuan Power Plant's sales of electricity, treasury income and hospitality business' revenue.

Earnings before Interest and Tax

In the absence of redevelopment gain HK$300 million on 155-167 QRE, and completion gain HK$120 million on Lee Tung Avenue which were recorded in the previous year, the Group's EBIT for the year decreased to HK$1,944 million from HK$2,257 million for 2015.

The Group's EBIT before redevelopment gain and completion gain increased during the year under review by 6% to HK$1,944 million from HK$1,837 million recorded for the previous year. The increase was mainly due to the profit shared from property sales recognition of The Avenue Phase 2. EBIT of the Group's investment properties business for the year continued to grow solidly. These EBIT increases were partly offset by an exchange loss mainly from the GS Superhighway JV's US Dollar loan and RMB deposit held by HHL corporate level due to RMB depreciation, and decreases in treasury income, profit from Heyuan Power Plant and hospitality businesses.

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 for both the GS Superhighway and Phase I West is 25% since 2012 and until the expiry of their contractual operation periods. Phase II West's applicable EIT rate from 2013 to 2015 was 12.5%, and it rises to 25% from 2016 until the expiry of its contractual toll collection period. Phase III West was exempted from EIT from 2013 to 2015. Its applicable rate from 2016 to 2018 is 12.5%, and it will rise to 25% from 2019 until the expiry of its contractual toll collection period.

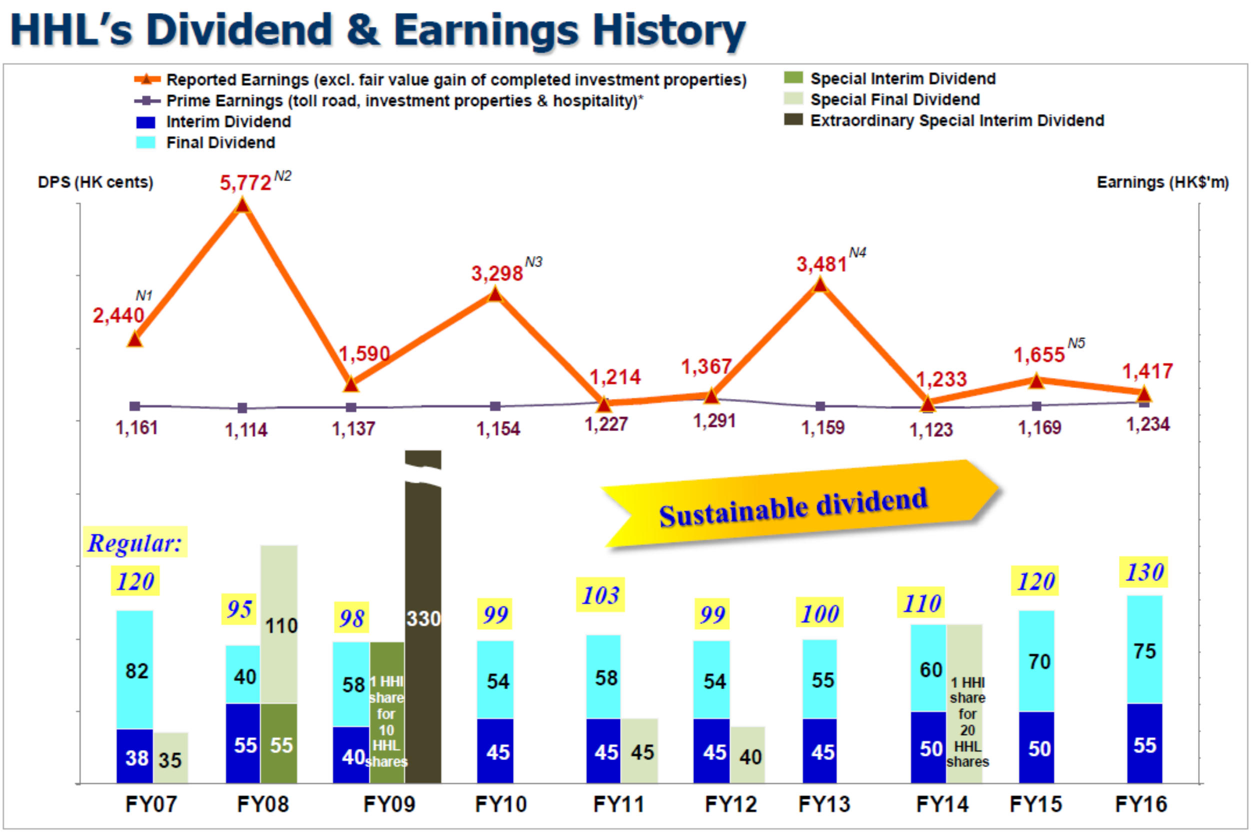
Profit Attributable to Owners of the Company

The profit attributable to owners of the Company decreased during the year under review to HK$2,762 million or HK$3.17 per share from HK$2,835 million for the previous year. Profit attributable to owners of the Company before exchange gain/loss increased 2% to HK$2,887 million for the year.

Excluding the fair value gain of the Group's completed investment properties, core profit attributable to owners of the Company during this year fell 14% to HK$1,417 million or HK$1.63 per share, mainly because the profit for the last year included redevelopment and completion gains of HK$420 million. The core profit included exchange loss attributable to owners of the Company of HK$125 million due to RMB depreciation, which consist of exchange loss of HK$60 million shared from the GS Superhighway JV's US Dollar loan and exchange loss of HK$65 million arising from RMB deposit held by HHL corporate level. During the year under review, the Group reduced its RMB exposure by converting RMB deposit into HKD mainly for loan repayments. As a result, if RMB against HK$/US Dollars depreciated by 1%, the exchange loss attributable to owners of the Company would increase by approximately HK$8 million, mainly based on the GS Superhighway JV's US Dollar loan of USD188 million (HHI's share) as of 30 June 2016.

Dividend

The Board has proposed a final cash dividend of HK75 cents per share for the year ended 30 June 2016. Together with the interim cash dividend, the total cash dividends for the year will amount to HK130 cents per share. This represents an increase of 8% on the last financial year's total cash dividends of HK120 cents per share.



* EBIT net of proportional share by non-controlling interests
N1: Including Nova City property sales
N2: Including disposal gain of Nova City HK$3,948m and Ring Road HK$793m
N3: Including BW12 completion gain HK$2,238m
N4: Including HCII land conversion gain HK$2,249m
N5: 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 2016.

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

Balance Sheet Highlights as at 30 Jun 2016 (HK$ in million)	HHI Business	HHL - Other Businesses	HHL Group Total
Completed investment properties	-	29,639	29,639
Panda Hotel	-	346	346
Properties under development			
Hopewell Centre II			
- Commercial portion	-	4,549	4,549
- Hotel portion	-	2,409	2,409
155-167 Queen's Road East	-	770	770
Properties for development	-	799	799
Interests in JVs (Toll Roads, Power Plant & The Avenue/Lee Tung Avenue)	7,415	1,744	9,159
Other assets/liabilities	633	1,049	1,682
Non-controlling interests	(2,675)	(166)	(2,841)
Shareholders' equity	5,373	41,139	46,512
			*(HK$53.5/share)**
Total hidden value			7,113
			*(HK$8.2/share)**
Adjusted shareholders' equity (unaudited)			**53,625**
			*(HK$61.7/share)**

As at 30 Jun 2016 (HK$)	Panda Hotel	HC II hotel portion	HHI Business
Market value	$3,075m $3.4m/room *DTZ valuation report*	$4,234m $4.1m/room under development *DTZ valuation report*	$7,932m *2,055m shares (HHL's 66.7% stake) x HHI's market price @HK$3.86 as of 30.6.2016*
Book value	$346m $0.4m/room *at cost less depreciation*	$2,409m $2.4m/room under development *at cost*	$5,373m *at cost less depreciation*
Hidden value	$2,729m *$3.2/share**	$1,825m *$2.1/share**	$2,559m *$2.9/share**
Total: $7,113m *$8.2/share**			

* *No. of HHL shares in issue: 869.8 million (as of 30 Jun 2016)*

Liquidity and Financial Resources

As at 30 June 2016, the cash position and available banking facilities of HHL and its subsidiaries (excluding the HHI Group) were as follows:

HK$ million	*30.6.2015*	***30.6.2016***
Cash	3,768	**2,886**
Available Banking Facilities (Note 1)	910	**3,590**
Cash and Available Banking Facilities	4,678	**6,476**

Note 1: As at 30 June 2016, available banking facilities included undrawn bank overdrafts and uncommitted banking facilities amounting to HK$440 million.

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

HK$ million	*30.6.2015*	***30.6.2016***
Total debt	4,360	**2,550**
Net debt (cash) *(Note 2)*	592	**(336)**
Total assets	45,415	**45,640**
Shareholders' equity (excluding equity shared from HHI Group)	39,293	**41,139**
Total debt / total assets ratio	9.6%	**5.6%**
Net gearing ratio *(Note 3)*	1.5%	**Net Cash**

Note 2: "Net debt (cash)" is defined as total debt less bank balances and cash
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$2,886 million included RMB1,545 million (equivalent to HK$1,803 million) and HK$1,083 million. The net cash position of HK$336 million comprised bank balances and cash less outstanding bank loans totalling HK$2,550 million.

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

HK$ million	*30.6.2015*		***30.6.2016***	
Repayable:				
Within 1 year	-		***200***	***8%***
Between 1 and 5 years	*4,360*	***100%***	***2,350***	***92%***
	4,360		***2,550***	

During the year under review, the Group successfully arranged a 5-year HK$3.2 billion loan facility to refinance its existing HK$2.0 billion loan facility expiring in 2018. The newly arranged facility extends the group's debt maturity profile with lower interest rate and increases HHL's financial flexibility.

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$4.6 billion on these projects between FY17 and FY19. The Group's cash on hand remains equally robust. Combined with the healthy cash flow from its prime-earning businesses, property sales proceeds from The Avenue and Hopewell New Town, and the committed banking facilities of HK$2.3 billion and HK$3.2 billion maturing in 2018 and 2020 respectively should provide adequate funding for the projects we are currently developing. Given the Group's strong financial position, the Group will continue to seek out appropriate investment opportunities.

Major Projects Plan

Projects	Target Completion	Total Investment[N1] HK$'M	Interest %	HHL's Injection FY17 to FY19[N1] HK$'M
Hong Kong				
Hopewell Centre II	2019	9,000 - 10,000	100%	4,320 (FY17: 550; FY18: 2,530; FY19: 1,240)
Wan Chai projects[N2]	Development plan under study			260
TOTAL				**4,580**

N1: Present planning, subject to change
N2: Including 155-167 QRE and Hill Side Terrace Cluster

As at 30 June 2016, the HHI Group (consisting of HHI and its subsidiaries but excluding its JVs) maintained a net cash position of RMB652 million (equivalent to HK$761 million) at corporate level and it had no outstanding loan balance.

Furthermore, by the end of the year under review, West Route JV has repaid all outstanding shareholders' loan to HHI (2015: RMB788 million, equivalent to HK$985 million). HHI had available banking facilities amounting to HK$500 million as at 30 June 2016.

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 2016, none of the Group's assets had been pledged to secure any loans or banking facilities.

Project Commitments

(a) Hopewell Centre II

Hopewell Centre II is one of the new major property projects of the Group. Under the current plan, the estimated total investment cost (including land premium) for the development will be ranged from HK$9 billion to HK$10 billion, which has taken into account the estimated investment cost for a road improvement scheme and a green park open to the public. As at 30 June 2016, the Group's commitment in respect of development costs of this project, which had been contracted for but not provided, was approximately HK$196 million.

(b) Hopewell New Town

	30.6.2015	***30.6.2016***
	HK$'000	***HK$'000***
Contracted for but not provided	43,503	**34,260**

(c) Heyuan Power Plant Project

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

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

	30.6.2015	***30.6.2016***
	HK$'000	***HK$'000***
Contracted for but not provided	50,433	**55,203**

(d) Property renovation

	30.6.2015	***30.6.2016***
	HK$'000	***HK$'000***
Contracted for but not provided	11,990	**17,379**

(e) Other property for/under development

	30.6.2015	***30.6.2016***
	HK$'000	***HK$'000***
Contracted for but not provided	32,373	**41,257**

Contingent Liabilities

A subsidiary of the Company acted as the guarantor for the repayment of mortgage bank loans amounting to HK$376 million as at 30 June 2016 granted to purchasers of the subsidiary's properties.

The Company acted as the guarantor of bank loan facilities granted to Grand Site, a joint venture, to the extent of HK$2,500 million. In June 2014, Grand Site fully repaid the bank loan and the facilities were terminated accordingly, while the retention period for such guarantee was expired in July 2016. In addition, the Company acted as guarantor of certain performance bonds issued by banks in respect of the project to the extent of HK$119 million as at 30 June 2016.

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

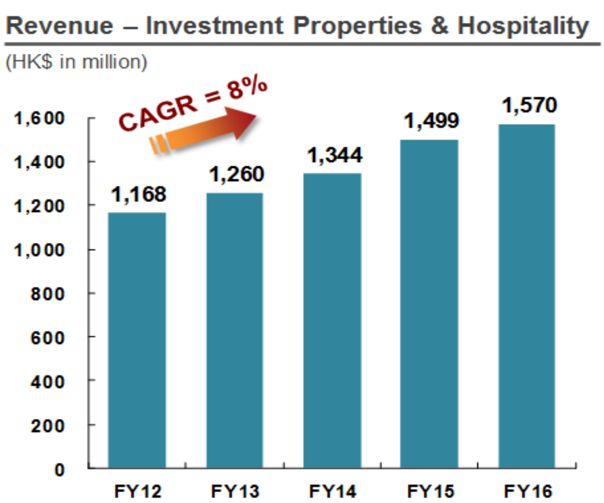
A. Investment Properties and Hospitality

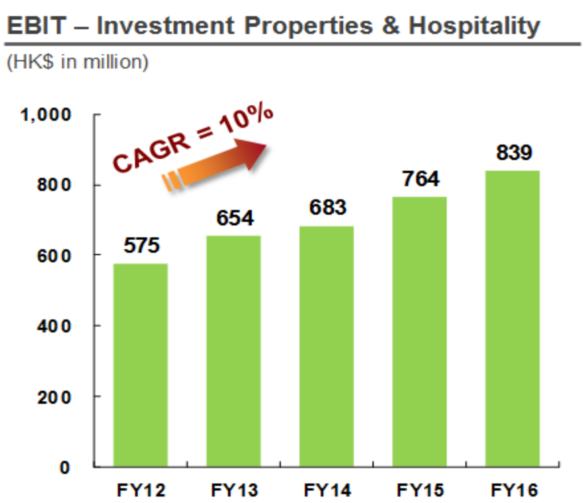
The Group's investment properties and hospitality businesses comprise its wholly-owned investment property portfolio and hotel, restaurant and catering operations. The revenue from these businesses amounted to HK$1,570 million for the year under review, a year-on-year increase of 5%.

(HK$ in million) For the year ended 30-Jun	Revenue* 2015	Revenue* 2016	yoy change
Investment Properties			
Rental income - office	390	**415**	*+6%*
Rental income - retail	266	**319**	*+20%*
Rental income - residential	81	**75**	*-7%*
Convention and exhibition	59	**60**	*+2%*
Air conditioning & management fee	142	**158**	*+11%*
Carpark & others	77	**92**	*+19%*
Investment Properties sub-total	1,015	**1,119**	*+10%*
Hospitality			
Room Revenue	230	**195**	*-15%*
Restaurants, catering operations and others	254	**256**	*+1%*
Hospitality sub-total	484	**451**	*-7%*
Total	1,499	**1,570**	*+5%*

** Excluding tenancies for HHL's own use*

EBIT for the Group's investment properties and hospitality businesses increased by 10% to HK$839 million year-on-year. The five-year compound annual growth rates of revenue and EBIT for the Group's investment properties and hospitality businesses between FY12 and FY16 were 8% and 10% respectively.





Investment Properties

Revenues for the Group's property letting, agency and management operations rose 10% to HK$1,119 million during the year under review, while EBIT for these operations increased by 17% to HK$739 million. The five-year compound annual growth rates of revenue and EBIT for investment properties between FY12 and FY16 were 12% and 14% respectively. EBIT margin for FY16 increased to 66% from 62% in FY15 mainly due to the rise in rental revenue and effective cost controls.

The Group continues to achieve sustainable growth and strengthen its branding by actively managing its properties and maintaining an uncompromising focus on service and quality. Through continuous refinement of the office and retail tenant mix, the Group continued to achieve rental income growth and high occupancy rates.

The Group's retail assets are neighborhood shopping centres for local shoppers (e.g. PARKnSHOP), thus less hit by drop in tourist arrivals to Hong Kong. During the year under review, retail rental income grew 20% to HK$319 million. In order to capture more local consumptions, the Group has been increasing the proportion of F&B in its retail portfolio since FY14, which has helped to bring footfall and increase rental income from the retail tenants. Area for F&B as a percentage of total leased retail area of "The East" in Wan Chai increased from 46% in FY14 to 50% in FY16, resulting in 22% increase in sales per sq.ft. of F&B tenants to around HK$300/sq.ft. and 23% rise in retail rental income of "The East" to HK$155 million in FY16 as compared to FY14. The opening of Lee Tung Avenue has provided synergy to "The East" and increased its popularity as a hub for local shoppers, residents and working population nearby. On the other hand, the Group will continue to use the same strategy of increasing the area of F&B to lift the rental income of E-Max, which is now undergoing evolution with the introduction of an entertainment-driven city outlet that targets at local consumption, whereby planned completion of the first and second phases will be first quarter of FY17 and third quarter of FY18 respectively. In particular, area for F&B as a percentage of area for retail is targeted to grow to 25% in FY19 from 18% in FY16. As a result of the increase in footfall alongside the enlarged area for F&B, E-Max's rental income is targeted to grow 50% in FY19 as compared to FY16. Given the evolution which is now underway at E-Max, together with the opening of Lee Tung Avenue and Hopewell Centre II which is currently under construction, the Group expects retail segment will be the main growth driver of its investment properties business.

In view of the uncertainty in the market, the Group will adopt a defensive rental strategy for office which focuses on renewing lease of existing tenants with a flexible lease term so as to increase flexibility and capture opportunities brought by the economic turnaround.

Occupancy rates for the Group's investment properties remained strong during the year under review alongside with average rental rates increased.

Occupancy and Rental Rates of Investment Properties

	Average Occupancy Rate			Change in Average Rental Rate
	FY15	FY16	YoY	
Hopewell Centre	**95%**	**93%**	**-2%**	**+8%**
KITEC Office	**96%**	**96%**	**-**	**+11%**
KITEC E-Max	**88%**	**90%**	**+2%**	**+23%**
Panda Place	**95%**	**96%**	**+1%**	**+9%**
QRE Plaza	**91%**	**100%**	**+9%**	**+5%**
Lee Tung Avenue	**-**	**96%** [N1]	**n/a**	**n/a**
GardenEast (apartments)	**94%**	**82%**	**-12%**	**+6%**

N1: Figure for June 2016. Lee Tung Avenue soft opened in December 2015

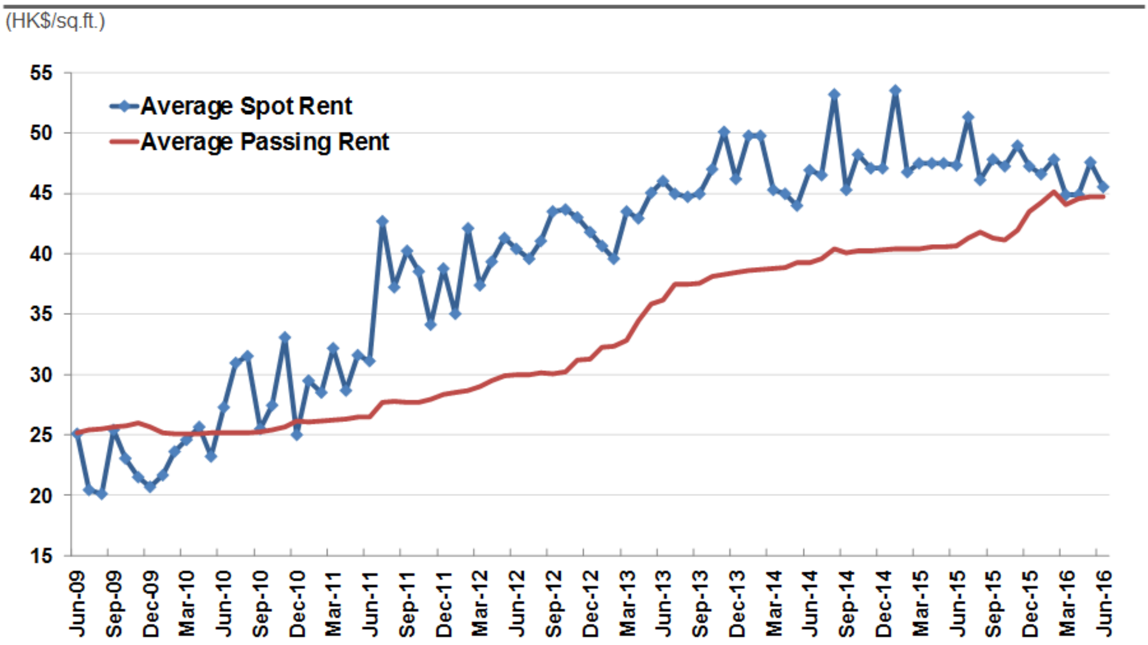
Hopewell Centre

As the Group's flagship property, Hopewell Centre's overall revenue (excluding tenancies for the Group's own use) for FY16 increased by 6% to HK$446 million. Overall average occupancy rate remained high at 93%.

On the office front, average occupancy rate maintained at a high level of 93% for FY16. Rental income (excluding tenancies for the Group's own use) recorded a mild growth of 2% year-on-year to HK$271 million for FY16. Excluding a one-off rental adjustment of HK$8 million in December 2014, rental income growth for the year under review would be 6%. Average passing rent increased by 6% year-on-year to HK$43.5/sq.ft. and average spot rents was HK$47.3/sq.ft. for FY16.

The main drivers of Hopewell Centre's increased rental income were the continuous enhancement of its facilities and services, plus the refinement of its tenant mix. The Group has implemented improvement plans and asset enhancement measures to maintain its competitiveness so as to uplift rental rates.

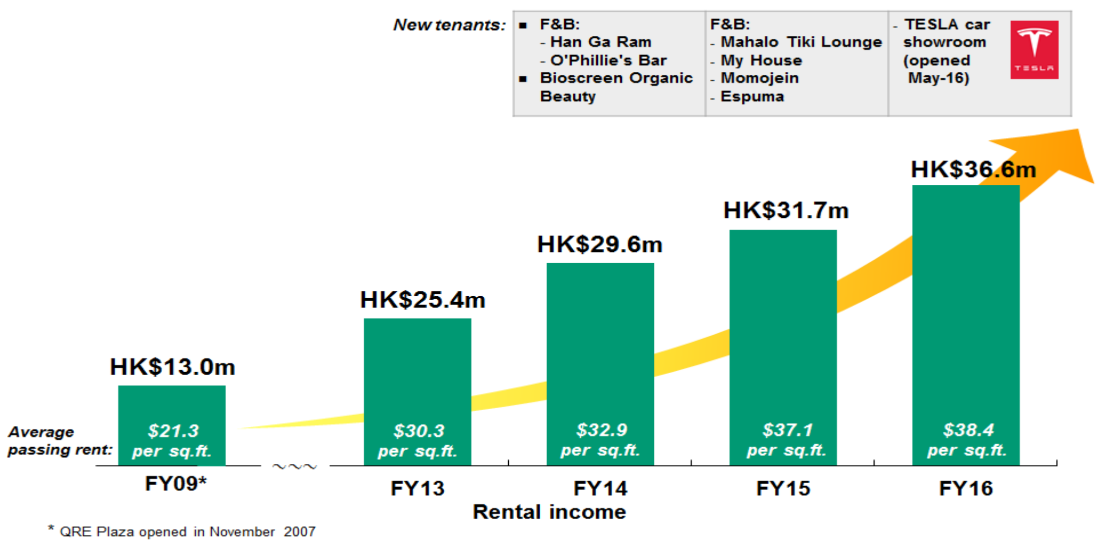
Hopewell Centre Office
Average Spot and Average Passing Rent (FY10 – FY16)



On the retail front, 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 with GFA of around 7,000 sq.ft. has opened in August 2016. It is a restaurant with live band performance during dinner and will help promote the evening business of 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". The showroom by TESLA, a premium auto brand was opened in May 2016. QRE Plaza's overall revenue rose by 16% in FY16.



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 will be split 40:60 between the URA and the 50:50 joint venture between the Group and Sino Land. It has a total GFA of approximately 87,700 sq.ft. and has so far received very positive responses from tenants and is planned to have its grand opening in the third quarter of 2016. The average occupancy rate of Lee Tung Avenue was around 96% and the average rent was around HK$70/sq.ft. in June 2016. The Group has introduced several café and restaurants which are the first comers to Hong Kong, namely Omotesando Koffee, Ginza West, Le Pain Quotidien, Blue Brick Bistro by Yoku Moku, La Bola, Bistro Seoul and Brook's Café.

Lee Tung Avenue has further enlarged the Group's rental property portfolio and created synergy among existing properties such as Hopewell Centre, QRE Plaza and GardenEast. With the eventual completion of Hopewell Centre II, the Group's cluster will be one of 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 first half of 2017. An additional QRE Tunnel connecting Lee Tung Avenue and Hopewell Centre is currently under planning.

Progress	2014	2015	2016	2017	2018 & Beyond
Johnston Tunnel (Lee Tung Avenue → MTR)	**2Q2014: Approved by Government and under construction. Plan to complete construction in 1H2017**				
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 East's" car showroom cluster.

GardenEast

Overall revenue dropped by 5% year-on-year mainly due to softening demand and challenging economic environment. Average rental rates grew by 6% for serviced apartments while average occupancy of serviced apartments fell by 12% to 82%.

KITEC

Office

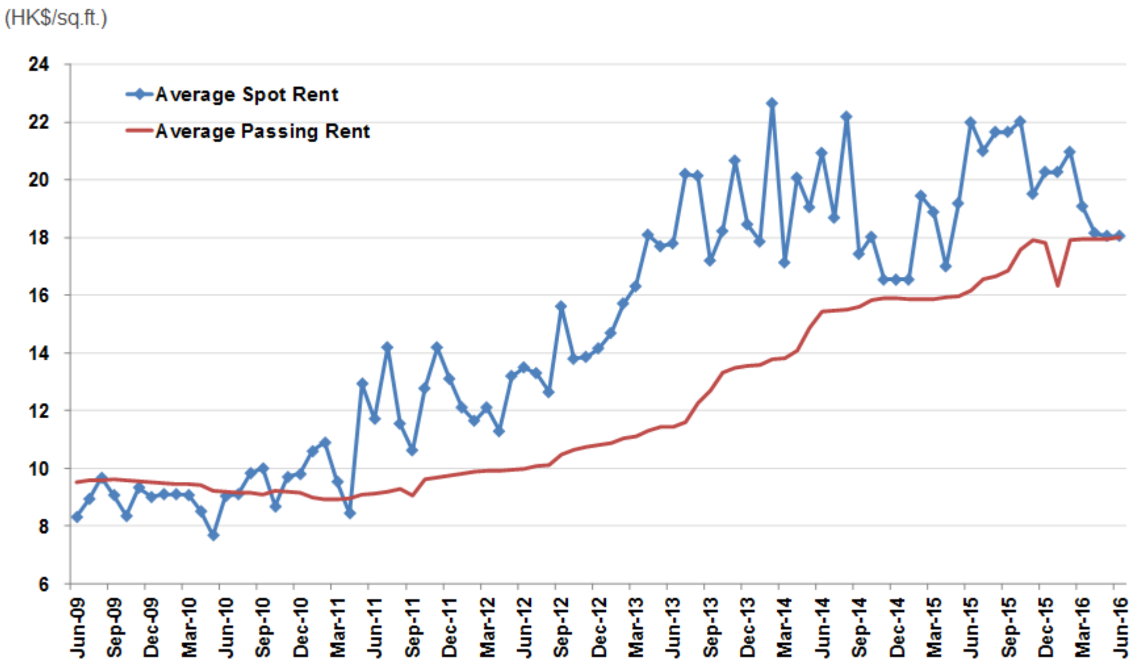
In its 2016 Policy Address, the Hong Kong Government will continue to take forward the "Kai Tak Fantasy", a recreational landmark on the site of the former airport runway at the Kai Tak Development Area. Major projects underway include the infrastructure for the south apron and the "hotel belt" at the former runway. The Government's 2016 Policy Address also stated that Kowloon East (including Kai Tak) will be developed into a quality business district. This will create a cluster effect that will boost traffic flows into the district and further increase demand for KITEC's top quality services and offerings.

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

On the office front, during the year under review, rental income (excluding tenancies for the Group's own use) recorded a growth of 14% year-on-year to HK$143 million. Average passing rent increased 11% to HK$17.7/sq.ft. in FY16 from HK$16/sq.ft. in FY15. KITEC office's average spot rent rose by 5% to HK$20.0/sq.ft. and average occupancy rate remained at high level of 96%.

The conversion of the 6/F of E-Max to office units and conference facilities was completed in March 2015. After the conversion, the GFA of KITEC's office and retail portions is now approximately 750,000 sq.ft. and 760,000 sq.ft. respectively. Part of the converted office areas is leased by the Hospital Authority, which has taken up around 117,000 sq.ft. in four phases since September 2014 at a rental rate of approximately HK$20/sq.ft. Combined with the Labour Department's GFA of 49,000 sq.ft. and the Registration and Electoral Office's GFA of 90,000 sq.ft., this makes the Government a key KITEC anchor tenant with approximately 256,000 sq.ft. of space, representing 34% of KITEC office's total GFA.

KITEC Office
Average Spot and Average Passing Rent (FY10 – FY16)



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 will be refined to renowned brands and general retailers 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 continues 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. "BOUNCE", a leading Australian fitness specialist, opened their first gymnasium in Asia Pacific here in July 2015. This colourful gymnasium with interconnected trampolines targets kids, teenagers and young adults and draws family visitors thus increasing rental revenue.

As the evolution of E-Max unfolded since 2014, success has been shown. In FY16, E-Max's rental income grew 27% year-on-year, which was mainly driven by new tenants. The introduction of more popular brands to E-Max has been well-received by the market. Besides, more quality customers have been attracted to E-Max with increase in their spendings, which led to a 200% increase in F&B sales per sq.ft. to around HK$470/sq.ft. in FY16 as compared to FY14.

To further refine the tenant mix on E-Max's G/F and 2/F, the Group has launched an asset enhancement initiative in 2016. The Group aims to attract more renowned brands and general retailers to further boost traffic and rental revenue. A supermarket opened on 2/F in June 2016 and a new food court of approximately 30,000 sq.ft. will be opened on 2/F in the fourth quarter of 2016. Upmarket fashion outlets of approximately 65,000 sq.ft. will be introduced at G/F in the third quarter of 2016, including Gap, Vivienne Westwood and The North Face. E-Max will then be refurbished to provide a spacious fashion mall housing a fine selection of premium fashion brands and offering affordable luxury. In addition, 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. In 2017 and 2018, subject to Government approval, the Group plans to convert the existing auto mall on B1/F and B3/F of approximately 200,000 sq.ft. into a retail area as an expansion of G/F's fashion outlets. E-Max's continuing evolution to become an entertainment-driven city outlet will help further uplift its rental income, which is targeted to grow 50% in FY19 as compared to FY16.

E-Max's Evolution

Year		Event	Achievements / Plans
2014	Feb	The Metroplex: G/F	- Over 1 milliom audience since opening Feb 2014 - Box office ↑94%yoy in 2015 (vs HK market ↑21%)
	Jun	Rotunda 2 refurbishment: 2/F	
	2H	Refined tenant mix: G/F & 2/F	- 759 flagship store opened
	Nov	E-Max Home: 4/F & 5/F	- Rental rate more than tripled
2015	Jul	BOUNCE Trampoline gymnasium: G/F (former swimming pool area)	- Rental rate more than tripled
2016	Feb	Volkswagen showroom: G/F ~8,000sq.ft.	- World's top-3 automakers
	Jun	Supermarket: 2/F	
	3Q*	Upmarket fashion outlets: G/F ~65,000sq.ft.	- Including Gap, Vivienne Westwood, The North Face
		"The Glass Pavilion" for wedding banquets and corporate events: 3/F	- Will increase footfall and positive to E-Max's rental
	4Q*	Food court: 2/F ~30,000sq.ft.	
2017-2018	Under planning	Expansion of upmarket fashion outlets: B1/F & B3/F ~200,000sq.ft.	- Plans to convert existing auto mall into retail shops (subject to government approval)

** Target date*

C&E

The availability of spacious venues made KITEC continue to be a preferred choice for hosting concerts, exhibitions, meetings and conferences, banquets and also sports events in Hong Kong. Over 175 shows including concerts, sports, live broadcasts and musicals were held in the venues during the year under review.

Star Hall remains an attractive venue for hosting concerts, musicals, award presentations and different kinds of stage performances. 37 shows were staged in Star Hall in FY16, which include a fascinating magic show by international renowned magician Cyril Takayama, performances of international artistes such as French electronic music band M83, Australian soft rock duo Air Supply, Korean pop star IU, Japanese singers Lisa Ono, Tomomi Itano, Japanese pop bands w-inds, SCANDAL and also Hong Kong Cantopop music award RTHK The 38th Chinese Top Ten Gold Songs Awards.

KITEC's convention, exhibition and entertainment business revenue saw steady growth during the year. Gross rental income, including equipment rental, rose by 2% to HK$60 million. With the completion of the new venue for wedding banquets as well as corporate events, The Glass Pavilion, which targets to open in the third quarter of 2016, KITEC's competitive edge will further be strengthened.

The Glass Pavilion - KITEC's new venue for wedding banquets and corporate events

The Metroplex (multi-cinema complex)

Since its opening in 2014, The Metroplex has attracted more than 1 million audiences to E-Max and benefited KITEC's F&B and other tenants surrounding. The Metroplex has strengthened and upgraded KITEC's image by continuing to be one of the most preferred venues for gala premieres and events. The Metroplex has organized 14 gala premieres and sponsored 5 celebrity events during the year under review.

The Metroplex continues to solidify its aspiration to support art and culture through conducting special screening programs like “Arts in Cinema”, and annual events like “Sundance Film Festival: Hong Kong” and “Summer Anime Festival”. Moreover, 16 programs under Metro Select label, have been organized for more than 9,000 art film lovers.

The Metroplex has fully supported corporate social responsibility through organizing 7 CSR events and has been awarded numerous awards, including the “Silver Emblem Recognition Scheme Award” by HK Council of Social Service caring for old aged customers; the “Certificate of Appreciation on Business-School Partnership Program” by Education Bureau for providing students with out of classroom learning experience; and the “Manpower Developer Award” by Employees Retraining Board for caring of staff development.

<u>Panda Place</u>

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 11% year-on-year to HK$61 million in FY16. This is because the re-layout of the 2/F from a Chinese restaurant into an Asian epicurean hub, which doubled 2/F’s rental rate, had been completed in the first quarter of 2015. The average occupancy rate was 96% during the year under review. The Group expects to achieve stable rental income growth due to the completion of major tenant reshuffling.

Hospitality

<u>Panda Hotel</u>

During the year under review, the anti-parallel trading and the appreciation in the HK Dollar continues to pose challenges to the tourism industry in Hong Kong.

Room revenue decreased by 15% to HK$195 million during the year under review, mainly because of the drop in average room rate by 18% despite average room occupancy rate increased by 3% to a historical high of 97%. The decrease in room revenue was mainly due to 7% drop in tourist arrivals given strong HK Dollar and it was in line with the general market.

F&B revenue increased mildly by 4% to HK$109 million, mainly due to the growth in tailor-made catering packages for annual corporate events and wedding banquets. An additional catering venue, the Crystal, which can accommodate up to 22 tables or 450 people for banquet or corporate events, opened in mid-September 2015 and has further increased the hotel’s competitiveness.

Total revenue fell by 9% to HK$304 million as the increase in F&B revenue was offset by the drop in room revenue.

The outlook of Hong Kong's hotel industry remains challenging as the strong HK Dollar is expected to continue to impact tourist arrivals. Panda Hotel will continue to maintain its competitiveness by adopting flexible marketing strategy and diversification of customer mix such as Vietnam, Philippines and Thailand, to avoid over reliance on Mainland China leisure visitors. It will also expand its partner network in order to enlarge its travel agent base and further strengthen its MICE business so as to capture more revenue sources, increase average room rates and visitors' length of stay. Various marketing programmes are being deployed to sustain the business volume.

Furthermore, Panda Hotel will continue the ongoing refurbishment and renovation program for guestrooms as needed, in order to increase the hotel's competitiveness and prepare for market rebound.

As of 30 June 2016, the market value of hotel amounted to HK$3,075 million (equivalent to approximately HK$3.4 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 2016, the book value of Panda Hotel amounted to HK$346 million (equivalent to approximately HK$0.4 million per room), which implies a hidden value of approximately HK$2.7 billion compared to its market value.

Restaurant & Catering Services

KITEC F&B business remained healthy during the year under review and achieved total revenue of around HK$140 million.

The Group will continue to upgrade the facilities and equipment, provide quality service and adopt active marketing strategies.

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 413,700 sq.m. of the development (consisting of 164 townhouses and 3,141 apartments) were sold and booked up to 30 June 2016.

447 units or 52,000 sq.m. of apartments were sold in FY16 and subsequently up to 11 August 2016, generated RMB570 million sales. Average selling price for apartments sold during the above period was approximately RMB11,000 per sq.m., 12% higher than that in FY15.

During the year under review, sales of 195 units or 23,200 sq.m. of apartments and 3 units or 900 sq.m. of townhouse were booked and generated revenue of RMB256 million, representing a 17% year-on-year fall as some units sold in FY16 will be booked in FY17 due to handover progress.

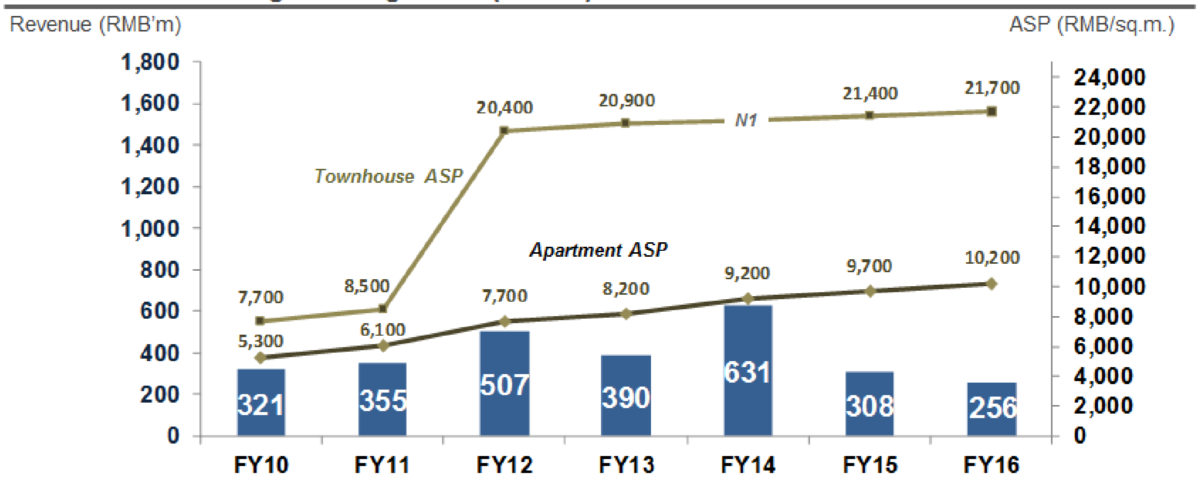
The Group expects demand for housing in the area will continue to support sales of the residential units at Hopewell New Town, and it will further strengthen marketing for the sales in FY17. Based on the transaction progress, the Group expects to book approximately RMB600 million sales revenue in FY17, of which 69% of sales with average selling price for apartment of RMB11,100 per sq.m. has been achieved as of 11 August 2016. Such average selling price represents 9% increase compared to that for FY16. The sales target for FY18 is not less than 43,000 sq.m. with its pre-sale planned to start in second quarter of 2017. The Group will continue to explore cost-effective ways to control the construction costs and improve the profitability.

	FY16	FY17	FY18
Sales target	RMB850m (85,000 sq.m.)		not less than 43,000 sq.m.
Sales booking	**RMB256m** (booked)	**~RMB600m** (to be booked)	

The transition from business tax to value added tax was effective from 1 May 2016. There was no impact on FY16 and FY17 net profit, while impact on net profit is expected to start in FY18.

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

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. All sold units in Phase 1 have been handed over. Phase 2 started hand over in November 2015 and 1,072 units (98.7% of units sold in Phase 2) have been handed over. As at 11 August 2016, 1,264 units or 641,000 sq.ft. representing 99% of total number of units had been sold. The average selling price of units sold was around HK$22,100 per sq.ft. of saleable area. The estimated valuation of 11 unsold units covering approximately 15,000 sq.ft. was around HK$41,300 per sq.ft..

The Avenue Residential Sales (sales figure as of 11 August 2016)

Based on saleable area	Phase 1	Phase 2	Total
Total units	**179 (103,000 sq.ft.)**	**1,096 (554,000 sq.ft.)**	**1,275 (657,000 sq.ft.)**
Units sold	**178 (101,000 sq.ft.)**	**1,086 (540,000 sq.ft.)**	**1,264 (641,000 sq.ft.)**
• As % of total units	**99%**	**99%**	**99%**
• Average selling price (sold units)	**HK$19,900/sq.ft.**	**HK$22,600/sq.ft.**	

Revenue shared (after URA's sharing) from sales of The Avenue Phase 2 residential units amounted to HK$4,074 million, representing 1,065 units or 520,000 sq.ft. have been booked during the year under review.

Broadwood Twelve

Project Description	
Location	12 Broadwood Road, Happy Valley, 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

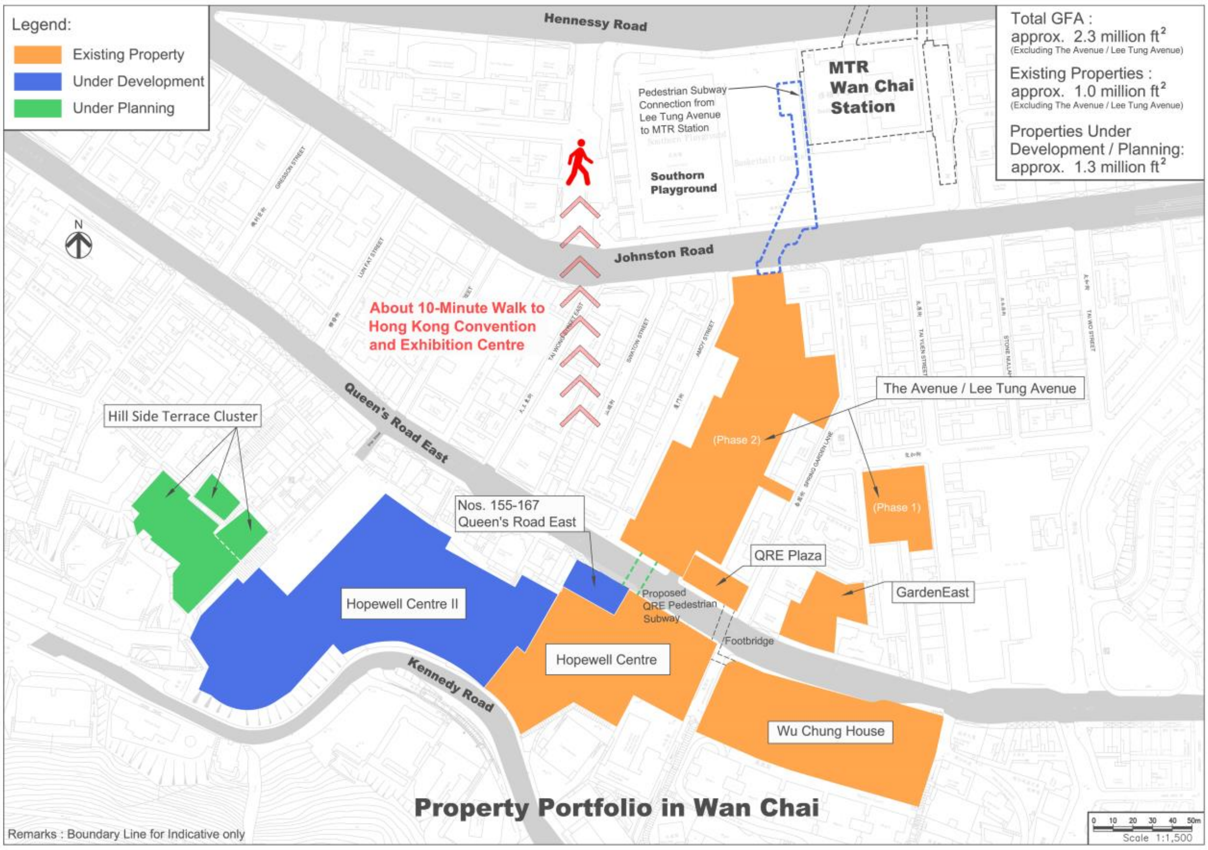
Broadwood Twelve is the Group's residential development on Broadwood Road. The top-quality finishes of its units and the stunning views they enjoy of the racecourse and Victoria Harbour have positioned them as attractive luxury residences.

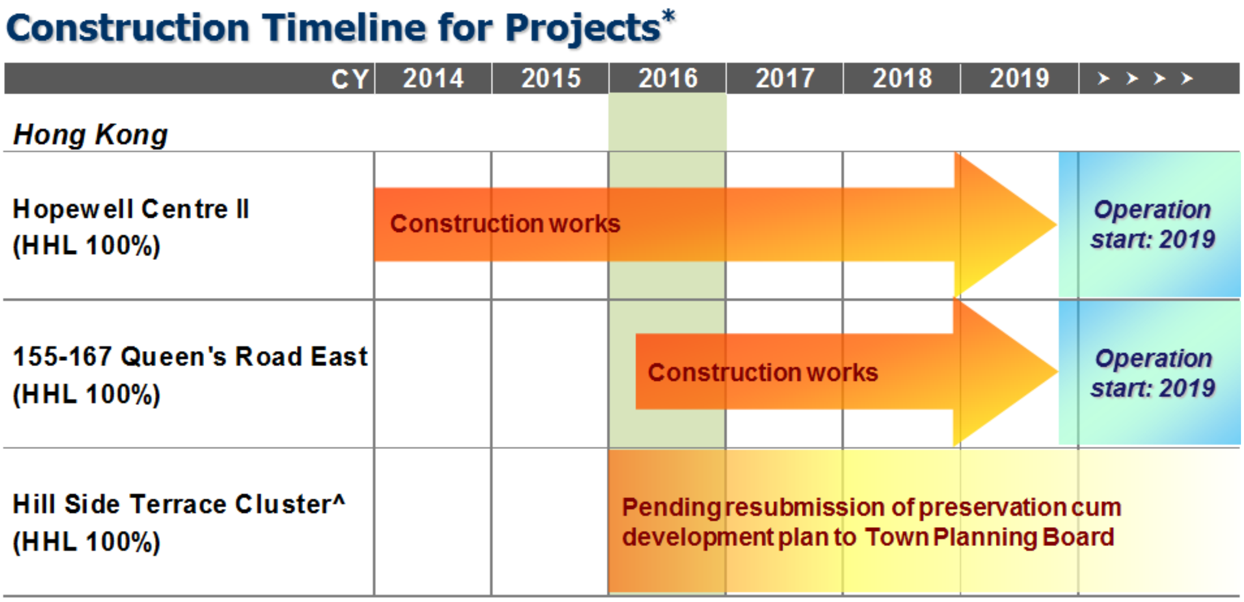
Sales of Broadwood Twelve residential units commenced in June 2010. As of 11 August 2016, 59 units or 78% of its 76 units had been sold, generating total sales proceeds (including sale of car-parking spaces) of around HK$2,739 million. Most of the buyers were end-users. The average price of the units sold was around HK$34,100 per sq.ft. based on saleable area. The estimated total value of the 17 unsold units, as at 30 June 2016, was around HK$638 million. The Group has uploaded the sales brochure of these unsold units on the website and it is ready to re-launch sales.

Although there has been a slowdown of sales activity in the overall luxury market, the Hong Kong luxury residential market is relatively well supported by limited new supply, especially in prime locations and traditional luxury districts. The Group is confident about the long term prospects for the Hong Kong luxury residential property market.

Broadwood Twelve's high-end residential units have also attracted leasing offers from large and well-known corporations, as well as individual professionals. To maximise the Group's income, 10 unsold units were being leased at an average monthly rental rate of about HK$66 per sq.ft. of saleable floor area as of 11 August 2016. These units will still be available for sale.

C. Properties Under / For Development





^ Includes 1-3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site

** Present planning, subject to change*

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 70,500 sq.m.), a retail area of around 27,700 sq.m. and an office area of 3,400 sq.m.
Height / No. of storeys	210 mPD/55 storeys
Estimated total investment	Around HK$9 - 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)

Construction progress details	
Excavated soil / rock volume	Around 48,000 cubic meter
Average daily workers on site	Around 100 workers

A Land Grant execution involving a land premium payment of HK$3,726 million was completed on 24 October 2012. Construction of the hotel is advancing full steam forwards. According to the current plans, the project is targeted to commence operation in 2019. The estimated total investment cost (including land premiums) will be roughly HK$9 to 10 billion. This will be financed by the Group's internal resources and/or external bank borrowings. Upon completion, Hopewell Centre II is expected to be one of largest hotels in Hong Kong with comprehensive conference facilities.

Capex Plan[N1] (HK$'m)

Up to 30 Jun 2016	FY17	FY18	FY19 & Beyond
around $4,570[N2]	$550	$2,530	$1,350

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

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

As at 30 June 2016, the market value of the hotel portion of this project amounted to HK$4,234 million (equivalent to around HK$4.1 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$2,409 million (equivalent to around HK$2.4 million per room under development) in the Group's balance sheet. This implies a hidden value of around HK$1.8 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. A Hopewell Centre II Green Park Committee has been formed to strive for a better design of the green park.

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 via Hopewell Centre and The Avenue/Lee Tung Avenue. In helping to seamlessly integrate major areas of Wan Chai district, it will also provide access to the Group's properties under "The East" brand. Synergising with the Group's current Wan Chai property portfolio, it will also 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 2016, the total book costs of these properties is 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.

155-167 Queen's Road East

Project Description	
Site area (sq.ft.)	5,000
Development GFA (sq.ft.)	75,000
Proposed use	Commercial
Estimated total investment cost	Around HK$750 million

Construction works of the property are underway. It is envisioned to commence operation in 2019 with targeted full-year rental income of not less than HK$40 million in FY21. Under current planning, the scale of the proposed development will be similar to that of QRE Plaza.

Development in Wan Chai

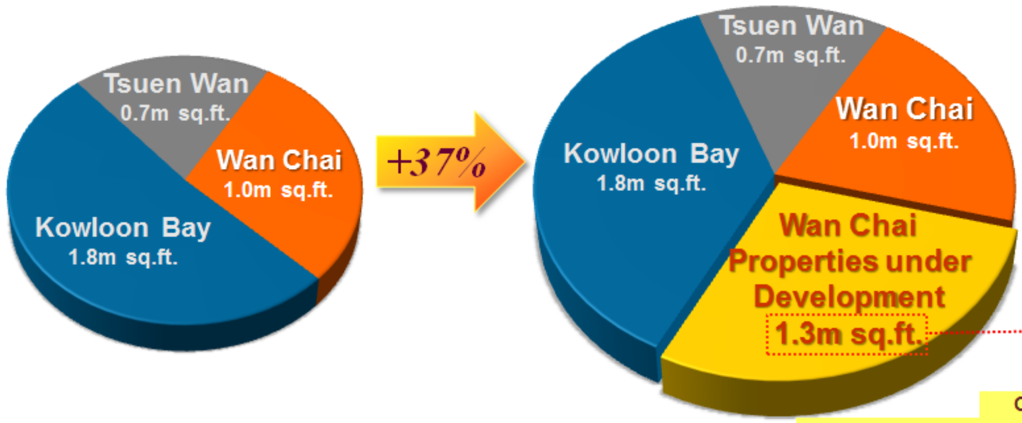
In increasing its exposure in Wan Chai, the Group aims to capture additional growth opportunities. Given that both 155-167 QRE and Hill Side Terrace Cluster are in close proximity to key properties in the Group's Wan Chai property portfolio, it will create tremendous synergy. Hopewell Centre II's retail 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 of approximately 3.5 million sq.ft., plus around 1.3 million sq.ft. of investment properties under development in Wan Chai, the total attributable GFA of the Group's investment properties 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 | **Future**

Total GFA: 3.5 million sq.ft. | Total GFA: 4.8 million sq.ft.



	Use	Operation Start^	GFA (sq.ft.)^
Hopewell Centre II	Conference Hotel	2019	1,100,000
155 - 167 QRE	Commercial	2019	75,000
Hill Side Terrace Cluster	Residential	under planning	130,000
			1.3m

^ *Under current planning*

Liede Integrated Commercial (Operating Lease) Project

The Group has entered into an agreement with Guangzhou Liede Economic Company Limited, the development's landlord, that it would not proceed with the Liede Project. The withdrawal shall enable the Group to focus on its core businesses and had no material adverse impact on the existing businesses and financial position of the Group.

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 4% year-on-year to RMB11.6 million and the combined toll revenue amounted to RMB4,254 million.

The growth momentum of the GS Superhighway has persisted since the second half of FY15, as diversion impact from the full opening of the Coastal Expressway since December 2013 was fully realised in 2014. During the year under review, its average daily toll revenue increased by 3% year-on-year to RMB8.7 million and average daily full-length equivalent traffic grew by 4% year-on-year to 92,000 vehicles, maintaining an upward trend.

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. From current observations, the slight fall in long-distance traffic between Shenzhen and Guangzhou was offset by the significant increase in short-distance traffic between Nantou (which is connected to Nanguang Expressway) and Huanggang / Baoan interchanges. As a result, the overall impact on the GS Superhighway has been slightly positive and HHI will closely monitor the situation.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route recorded healthy growth at 8% and 12% year-on-year to RMB2.9 million and 40,000 vehicles respectively, reaching historical high. Phase I West maintained steady growth while Phase II West's growth rebounded since November 2015, one year after the completion of upgrading works on National Highway 105 in October 2014. The average daily toll revenue and average daily full-length equivalent traffic of Phase I West grew by 9% and 10% year-on-year, amounting to RMB574,000 and 49,000 vehicles respectively, while that of Phase II West were RMB1,749,000 and 52,000 vehicles, representing a growth of 6% and 11% respectively. Phase III West continued to perform healthily, its average daily toll revenue and average daily full-length equivalent traffic grew by 14% and 19% year-on-year to RMB617,000 and 22,000 vehicles respectively.

The HHI Group's shared aggregate net toll revenue increased by 4% year-on-year to RMB2,002 million during the year under review, with the GS Superhighway and the Western Delta Route contributing 74% and 26% respectively, compared to 75% and 25% respectively in FY15.

Financial Year	*2015*	***2016***	*% Change*
At JV company level			
GS Superhighway			
Average Daily Toll Revenue^ (RMB ’000)	8,462	**8,682**	+3%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	88	**92**	+4%
Western Delta Route			
Average Daily Toll Revenue^ (RMB ’000)	2,715	**2,941**	+8%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	36	**40**	+12%
Phase I West			
Average Daily Toll Revenue^ (RMB ’000)	525	**574**	+9%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	45	**49**	+10%
Phase II West			
Average Daily Toll Revenue^ (RMB ’000)	1,651	**1,749**	+6%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	47	**52**	+11%
Phase III West			
Average Daily Toll Revenue^ (RMB ’000)	540	**617**	+14%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles ’000)	19	**22**	+19%

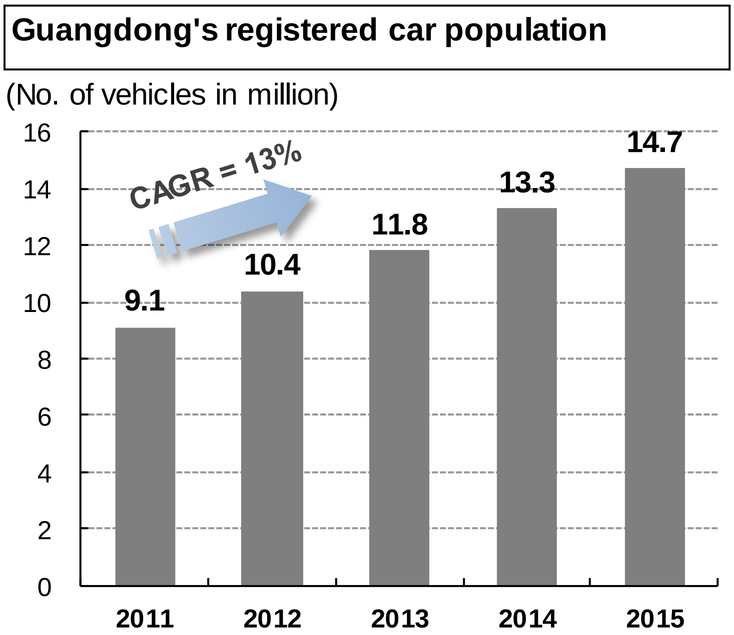
* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the year under review. It can better reflect road usage as it takes into account total travelling distance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

^ Including tax

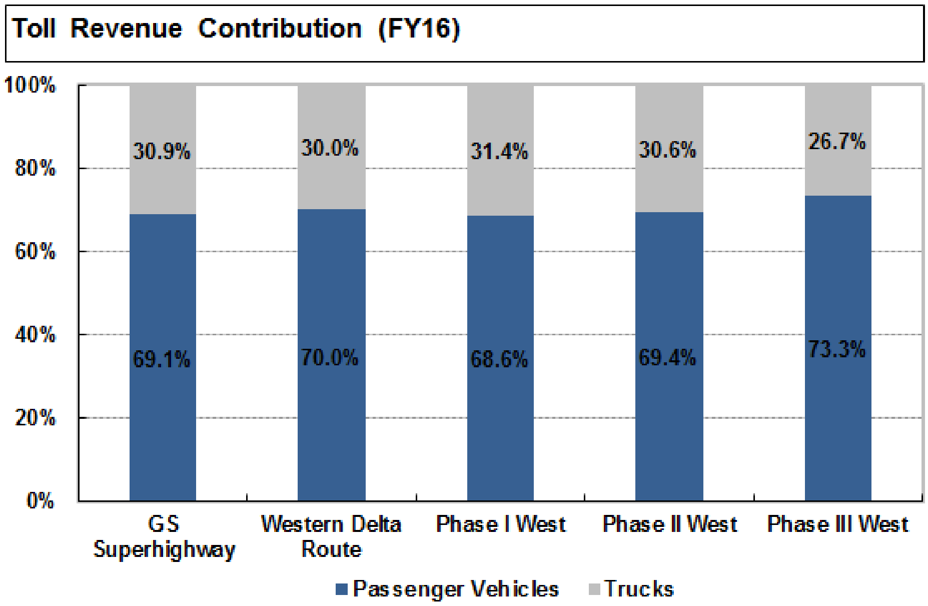
Economic Environment

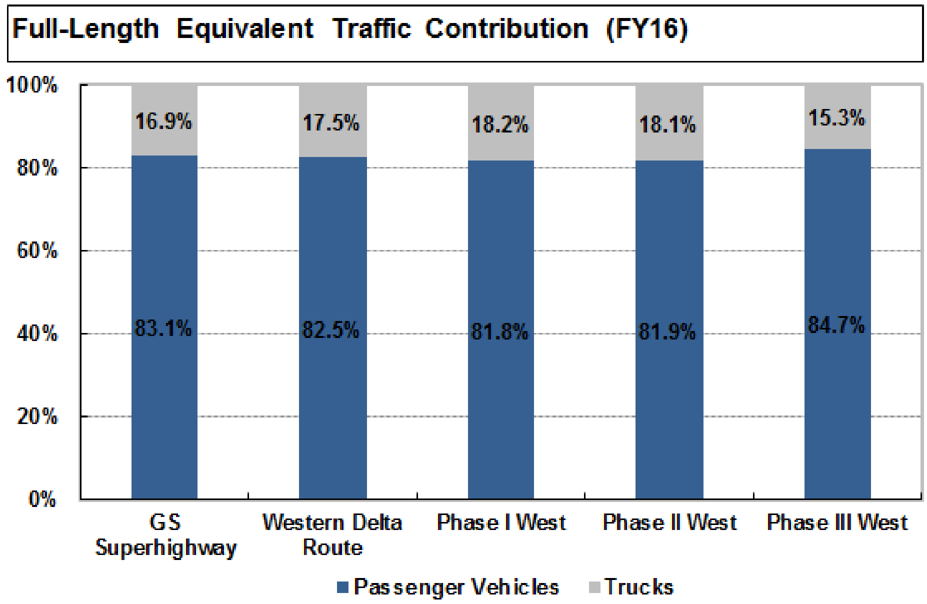
The national GDP of China and Guangdong grew at a moderate pace of 6.9% and 8% in 2015 respectively. Entering the 13th Five-Year Plan period, the Chinese government continues to strive for a balance between economic growth and economic restructuring. Accommodative policies are kept in place to maintain a steady growth. On the other hand, supply-side structural reforms are carried out to accelerate the transformation and upgrade of the economy. Under this economic backdrop, the Chinese government targets the GDP growth of China and Guangdong at a moderate pace of 6.5% - 7.0% and 7.0% - 7.5% respectively in 2016.

From 2011 to the end of 2015, total length of expressways in Guangdong reached 7,021 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was reflected by a compound annual growth of registered car population at 13% during the same period. A new record high of 14.7 million vehicles was reached at the end of 2015. The growth rate of toll road supply is far lagging behind the demand in Guangdong. The prosperous economic development and the rising registered car population that generate sustained demand for road traffic will continue to support the growth of the HHI Group’s expressways.



China continued to be the world's largest vehicle sales market for the seventh consecutive year in 2015. Annual vehicle sales in the PRC in 2015 increased by 5% to approximately 25 million units according to the China Association of Automobile Manufacturers. During the first half of 2016, the sales volume has reached approximately 12.8 million units at an annual growth rate of 8%. It is expected that total sales will increase 6% year-on-year and exceed 26 million units at the year end of 2016. In 2015, registered car population in the PRC rose 11% year-on-year to 163 million. HHI believes that the GS Superhighway and the Western Delta Route will continue to benefit from the growth of car population in the PRC and Guangdong, which is driven mainly by the sales growth of passenger cars.





Growth Potential of the Western Delta Route

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprises Phase I West, Phase II West and Phase III West. It is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers direct and convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The healthy economic development of the four main cities on the western bank of the PRD region, namely Guangzhou, Foshan, Zhongshan and Zhuhai with GDP growth of 7.6%-8.1% in the first half of 2016, will create solid demand for transportation along the Western Delta Route.

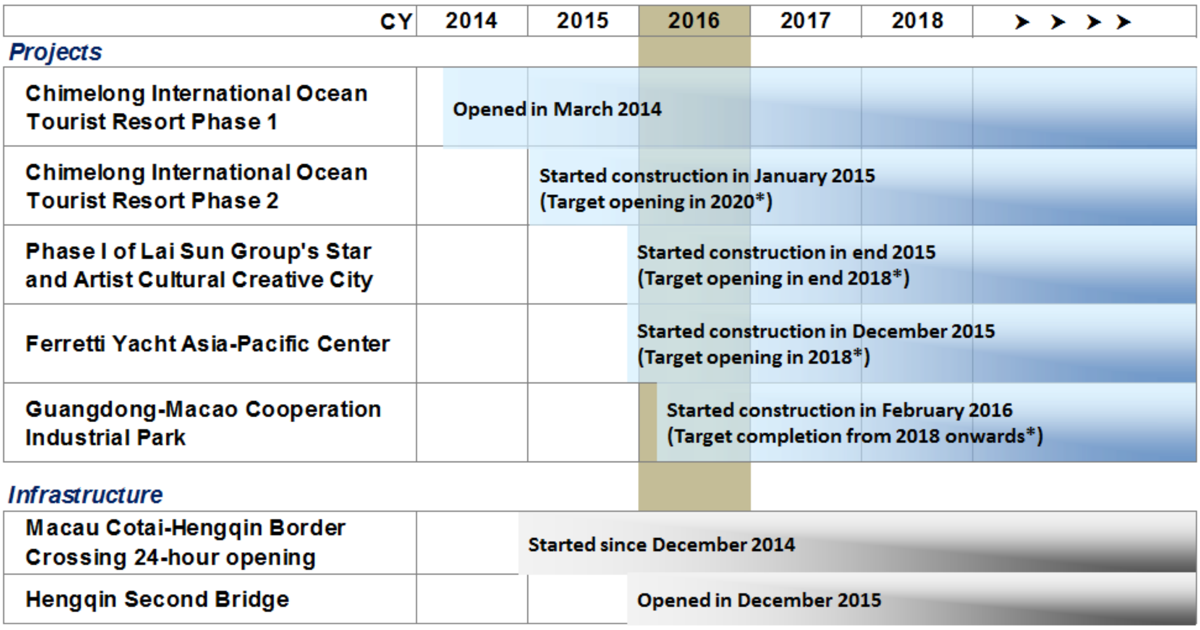
The Western Delta Route is located at the heart and runs along the central axis of the western bank of the PRD region. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with the forthcoming HZM Bridge, Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will open to traffic by the end of 2018, 2019, 2019 and 2023 respectively, according to the media reports) to form a comprehensive regional expressway network. Moreover, Second Hengqin Bridge was open to traffic on 30 December 2015 and is linked with the southern end of the Western Delta Route via local road into Hengqin temporarily. By the end of 2016, an expressway linking with the Second Hengqin Bridge will be completed and this new connection will further strengthen the position of the Western Delta Route as a north-south corridor on the western bank of the PRD region, making it the only expressway artery facilitating traffic to and fro Guangzhou and Hengqin. HHI believes that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

The HZM Bridge will commence operation in 2018, according to the media. Upon its completion, cities on the western bank of the PRD region will fall into a 3-hour commuting radius from Hong Kong. The cross border passenger and freight traffic between the western bank of the PRD region and Hong Kong will be stimulated due to a more convenient land transport and shorter travelling time. The travelling time between Hong Kong and Zhuhai will be substantially shortened to approximately 30 minutes via the HZM Bridge in the future instead of spending as long as 4 hours by land or over 1 hour by sea. With reference to the opening of the Hong Kong-Shenzhen Western Corridor in 2007, the number of cross-border licenses for private cars had significantly been increased to utilise the enlarged capacity of the border crossings. It is expected that more private car cross-border licenses will be issued for the new HZM Bridge border crossing shortly after its opening. The HZM Bridge's opening will further foster the region's economic development and integration.

* According to media

Hengqin in Zhuhai is the third State-level Strategic New Zone following Shanghai's Pudong District and Tianjin's Binhai area 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 in April 2016, the total committed project investments in Hengqin have reached over RMB320 billion. Among which, several key projects are in progress. Chimelong International Ocean Tourist Resort, one of the signature projects in Hengqin that attracted over 25 million tourists since official opening in March 2014, had started the construction of its phase two in January 2015. Moreover, Phase one of Lai Sun Group's Star and Artist Cultural Creative City, another signature project focused on culture and recreation industries with theme hotels, targets to open in 2018 according to the media. Early in April 2014, the Macao government recommended 33 qualified projects, covering tourism, culture, trade and technology industries, to be developed in the Guangdong-Macao Cooperation Industrial Park. Of which, a ground-breaking ceremony was held for 12 Macao-funded projects in February 2016 that will be completed from 2018 onwards as reported by the media. The progressive development in Hengqin will strengthen the demand for transportation in the region.

<u>**Hengqin's Developments**</u>



* According to media

On the other hand, newly established gaming resorts and hotels in Macau have helped to promote tourism. In addition to Studio City's opening in October 2015, Wynn Palace and the Parisian Macao are scheduled to open in the second half of 2016, providing a total of approximately 6,200 guest rooms. These new landmarks will provide fresh experience of entertainment and hospitality in the region, propelling a second wave of growth in Macau's tourism. Furthermore, after the implementation of 24-hour opening of border crossing for passengers and passenger cars between Macau and Hengqin since 18 December 2014, the cross border traffic flow was boosted. The average daily cross border passenger flow and vehicular traffic between Cotai and Hengqin grew robustly by 53% and 15% to 21,000 journeys and 3,000 vehicles respectively in 2015. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

Toll Road Policies

Traffic restriction during peak hours in Shenzhen

On 29 December 2014, the Traffic Police Bureau of Shenzhen announced a new traffic restriction on non-Shenzhen registered passenger vehicles. These vehicles are prohibited from travelling within the four downtown districts of Shenzhen, namely Futian, Luohu, Nanshan and Yantian, during peak hours from 07:00 to 09:00 and from 17:30 to 19:30 since 30 December 2014. According to the latest announcement by the Traffic Police Bureau of Shenzhen, this restriction has been extended to certain areas of six additional downtowns, namely Baoan, Longgang, Longhua, Guangming, Pingshan and Dapeng, effective since 15 April 2016. Routes linking the six border crossings are exempted from this measure, therefore vehicles travelling along the GS Superhighway to the Huanggang and Futian border crossings are not affected.

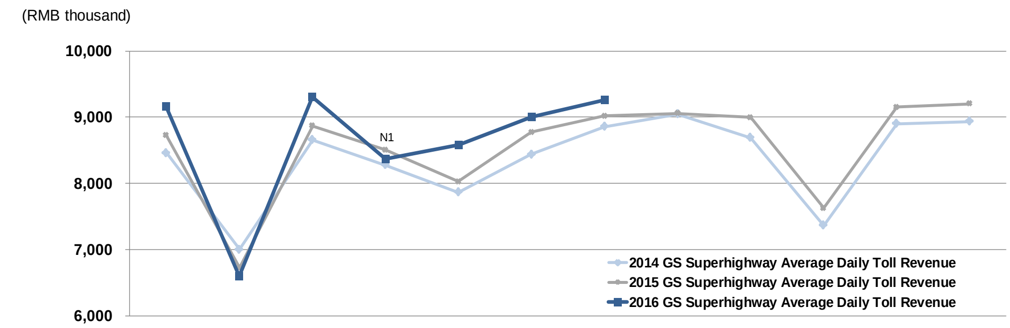
Regulation on the Administration of Toll Roads (Amendment Proposal)

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. Later 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 since the second half of FY15. During the year under review, the growth has persisted at a steady pace. Average daily toll revenue increased by 3% year-on-year to RMB8.7 million, and its total toll revenue amounted to RMB3,177 million. The average daily full-length equivalent traffic on the GS Superhighway rose by 4% year-on-year to 92,000 vehicles, implying a 28% room to grow when compared with the historical peak at 118,000 vehicles on 18 September 2013. This indicates there is still room for traffic to grow on the GS Superhighway. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.1% and 83.1% of the GS Superhighway's toll revenue and full-length equivalent traffic volume.

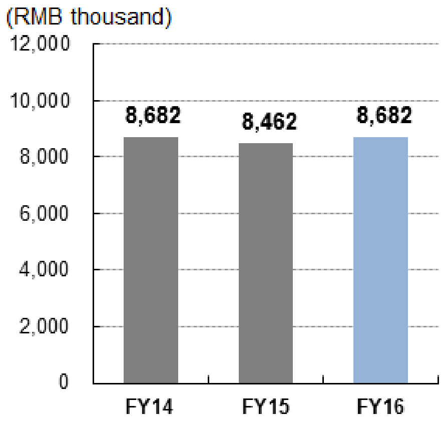
GS Superhighway Average Daily Toll Revenue (Monthly)



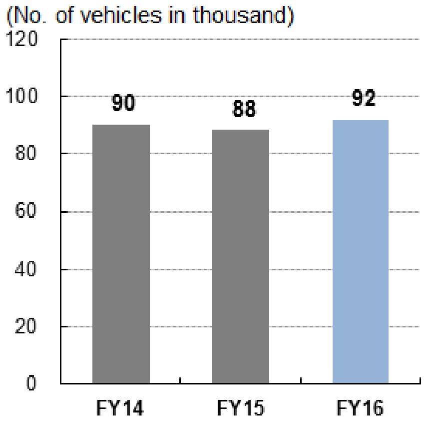
	Jan + Feb (Lunar New Year)	Mar	Apr (Ching Ming Festival)	May (Labour Holiday)	Jun	Jul	Aug	Sep + Oct (National Holiday)	Nov	Dec	CY Yearly Average	yoy change 1HCY	yoy change 2HCY
2014	7,770	8,657	8,276	7,868	8,438	8,857	9,046	8,017 (Guangzhou Northern Ring Road closure)	8,903	8,933	8,384	-5%	-6%
2015	7,774	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						+3%	
2015 vs 2014 yoy	+0%	+2%	+3%	+2%	+4%	+2%	+0%	+4%	+3%	+3%	+2%		
2016 vs 2015 yoy	+2%	+5%	-2%	+7%	+3%	+3%							

N1: April: One more day of toll-free Labour Holiday in 2016 compared to 2015; May: One less day of toll-free Labour Holiday in 2016 compared to 2015

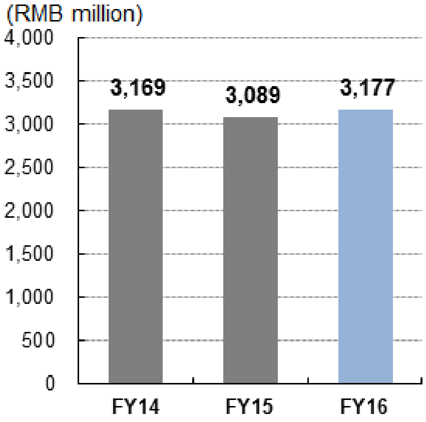
Average Daily Toll Revenue^



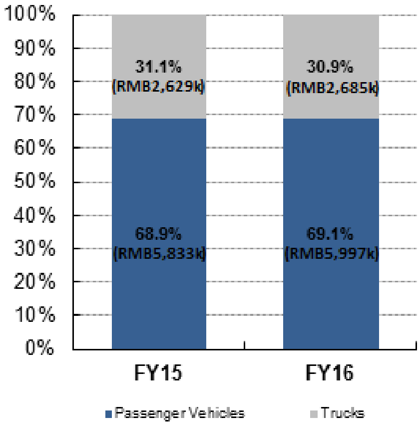
Average Daily Full-Length Equivalent Traffic



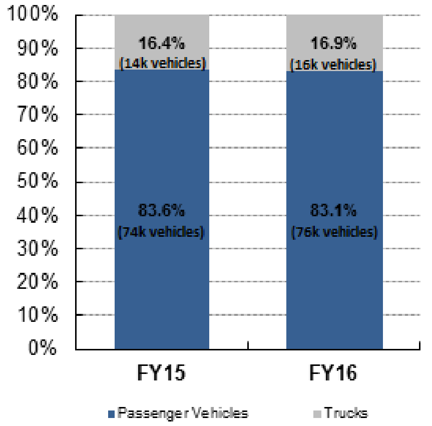
Annual Toll Revenue^



Average Daily Toll Revenue Breakdown by Vehicle Type



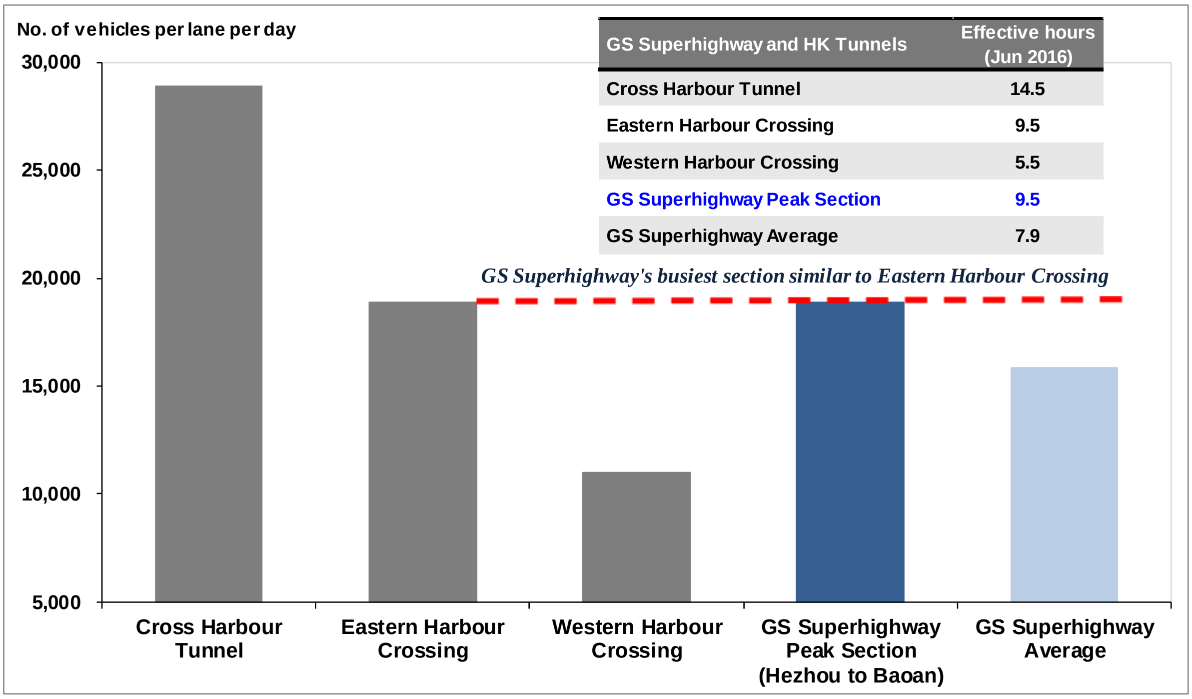
Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



^ Including tax

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

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



Remarks:

1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
3) Average daily traffic of HK tunnels (May 2016): Cross Harbour Tunnel 116,000, Eastern Harbour Crossing 76,000, Western Harbour Crossing 66,000
4) Average daily traffic of GS Superhighway (June 2016)

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. From current observations, the slight fall in long-distance traffic between Shenzhen and Guangzhou was offset by the significant increase in short-distance traffic between Nantou (which is connected to Nanguang Expressway) and Huanggang / Baoan interchanges. As a result, the overall impact on the GS Superhighway has been slightly positive and HHI will closely monitor the situation.

In response to the collision incidents caused by over-height ships sailed across the navigable bridges of the GS Superhighway, certain lanes on both directions at Chuancha Bridge, Zhongtang Bridge (both located between Machong and Wangniudun interchanges) and Xinzhou Bridge (located between Daojiao and Dongguan interchanges) were closed for maintenance in different periods from mid-March to early July in 2016. This temporary measure had minimal impact on the toll revenue of the GS Superhighway. In light of such incidents, the GS Superhighway JV enforced several precautionary measures, such as the installation of alarm and warning systems at navigable bridges of Dongguan section, to reduce the possibility of ship collision in the future.

Both Guangzhou Northern Ring Road and Guangzhou East-South-West Ring Road, which are connected to Guangdan interchange of the GS Superhighway, started maintenance works in some sections from mid-June 2015. The maintenance works on Guangzhou Northern Ring Road were completed by the end of August 2015 while the renovation works on Guangzhou East-South-West Ring Road will continue till 2017. Traffic between these roads and the GS Superhighway was slightly interrupted and the impact is insignificant.

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

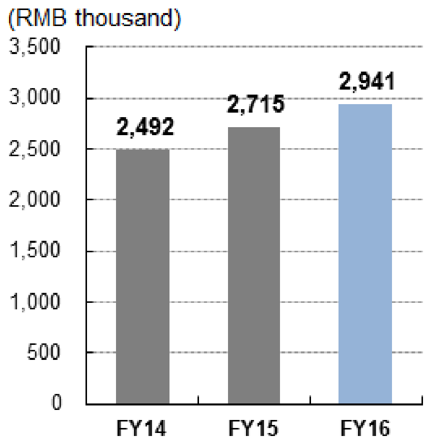
The GS Superhighway JV has been making incessant progress in enhancing its operational efficiency and its capability to cope with the increasing traffic by installing automated equipment at the toll lanes and entry lanes. Currently, approximately 76% of all the toll lanes at entrances to the GS Superhighway are equipped with ETC or automatic card-issuing machines. An organizational structure review is also in progress in order to streamline the workforce to further improve the operational efficiency. Furthermore, energy saving LED lights were installed at the toll plazas and along its entire main alignment in order to reduce energy consumption and lower operating cost.

Western Delta Route

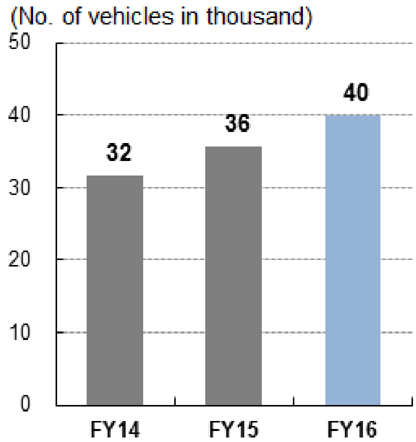
The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which is comprised of Phase I West, Phase II West and Phase III West. It is the central expressway artery on the western bank of the PRD region connecting four major cities – Guangzhou, Foshan, Zhongshan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

During the year under review, benefiting from the development of tourism in Hengqin and Macau and healthy economic environment, the average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route continued to grow healthily and achieved 8% and 12% year-on-year growth to RMB2.9 million and 40,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB1,076 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 70.0% and 82.5% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively. On 8 June 2016, its toll revenue recorded a new high which amounted to RMB3.9 million.

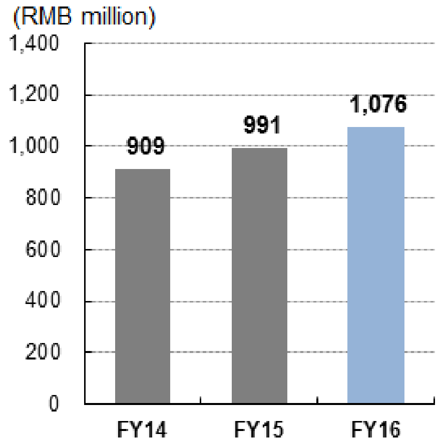
Average Daily Toll Revenue^



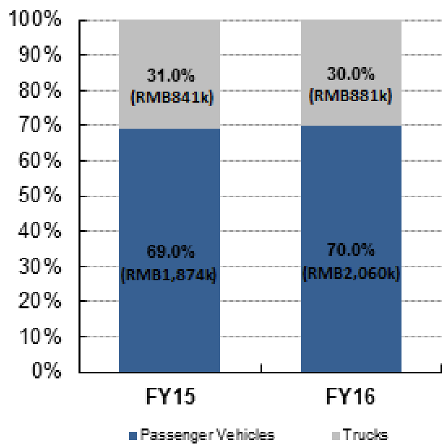
Average Daily Full-Length Equivalent Traffic



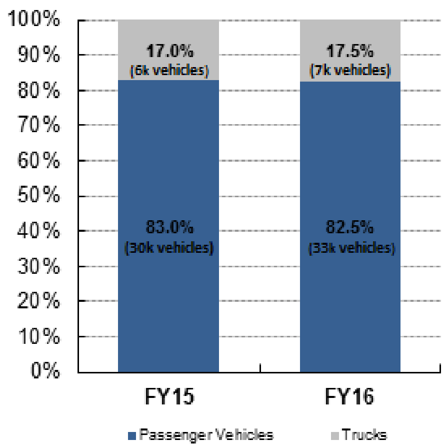
Annual Toll Revenue^



Average Daily Toll Revenue Breakdown by Vehicle Type



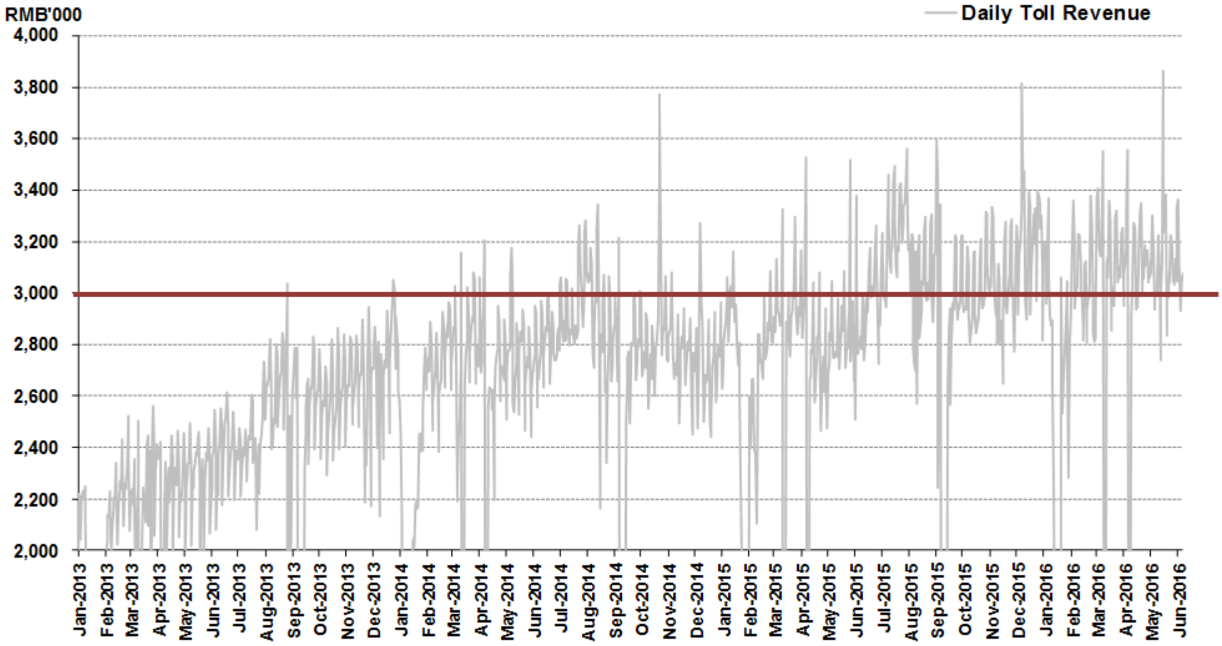
Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



^ Including tax

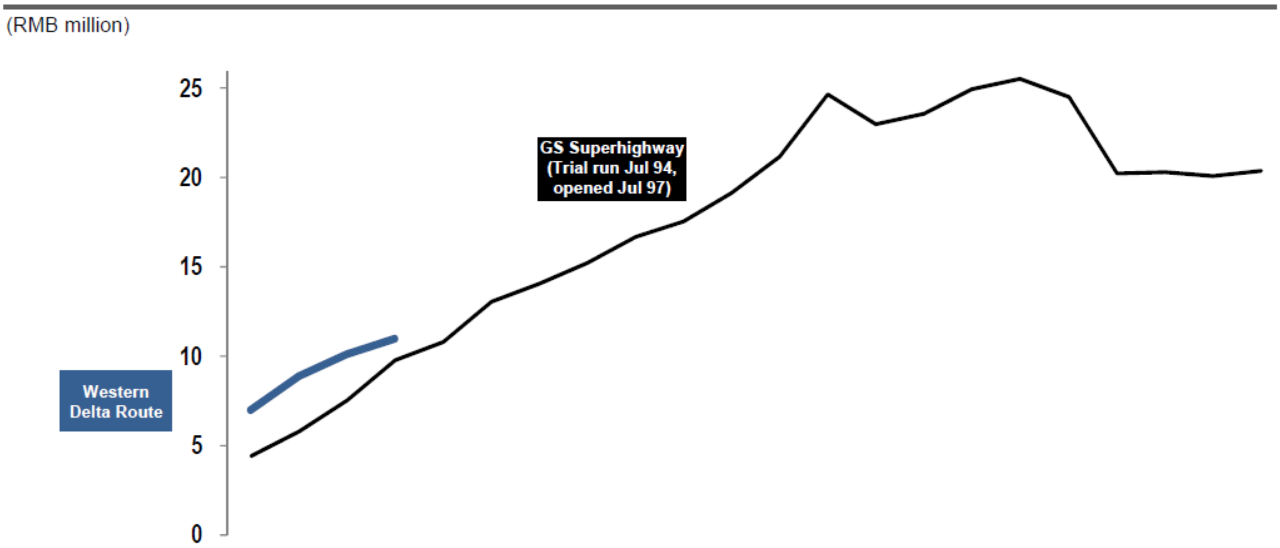
After the opening of Phase III West in the second half of FY13, the Western Delta Route continues to maintain its positive operating cash flow (after taking interest expense payments into account). As the People's Bank of China started a series of lending rate cuts since the fourth quarter of 2014, together with the completion of Phase II West's new financial plan, the interest expense of the Western Delta Route has been lowered. As a result, the level of average daily toll revenue for the Western Delta Route to achieve profit breakeven is below RMB3 million. The Western Delta Route first turned profitable in FY16 and it has shown encouraging revenue generation since opening when comparing with other projects of HHI. Given its locational advantages on the western bank of the Pearl River Delta, it is well positioned to grow with the prosperous economic development in the region.

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



** Data from 25 January 2013 (when Phase III West commenced operation) to 30 June 2016*

Western Delta Route — Annual Toll Revenue^ Per Km



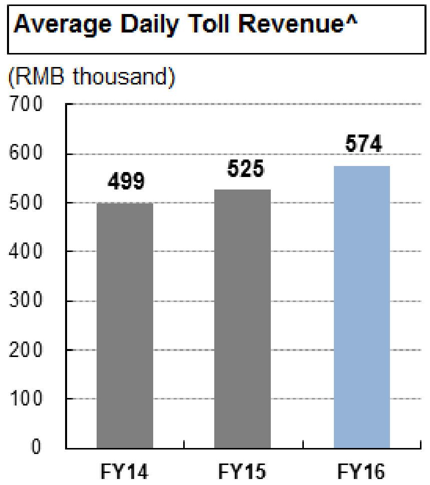
Opening Year / RMB 'm	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22
GS Superhighway (FY95)	4.4	5.8	7.5	9.8	10.8	13.1	14.4	15.4	17.2	20.6	24.2	26.2	29.8	26.0	26.6	28.5	30.1	29.5	25.7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

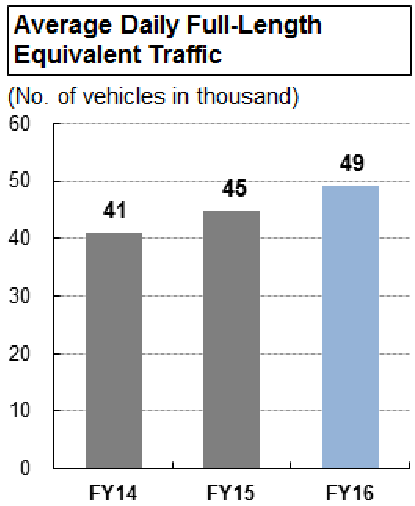
^ Including tax

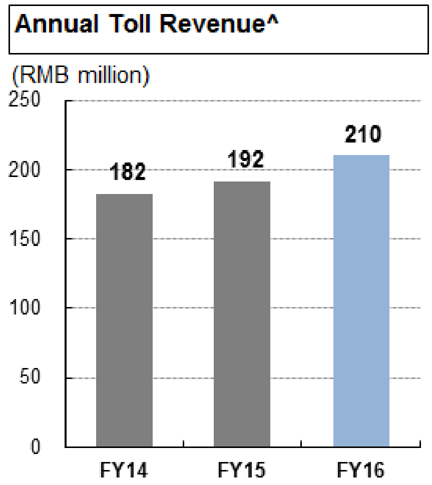
Phase I of the Western Delta Route

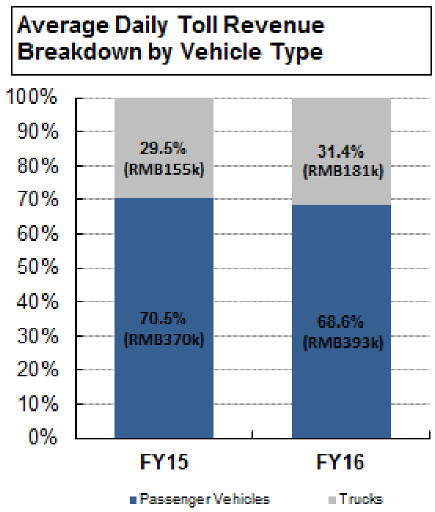
Phase I West connects with Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. As the northern part of the Western Delta Route, Phase I West's synergy with Phase II West and Phase III West as well as the on-going economic growth of Guangzhou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

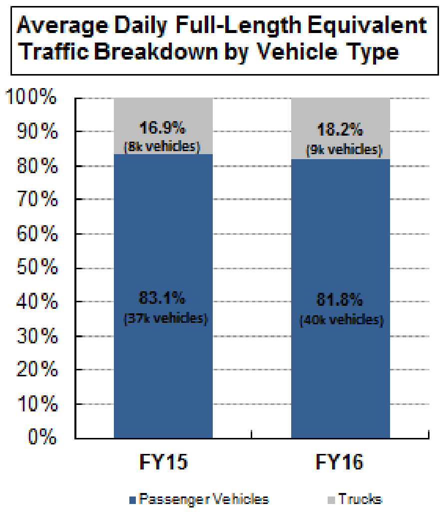
The traffic volume and toll revenue of Phase I West grew steadily. During the year under review, its average daily toll revenue increased by 9% year-on-year to RMB574,000, whereas its average daily full-length equivalent traffic increased by 10% to 49,000 vehicles. Its total toll revenue for the year amounted to RMB210 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 68.6% and 81.8% of Phase I West's toll revenue and full-length equivalent traffic volume respectively.











^ Including tax

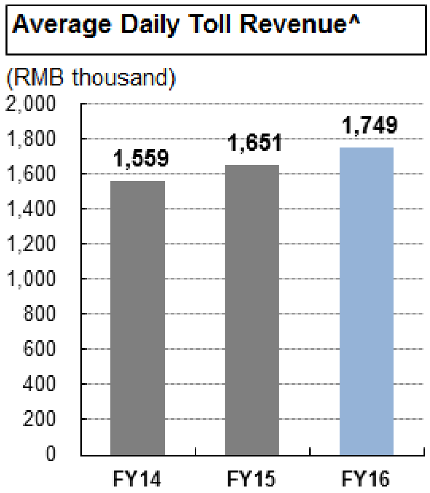
A new interchange between Shizhou and Bijiang interchanges constructed by Guangzhou-Gaoming Expressway, namely Wujiawei interchange, was partially opened and connected with the southbound of Phase I West at the end of December 2014. Since 5 February 2016, this interchange is also connected with the northbound of Phase I West and fully opened to traffic. This new connection helps to bring in additional traffic from western Foshan to the Western Delta Route.

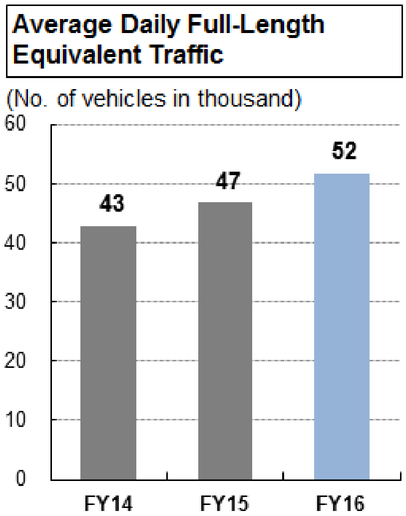
Phase II of the Western Delta Route

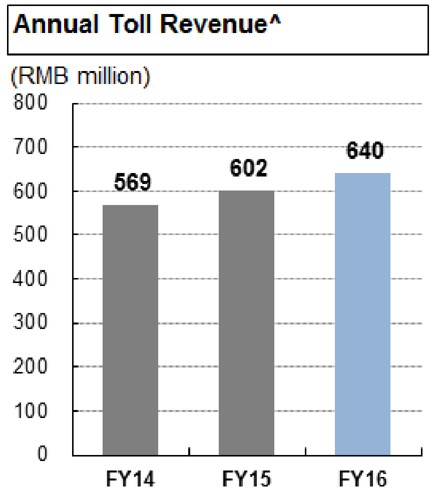
Phase II West is connected to Phase I West at Shunde to the north and Phase III West at Zhongshan to the south. It is also interconnected with National Highway 105, Guangzhou Southern Second Ring Road and Jiangmen-Zhongshan Expressway, and it has a direct connection to downtown Zhongshan at its southern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

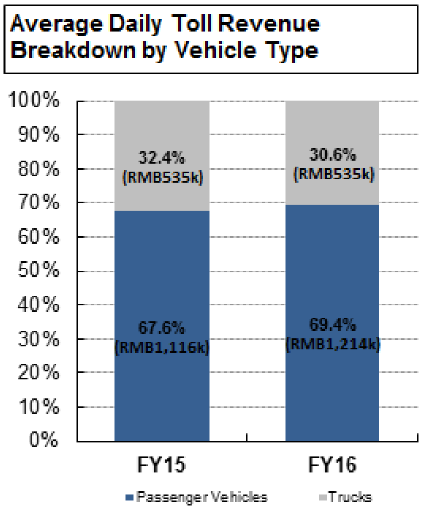
The toll revenue and traffic volume of Phase II West posted a stable growth during the year under review. Its average daily toll revenue rose by 6% year-on-year to RMB1,749,000, and average daily full-length equivalent traffic grew by 11% to 52,000 vehicles. Total toll revenue for the year amounted to RMB640 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.4% and 81.9% of Phase II West's toll revenue and full-length equivalent traffic volume respectively.

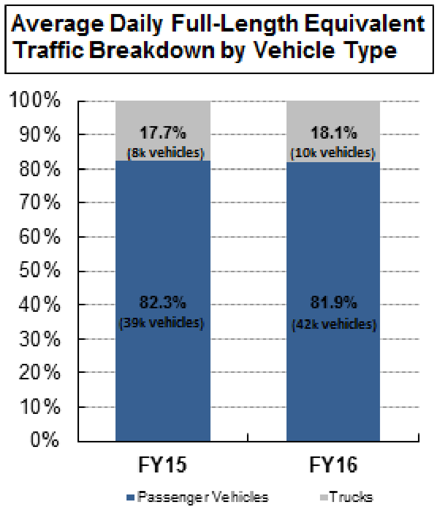
In October 2014, the upgrading works on Shunde to Zhongshan section of National Highway 105, which runs parallel to Ronggui to Zhongshanxi section of Phase II West, were completed. The traffic on National Highway 105 became smoother and it caused a diversion on the traffic of Phase II West. One year after the completion of the upgrading of the above parallel section, the traffic and toll revenue growth of Phase II West rebounded since November 2015. Supported by the on-going economic development in Shunde and Zhongshan, it is expected that the traffic volume will continue to grow steadily.









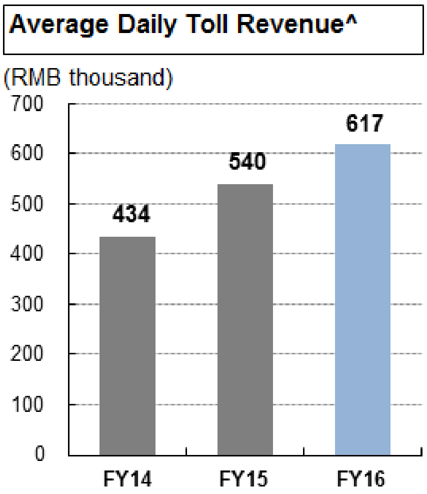


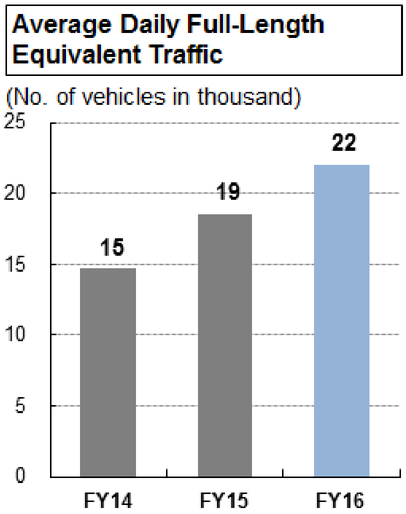
^ Including tax

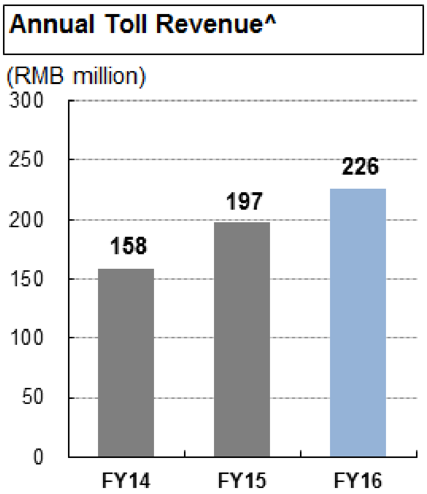
Phase III of the Western Delta Route

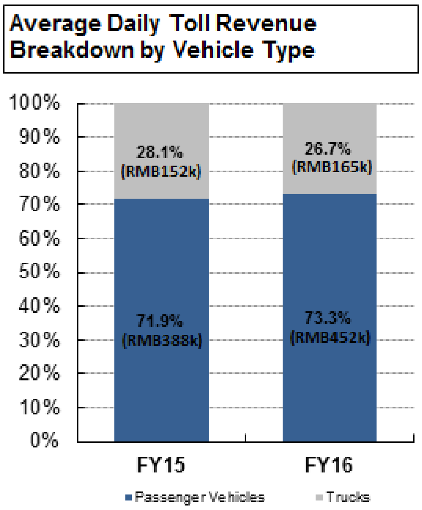
Phase III West is connected to Phase II West at Zhongshan to the north. It extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is currently under construction. It provides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

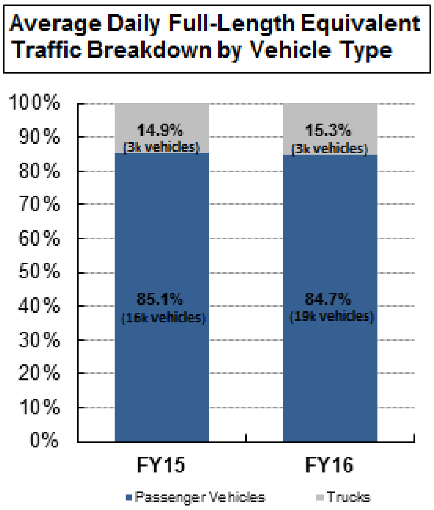
The traffic volume and toll revenue of Phase III West continues to record healthy growth. During the year under review, its average daily toll revenue and average daily full-length equivalent traffic amounted to RMB617,000 and 22,000 vehicles, up by 14% and 19% respectively. Its total toll revenue for the year amounted to RMB226 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 73.3% and 84.7% of Phase III West's toll revenue and full-length equivalent traffic volume respectively.











^ Including tax

The Second Hengqin Bridge was opened to traffic on 30 December 2015 and is linked with the southern end of the Western Delta Route via local road into Hengqin temporarily. By the end of 2016, it will be connected with the Zhuhai expressway network and a direct expressway link from Guangzhou to Zhuhai's Hengqin which includes the Western Delta Route will be formed. It can further facilitate traffic to and fro Hengqin through Phase III West. It is believed that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

B. Power

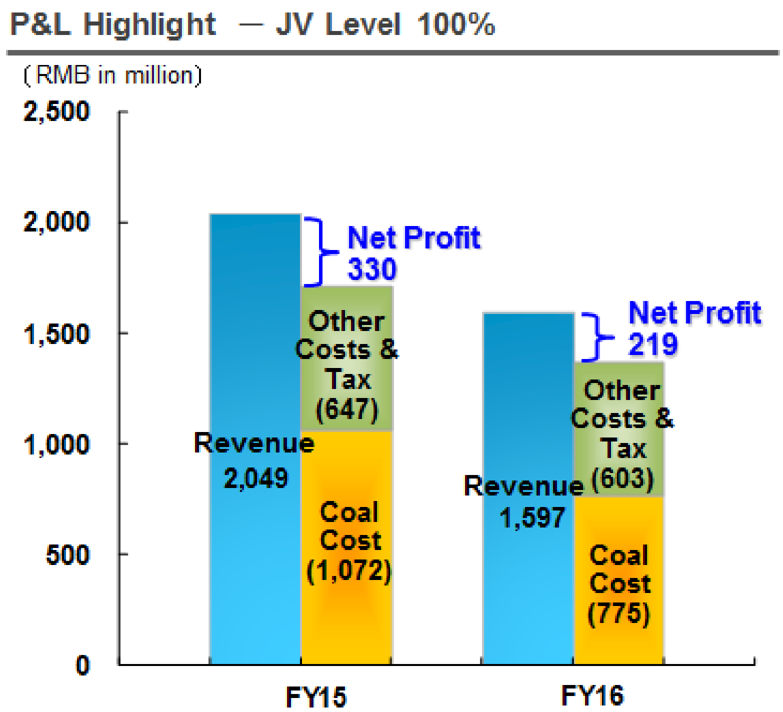
Heyuan Power Plant Phase I

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	FY15	**FY16**
Gross generation	5,100GWh	**4,300GWh**
Utilisation rate [N1] (hours)	49% (4,283 hours)	**41%** **(3,592 hours)**
Availability factor [N2]	80%	**66%**
Average on-grid tariff (with desulphurization, denitrification and dust removal) (excluding VAT) (RMB/MWh)	424.4	**394.4**
Approximate cost of coal (5,500 kcal/kg) (including transportation cost and excluding VAT) (RMB/ton)	559	**475**

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



The Heyuan JV's net profit decreased from RMB330 million to RMB219 million due to decrease in utilization rate and tariff rate. Net profit margin decreased from 16% to 14%. The Heyuan JV will continue to endeavor to formulate and implement suitable cost-control strategies and measures.

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

Heyuan Power Plant Phase II

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

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 2016.

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 2016 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

During the year ended 30 June 2016, the Company bought back a total of 2,000,500 shares of the Company on the Stock Exchange at an aggregate consideration (excluding transaction costs) of HK$50,667,925. All the bought back shares were subsequently cancelled. Details of the buy-backs are as follows:

Month of the buy-backs	**Total number of shares bought back**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid (excluding transaction costs)**
		HK$	*HK$*	*HK$*
August 2015	25,500	24.90	24.60	630,550
December 2015	108,000	26.50	26.15	2,838,900
January 2016	1,266,500	27.55	24.50	32,853,175
February 2016	450,000	23.90	23.55	10,726,675
March 2016	150,500	25.15	23.95	3,618,625
Total	**2,000,500**			**50,667,925**

Average price per share: HK$25.33

The buy-backs were made for the benefit of the shareholders with a view to enhancing the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2016.

Corporate Governance Practices

Throughout the year ended 30 June 2016, 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 the case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Code Provision A.5.6

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2015 HK$'000	**2016 HK$'000**
Turnover	3	1,865,233	**1,850,252**
Cost of sales and services		(773,507)	**(770,970)**
		1,091,726	**1,079,282**
Other income	4	263,959	**155,005**
Other gains and losses	5	2,533	**(61,843)**
Selling and distribution costs		(86,928)	**(72,573)**
Administrative expenses		(345,781)	**(343,287)**
Fair value gain of:			
Completed investment properties		1,179,345	**1,344,740**
155-167 QRE (investment properties under development)		300,507	**-**
Finance costs	6	(89,875)	**(59,411)**
Share of results of joint ventures:	7		
Expressway projects		669,652	**654,518**
Power plant project		165,385	**106,483**
Property development project (The Avenue and Lee Tung Avenue)			
Sales and leasing of properties		74,000	**424,905**
Fair value gain of investment properties upon completion		120,000	**-**
Share of profit of an associate		2,230	**2,060**
Profit before taxation	8	3,346,753	**3,229,879**
Income tax expense	9	(267,233)	**(234,985)**
Profit for the year		3,079,520	**2,994,894**
Other comprehensive income (expense):			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of subsidiaries and joint ventures		5,931	**(865,525)**
Total comprehensive income for the year		3,085,451	**2,129,369**
Profit for the year attributable to:			
Owners of the Company		2,834,735	**2,762,145**
Non-controlling interests		244,785	**232,749**
		3,079,520	**2,994,894**
Total comprehensive income attributable to:			
Owners of the Company		2,836,171	**2,116,624**
Non-controlling interests		249,280	**12,745**
		3,085,451	**2,129,369**
		HK$	***HK$***
Earnings per share	10		
Basic		3.25	**3.17**
Diluted		3.25	**3.17**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	NOTE	2015 *HK$'000*	**2016** ***HK$'000***
ASSETS			
Non-current Assets			
Completed investment properties		28,196,188	**29,639,276**
Property, plant and equipment ("PPE")		689,590	**660,394**
Properties under development			
Commercial portion of HCII (investment properties)		4,476,413	**4,548,835**
Hotel portion of HCII (PPE)		2,314,751	**2,409,525**
155-167 QRE (investment properties)		756,000	**769,571**
Properties for development		832,810	**799,443**
Interests in joint ventures			
Expressway projects		7,976,455	**7,415,200**
Power plant project		1,170,256	**1,124,815**
Property development project		194,000	**618,905**
Interest in an associate		38,636	**38,895**
Available-for-sale investments		8,982	**8,585**
		46,654,081	**48,033,444**
Current Assets			
Inventories		7,099	**7,879**
Stock of properties			
Under development		434,605	**418,320**
Completed		551,004	**368,822**
Trade and other receivables	12	259,471	**58,987**
Deposits and prepayments		145,745	**143,550**
Amounts due from joint ventures		2,070,036	**528,806**
Bank balances and cash held by:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		3,767,975	**2,885,757**
HHI Group		717,514	**761,392**
		7,953,449	**5,173,513**
Assets classified as held for sale (Broadwood Twelve)		634,350	**638,000**
		8,587,799	**5,811,513**
Total Assets		55,241,880	**53,844,957**

Time deposits with original maturity over three months held by:		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)	*398,536*	-
Cash and cash equivalents held by:		
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)	*3,369,439*	***2,885,757***
HHI Group	*717,514*	***761,392***
	4,086,953	***3,647,149***
Total bank balances and cash	*4,485,489*	***3,647,149***

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

AT 30 JUNE 2016

	NOTE	2015 *HK$'000*	**2016** ***HK$'000***
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		11,192,132	**11,197,829**
Reserves		34,337,385	**35,313,723**
Equity attributable to owners of the Company		45,529,517	**46,511,552**
Non-controlling interests		3,275,728	**2,840,949**
Total Equity		48,805,245	**49,352,501**
Non-current Liabilities			
Deferred tax liabilities		499,742	**541,670**
Other liabilities		53,966	**53,966**
Bank borrowings of Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		4,360,000	**2,350,000**
		4,913,708	**2,945,636**
Current Liabilities			
Trade and other payables	13	586,786	**543,471**
Rental and other deposits		350,165	**542,774**
Tax liabilities		290,276	**260,575**
Bank borrowings of:			
Hopewell Holdings Limited and its subsidiaries (excluding HHI Group)		-	**200,000**
HHI Group		295,700	**-**
		1,522,927	**1,546,820**
Total Liabilities		6,436,635	**4,492,456**
Total Equity and Liabilities		55,241,880	**53,844,957**

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 revalued amounts or fair values at the end of each reporting period, as appropriate.

The financial information relating to the years ended 30 June 2016 and 2015 included in this preliminary announcement of annual results 2016 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 financial statements for the year ended 30 June 2015 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 financial statements for the year ended 30 June 2016 in due course.

The Company's auditor has reported on the 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 REVISED HKFRSs

Application of new and revised HKFRSs

There is no new or revised HKFRSs issued by the HKICPA effective for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HKFRSs - continued

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[1]
HKFRS 9	Financial Instruments [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases [4]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[5]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to HKAS 16, and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16, and HKAS 41	Agriculture: Bearer Plant[1]

[1] Effective for annual periods beginning on or after 1 January 2016
[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 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 the application of HKFRS 9 is not expected to have significant impact on amounts reported in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs - continued

New and revised HKFRSs in issue but not yet effective - continued

HKFRS 15 *Revenue from Contracts with Customers*

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

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the application of HKFRS 15 is not expected to have significant impact on amounts reported in the consolidated financial statements.

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

The amendments to HKAS 38 introduce a rebuttable presumption that the revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

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

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

The amendments apply prospectively in the Group’s consolidated financial statements for annual periods beginning on 1 July 2016. The amendments are not expected to have any material impact on the financial position or performance 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.

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.

2. APPLICATION OF NEW AND REVISED HKFRSs - continued

New and revised HKFRSs in issue but not yet effective - continued

HKFRS 16 *Leases* - continued

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 revised 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, agency and management, property development and service fee income from hotel ownership and management, restaurant operations and food catering.

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

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

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

3. TURNOVER AND SEGMENT INFORMATION - continued

Information regarding the above segments is reported below.

Segment revenue

	2015 External HK$'000	2015 Inter-segment HK$'000	2015 Combined HK$'000	**2016 External HK$'000**	**2016 Inter-segment HK$'000**	**2016 Combined HK$'000**
Property investment	1,014,873	47,768	1,062,641	**1,119,330**	**68,017**	**1,187,347**
Hotel, restaurant and catering operation	483,930	213	484,143	**451,045**	**194**	**451,239**
Property development	1,071,417	-	1,071,417	**4,364,393**	**-**	**4,364,393**
Toll road investment	2,405,606	-	2,405,606	**2,407,450**	**-**	**2,407,450**
Power plant	1,027,571	-	1,027,571	**773,873**	**-**	**773,873**
Treasury income	231,620	-	231,620	**118,813**	**-**	**118,813**
Other operations	-	124,300	124,300	**-**	**126,800**	**126,800**
Total segment revenue	6,235,017	172,281	6,407,298	**9,234,904**	**195,011**	**9,429,915**

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

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

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:

	2015 HK$'000	**2016 HK$'000**
Total segment revenue from external customers	6,235,017	**9,234,904**
Less:		
Treasury income	(231,620)	**(118,813)**
Share of revenue of joint ventures engaged in:		
Property development	(704,987)	**(4,084,516)**
Toll road investment	(2,405,606)	**(2,407,450)**
Power plant	(1,027,571)	**(773,873)**
Turnover as presented in consolidated statement of profit or loss and other comprehensive income	1,865,233	**1,850,252**

Segment results

	2015 The Company and subsidiaries HK$'000	2015 Joint ventures HK$'000	2015 Associate HK$'000	2015 Total HK$'000	**2016 The Company and subsidiaries HK$'000**	**2016 Joint ventures HK$'000**	**2016 Associate HK$'000**	**2016 Total HK$'000**
Property investment	629,795	-	2,230	632,025	**739,168**	**(2,095)**	**2,060**	**739,133**
Hotel, restaurant and catering operation	131,809	-	-	131,809	**100,190**	**-**	**-**	**100,190**
Property development	411,607	194,000	-	605,607	**36,223**	**427,000**	**-**	**463,223**
Toll road investment	(47,251)	669,652	-	622,401	**(44,444)**	**654,518**	**-**	**610,074**
Power plant	(1,749)	165,385	-	163,636	**(1,588)**	**106,483**	**-**	**104,895**
Treasury income	231,620	-	-	231,620	**118,813**	**-**	**-**	**118,813**
Other operations	(129,815)	-	-	(129,815)	**(191,778)**	**-**	**-**	**(191,778)**
Total segment results	1,226,016	1,029,037	2,230	2,257,283	**756,584**	**1,185,906**	**2,060**	**1,944,550**

3. TURNOVER AND SEGMENT INFORMATION - continued

Segment results - continued

For the year ended 30 June 2015, share of fair value gain of investment properties upon completion (Lee Tung Avenue) attributable to a joint venture amounting to HK$120 million and the Group's fair value gain of investment properties under development (155-167 QRE) of HK$300 million formed part of the segment results of property development, which are separately presented in the consolidated statement of profit or loss and other comprehensive income.

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.

	2015 *HK$'000*	**2016** ***HK$'000***
Segment results	2,257,283	**1,944,550**
Fair value gain of completed investment properties	1,179,345	**1,344,740**
Finance costs	(89,875)	**(59,411)**
Profit before taxation	3,346,753	**3,229,879**

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.

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)	
	2015 HK$'000	**2016** **HK$'000**	2015 HK$'000	**2016** **HK$'000**
Hong Kong	2,268,045	**5,677,319**	37,177,706	**38,778,609**
The PRC	3,966,972	**3,557,585**	88,046	**48,435**
	6,235,017	**9,234,904**	37,265,752	**38,827,044**

3. TURNOVER AND SEGMENT INFORMATION - continued

Geographical information - continued

Notes:

(a) Revenue from external customers include treasury income, and the Group's share of revenue of joint ventures amounting to HK$4,118,393,000 (2015: HK$769,745,000) and HK$3,266,259,000 (2015: HK$3,600,039,000) 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, interests in joint ventures and interest in an associate.

4. OTHER INCOME

	2015 *HK$'000*	**2016** ***HK$'000***
Included in other income are:		
Interest income from bank deposits	138,213	**101,433**
Interest income from amounts due from joint ventures	93,407	**17,380**

5. OTHER GAINS AND LOSSES

	2015 *HK$'000*	**2016** ***HK$'000***
Exchange gain (loss), net (not including exchange difference of joint ventures)	2,533	**(61,843)**

6. FINANCE COSTS

	2015 *HK$'000*	**2016** ***HK$'000***
Interests on bank borrowings	96,185	**56,445**
Loan commitment fees and others	22,663	**33,579**
	118,848	**90,024**
Less: finance costs capitalised in properties under development	(28,973)	**(30,613)**
	89,875	**59,411**

7. SHARE OF RESULTS OF JOINT VENTURES

	2015 *HK$'000*	**2016** ***HK$'000***
Expressway projects in the PRC		
Share of results of joint ventures before amortisation of additional cost of investments in joint ventures	781,328	**766,064**
Amortisation of additional cost of investments in joint ventures	(111,676)	**(111,546)**
	669,652	**654,518**
Power plant project		
Share of profit of a joint venture	165,385	**106,483**
Property development project (The Avenue and Lee Tung Avenue)		
Share of profits of joint ventures from sales and leasing of properties	74,000	**424,905**
Share of fair value gain of investment properties upon completion	120,000	**-**
	194,000	**424,905**
	1,029,037	**1,185,906**

8. PROFIT BEFORE TAXATION

	2015 *HK$'000*	**2016** ***HK$'000***
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	5,502	**5,502**
Depreciation of property, plant and equipment	73,528	**68,452**
Charitable donations	1,696	**969**
Share of tax of an associate (included in share of profit of an associate)	435	**396**
Share of tax of joint ventures (included in share of results of joint ventures)	361,419	**333,545**

9. INCOME TAX EXPENSE

	2015 *HK$'000*	**2016** ***HK$'000***
Hong Kong Profits Tax		
Current year	69,637	**68,077**
Overprovision in respect of prior years	(319)	**(4,191)**
	69,318	**63,886**
Taxation elsewhere - current year		
PRC EIT	88,842	**79,377**
PRC Land Appreciation Tax ("LAT")	41,364	**39,072**
	130,206	**118,449**
Deferred tax	67,709	**52,650**
	267,233	**234,985**

9. INCOME TAX EXPENSE - continued

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

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

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

PRC EIT for the year includes PRC withholding tax on dividends declared during the year by the Group's joint ventures amounting to approximately HK$52 million (2015: HK$40 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

	2015 *HK$'000*	**2016** ***HK$'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	2,834,735	**2,762,145**

	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	871,234,719	**870,893,736**
Effect of dilutive potential ordinary shares in respect of share options	209,279	**20,962**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	871,443,998	**870,914,698**

11. DIVIDENDS

	2015 *HK$'000*	**2016** ***HK$'000***
Dividends recognised as distribution during the year:		
Final cash dividend for the year ended 30 June 2015 of HK70 cents per share (2015: for the year ended 30 June 2014 of HK60 cents per share)	522,753	**610,155**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(43)	**(50)**
	522,710	**610,105**
Special final dividend for the year ended 30 June 2014 by way of a distribution in specie (Note)	164,232	**-**
	686,942	**610,105**
Interim cash dividend for the year ended 30 June 2016 of HK55 cents per share (2015: for the year ended 30 June 2015 of HK50 cents per share)	435,649	**478,422**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(36)	**(40)**
	435,613	**478,382**
	1,122,555	**1,088,487**
Dividends proposed:		
Final cash dividend for the year ended 30 June 2016 of HK75 cents per share (2015: for the year ended 30 June 2015 of HK70 cents per share)	610,174	**652,379**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(50)	**(54)**
	610,124	**652,325**

Note: During the year ended 30 June 2015, a special final dividend for the year ended 30 June 2014 was effected by way of a distribution in specie of shares in HHI. Eligible shareholders received one ordinary share in HHI for every multiple of 20 ordinary shares in the Company held by them. A total of 43,562,761 HHI shares with aggregate market value of HK$164,232,000 were recognised as distribution during that year.

The difference between the market value and the carrying amount of the relevant interest in HHI distributed has resulted in an increase in net assets value attributable to the Group amounting to HK$30,881,000, which was recognised in equity in the consolidated financial statements during the year ended 30 June 2015.

The proposed final cash dividend of HK75 cents per share has been proposed by the Board and is subject to approval by the shareholders of the Company at the 2016 Annual General Meeting.

The proposed final cash dividend is 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:

	2015 *HK$'000*	**2016** ***HK$'000***
Receivables aged		
0 to 30 days	118,644	**16,150**
31 to 60 days	4,885	**3,484**
Over 60 days	13,625	**11,080**
	137,154	**30,714**
Less: Allowance for doubtful debts	(818)	**(2,253)**
	136,336	**28,461**
Interest receivable on bank deposits	15,135	**8,120**
Dividend receivable from joint ventures	108,000	**22,406**
	259,471	**58,987**

13. TRADE AND OTHER PAYABLES

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

	2015 *HK$'000*	**2016** ***HK$'000***
Payables aged		
0 to 30 days	69,225	**69,720**
31 to 60 days	4,444	**2,012**
Over 60 days	16,021	**23,568**
	89,690	**95,300**
Retentions payable	74,029	**37,112**
Amount due to a minority shareholder of a subsidiary	36,469	**28,091**
Amount due to an associate	782	**612**
Accrued construction and other costs	335,527	**331,011**
Accrued staff costs	48,208	**49,853**
Accrued interest on bank borrowings	2,081	**1,492**
	586,786	**543,471**

GLOSSARY

"2016 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 Wednesday, 26 October 2016 at 11:00 a.m.
"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
"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"	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 ending 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
"GBP"	Great Britain Pounds, the lawful currency of the United Kingdom
"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-Macau 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
"Liede Project"	Liede Integrated Commercial (Operating Lease) Project
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"MICE"	meeting, incentives, convention and exhibition
"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
“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” 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.