HOPEWELL HOLDINGS LIMITED
合和實業有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code: 54)

ANNOUNCEMENT OF 2018/19 INTERIM RESULTS

Highlights

1H FY19 (1 April – 30 September 2018)

- This is the first financial year after the change of financial year end date from 30 June to 31 March
- Profit attributable to owners of the Company before fair value gain of completed investment properties up 678% yoy to HK$5,514 million, mainly due to gain on disposal of HHI
- Core profit[N1] down 44% yoy to HK$394 million or HK$0.45 per share, mainly due to the growth in profit from investment properties, hospitality, profit shared from Heyuan Power Plant and treasury income were offset by the fall in (i) toll road contribution given HHI Disposal, and (ii) profit recognition of residential sales from Hopewell New Town, Broadwood Twelve and The Avenue
- First interim dividend of HK30 cents per share
- EBIT of investment properties and hospitality businesses up 7% yoy to HK$424 million
- E-Max is undergoing evolution, expansion of upmarket fashion outlet on B1/F opened by phases since July 2018
- Panda Hotel's EBIT rose 28% yoy to HK$35 million due to increase in room and F&B revenues
- For Hopewell New Town, no residential sales were launched due to tightening policies in PRC property market. Revenue fell to RMB1 million, which was from car park sales, compared to RMB240 million in 1H FY18 (1 April to 30 September 2017)
- Disposal of approximately 66.69% of the issued shares of Hopewell Highway Infrastructure Limited completed on 4 April 2018. HHL received net cash proceeds of approximately HK$9 billion and recognised post-tax net gain of approximately HK$5.1 billion
- Net cash of approximately HK$8.3 billion as at 30 September 2018

Upcoming: 2H FY19 (1 October 2018 to 31 March 2019) and beyond

- Target to distribute 90% - 100% of core profit[N1] on a full year basis as dividends in the years before Hopewell Centre II opens[N2]
- Target E-Max's rental income to grow 50% in FY20 as compared to the financial year ended 30 June 2016 given E-Max's evolution with the opening of upmarket fashion outlet and introduction of more elements and popular brands
- Hopewell Centre II's construction advancing at full steam. Site formation and foundation works target to complete in 2019 while construction is targeted to complete by end of 2021
- 153-167 QRE project is envisioned to commence operation in 2022. Planning application to build a commercial property was submitted to Town Planning Board in May 2018 and demolition works were completed in September 2018
- For Hopewell New Town, HHL will continue to monitor the market closely before taking further initiatives, given current tightening policies in the PRC property market

N1: Represents profit attributable to owners of the Company excluding fair value gain of completed investment properties and profit from en bloc sale of entire project

N2: Barring unforeseen circumstances

GROUP RESULTS

Change of Financial Year End Date

As detailed in the Company's announcement published on 8 May 2018, the Board has resolved to change the financial year end date from 30 June to 31 March (the "Change") following the publication of the audited consolidated financial statements of the Group for the year ended 30 June 2018 in order to (i) enable the Group to rationalize and more efficiently use its resources for the preparation of results announcements and reports; and (ii) promote "Work-life Balance" for the well-being of our employees, which the Group believes will result in positive impacts on employees' engagement, productivity and business performance. This is the first financial year after the Change. The condensed consolidated financial statements presented for the current interim financial reporting period covers the three months from 1 July to 30 September 2018 (the "2018 3-month Period") and the comparative figures cover the six-month period from 1 July to 31 December 2017.

Following the aforesaid Change, the subsequent new financial years would cover the full year from 1 April of a relevant year to 31 March of the following year ("FY"), while the new first half-year period of a financial year would cover a six-month period from 1 April to 30 September of a relevant year ("1H FY"). To facilitate a better understanding of the operating results of the Group in the first half-year period of FY19 ("1H FY19") when applying the new financial year end date, the financial information presented herein contains figures for the six-month period from 1 April to 30 September 2018 and the comparative figures for the six-month periods from 1 April to 30 September of relevant years. To provide a clear picture of the Group's past annual operating results when applying the new financial year end date, the financial information also contains annual comparative figures for 12-month periods from 1 April of a relevant year to 31 March of the following year.

Overview

For the six-month period from 1 April to 30 September 2018 (1H FY19)

The profit attributable to owners of the Company before fair value gain of completed investment properties for the six-month period ended 30 September 2018 significantly increased to HK$5,514 million from HK$709 million for the same period in 2017. The increase was mainly resulted from the HHI Disposal, which was completed in April 2018 and generated a post-tax net gain on disposal of approximately HK$5.1 billion.

The Group's EBIT (before gain on disposal of HHI) for the six-month period ended 30 September 2018 decreased to HK$472 million from HK$1,068 million for the same period in 2017, and the Group's core profit attributable to owners of the Company ("core profit") for the six-month period ended 30 September 2018 decreased to HK$394 million from HK$709 million for the same period in 2017. Profit from investment properties and hospitality businesses and profit shared from Heyuan Power Plant grew. Treasury income also increased due to the higher cash balance resulting from the proceeds of HHI Disposal. However, these positive factors were offset by (i) the fall in toll road's contribution due to HHI Disposal, and (ii) the decreases in profit recognition of residential sales from Hopewell New Town, Broadwood Twelve and The Avenue.

The Group's total revenue for the six-month period ended 30 September 2018 decreased to HK$1,454 million from HK$3,254 million for the same period in 2017. The revenue from investment properties and hospitality continued to grow. Treasury income also increased due to the higher cash balance resulting from the proceeds of HHI Disposal. However, these positive factors were offset by (i) the fall in toll road's contribution due to HHI Disposal, and (ii) the decreases in residential sales recognition of Hopewell New Town, Broadwood Twelve and The Avenue.

The Group's revenue and EBIT by activities for the six months ended 30 September 2018 and 2017 were as follows:

	Revenue		**EBIT***	
	Six months ended 30 September			
HK$ million	*2017*	***2018***	*2017*	***2018***
Continuing operations:				
Property letting and management	576	**597**	370	**386**
Hotel, restaurant and catering operation	194	**231**	26	**38**
Investment properties and hospitality sub-total	770	**828**	396	**424**
Property development	686	**1**	224	**(11)**
Power plant	453	**494**	1	**14**
Treasury income	41	**107**	41	**107**
Others	-	**-**	(56)	**(70)**
Continuing operations total	1,950	**1,430**	606	**464**
Discontinued operation:				
Toll road investment	1,304	**24**	462	**8**
Revenue/EBIT (Note)	3,254	**1,454**	1,068	**472**

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

Note:

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

	Results	
	Six months ended 30 September	
HK$ million	*2017*	***2018***
EBIT	1,068	**472**
Finance costs	(7)	**(6)**
Fair value gain of completed investment properties**	954	**1,079**
Post-tax net gain on disposal of HHI	-	**5,120**
Profit before taxation	2,015	**6,665**
Taxation (from continuing and discontinued operations)	(194)	**(67)**
Profit for the period	1,821	**6,598**
Non-controlling interests	(158)	**(5)**
Profit for the period attributable to owners of the Company	1,663	**6,593**
Less: Fair value gain of completed investment properties**	(954)	**(1,079)**
Profit for the period attributable to owners of the Company before fair value gain of completed investment properties	709	**5,514**
Less: Net gain on disposal of HHI (net of tax)	-	**(5,120)**
Core profit	709	**394**

** Includes share of fair value gain of completed investment properties of a JV

	Revenue	
	Six months ended 30 September	
HK$ million	*2017*	***2018***
Revenue per Group Results	3,254	**1,454**
Less:		
Sales proceeds of Broadwood Twelve properties	(230)	**-**
Treasury income	(41)	**(107)**
Share of revenues of JVs engaged in		
- Toll road investment	(1,304)	**(24)**
- Power plant	(453)	**(494)**
- Property development and property investment	(203)	**(14)**
Turnover per Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,023	**815**

For the three-month period from 1 July to 30 September 2018 (2018 3-month Period)

During the 2018 3-month Period, total revenue, EBIT and core profit of the Group reached HK$688 million, HK$247 million and HK$209 million respectively. Profit attributable to owners of the Company reached HK$500 million or HK$0.58 per share.

The Group's revenue and EBIT by activities for the 2018 3-month Period and six months ended 31 December 2017 were as follows:

	Revenue		**EBIT***	
HK$ million	*6 months ended 31.12.2017*	***3 months ended 30.9.2018***	*6 months ended 31.12.2017*	***3 months ended 30.9.2018***
Continuing operations:				
Property letting and management	582	**295**	394	**192**
Hotel, restaurant and catering operation	250	**116**	68	**21**
Investment properties and hospitality sub-total	832	**411**	462	**213**
Property development	643	**-**	250	**(5)**
Power plant	482	**215**	6	**8**
Treasury income	42	**62**	42	**62**
Others	-	**-**	(58)	**(31)**
Continuing operations total	1,999	**688**	702	**247**
Discontinued operation:				
Toll road investment	1,323	**-**	434	**-**
Revenue/EBIT (Note)	3,322	**688**	1,136	**247**

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

Note:

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

	Results	
HK$ million	*6 months ended 31.12.2017*	***3 months ended 30.9.2018***
EBIT	1,136	**247**
Finance costs	(9)	**(3)**
Fair value gain of completed investment properties	1,351	**291**
Profit before taxation	2,478	**535**
Taxation (from continuing and discontinued operations)	(216)	**(34)**
Profit for the period	2,262	**501**
Non-controlling interests	(152)	**(1)**
Profit for the period attributable to owners of the Company	2,110	**500**
Less: Fair value gain of completed investment properties	(1,351)	**(291)**
Core profit	759	**209**

	Revenue	
HK$ million	*6 months ended 31.12.2017*	***3 months ended 30.9.2018***
Revenue per Group Results	3,322	**688**
Less:		
Sales proceeds of Broadwood Twelve properties	(227)	**-**
Treasury income	(42)	**(62)**
Share of revenues of JVs engaged in		
- Toll road investment	(1,323)	**-**
- Power plant	(482)	**(215)**
- Property development and property investment	(149)	**(7)**
Turnover per Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1,099	**404**

Revenue (1H FY19)

The Group's total revenue for the six-month period ended 30 September 2018 totalled HK$1,454 million, a 55% decrease yoy from HK$3,254 million for the same period in 2017. This revenue included the sales proceeds of investment properties held for sale (i.e. Broadwood Twelve), treasury income and the Group's share of revenues of JVs.

Revenue from investment properties and hospitality continued to grow. Treasury income also increased due to the higher cash balance resulting from the proceeds of HHI Disposal. However, these positive factors were offset mainly by (i) the fall in toll road's contribution due to HHI Disposal which was completed in April 2018, and (ii) the decreases in residential sales recognition of Hopewell New Town, Broadwood Twelve and The Avenue.

Earnings before Interest and Tax (1H FY19)

The Group's EBIT (before gain on disposal of HHI) for the six-month period ended 30 September 2018 decreased 56% yoy to HK$472 million from HK$1,068 million for the same period in 2017. Profits from investment properties, hospitality and profit shared from Heyuan Power Plant grew. Treasury income also increased due to higher cash balance resulting from the proceeds of HHI Disposal. However, these positive factors were offset by (i) the fall in toll road's contribution due to HHI Disposal, and (ii) the decreases in profit recognition of residential sales from Hopewell New Town, Broadwood Twelve and The Avenue.

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.

Profit and Core Profit Attributable to Owners of the Company (1H FY19)

The core profit attributable to owners of the Company for the six-month period ended 30 September 2018 decreased 44% yoy to HK$394 million or HK$0.45 per share from HK$709 million for the same period in 2017, mainly because the growth in profit from investment properties, hospitality, profit shared from Heyuan Power Plant and treasury income were offset by (i) the fall in toll road's contribution due to HHI Disposal, and (ii) the decreases in profit recognition of residential sales from Hopewell New Town, Broadwood Twelve and The Avenue.

The profit attributable to owners of the Company before fair value gain of completed investment properties for the six-month period ended 30 September 2018 significantly increased to HK$5,514 million from HK$709 million for the same period in 2017. The increase was mainly resulted from the HHI Disposal, which was completed in April 2018 and generated a post-tax net gain on disposal of approximately HK$5.1 billion.

Including the fair value gain of completed investment properties, the profit attributable to owners of the Company for the six-month period ended 30 September 2018 significantly increased to HK$6,593 million or HK$7.59 per share from HK$1,663 million or HK$1.91 per share for the same period in 2017.

Major Assets in Balance Sheet (Adjusted Shareholders' Equity)

The following chart regarding the Group shareholders' equity ("Adjusted Shareholders' Equity") as at 30 September 2018 reflects the underlying economic value of the Group's hotel properties (which are stated on a cost basis).

HHL's Balance Sheet Highlights as at 30 Sep 2018	**HK$'m**
Completed investment properties	33,254
Panda Hotel	297
Properties under development	
Hopewell Centre II	
- Commercial portion	4,779
- Hotel portion	2,686
153-167 Queen's Road East	1,124
Properties for development	838
Interests in JVs (Power Plant and Lee Tung Avenue)	1,821
Other assets/liabilities	7,688
Non-controlling interests	(184)
Shareholders' equity	**52,303** *(HK$60.2/share)**
Total hidden value (hotels business)	**5,215** *(HK$6.0/share)**
Adjusted shareholders' equity (unaudited)	**57,518** *(HK$66.2/share)**

* No. of HHL shares in issue: 868.6 million (as of 30 September 2018)

As at 30 Sep 2018 (HK$)	Panda Hotel	HC II hotel portion
Market value	**$3,282m** $3.6m/room *valuation report*	**$4,916m** $4.8m/room under development *valuation report*
Book value	**$297m** $0.3m/room *at cost less depreciation*	**$2,686m** $2.6m/room under development *at cost*
Hidden value	**$2,985m** *$3.4/share**	**$2,230m** *$2.6/share**

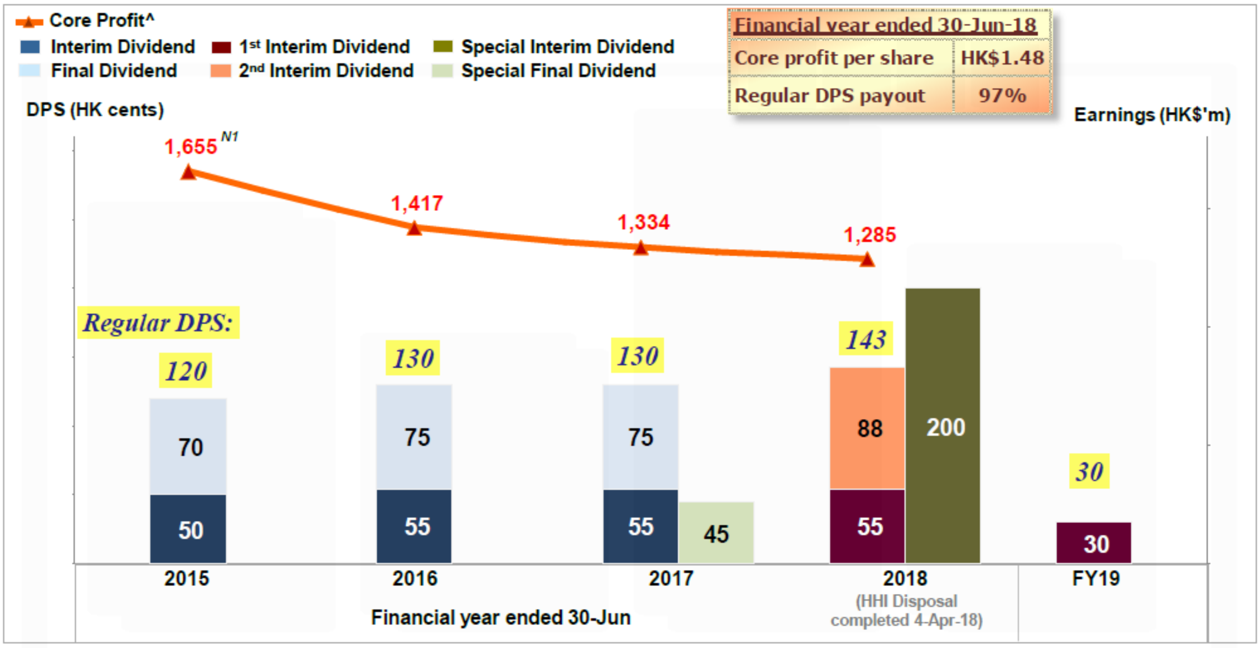
Total: $5,215m *$6.0/share**

DIVIDEND

First Interim Dividend

The Board has declared a first interim dividend of HK30 cents per share in respect of the financial year ending 31 March 2019 (financial year ended 30 June 2018: first interim dividend HK55 cents per share). The dividend represents a payout ratio of 125% of the Group's core profit for the three months ended 30 September 2018 (i.e. being profit attributable to owners of the Company excluding the fair value gain of completed investment properties). The first interim dividend will be paid on Friday, 23 November 2018 to shareholders of the Company registered as at the close of business on Thursday, 15 November 2018.

It is the present intention of the Board that in the years before Hopewell Centre II opens, barring unforeseen circumstances, 90%-100% of the core profit on a full year basis is targeted to be distributed as dividends to shareholders of the Company.



^ Net profit ex-fair value gain of completed investment properties and profit from en bloc sale of entire project
N1: Including Lee Tung Avenue completion gain HK$120 million & 155-167 QRE redevelopment gain HK$300 million

Closure of Register of Members

To ascertain shareholders' entitlement to the first interim dividend, the Register of Members of the Company will be closed on Thursday, 15 November 2018 and no transfer of the shares of the Company will be effected on the aforementioned book-close date. To qualify for the first interim dividend, all transfers of share ownership accompanied by the relevant share certificate(s) 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 no later than 4:30 p.m. on Wednesday, 14 November 2018.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2018, the cash position and available banking facilities of HHL and its subsidiaries were as follows:

HK$ million	*30.6.2018*	***30.9.2018***
Cash	10,364	**9,675**
Available Banking Facilities *(Note 1)*	3,340	**3,340**
Cash and Available Banking Facilities	13,704	**13,015**

Note 1: As at 30 September 2018, available banking facilities included undrawn bank overdrafts and uncommitted banking facilities amounting to HK$540 million.

The gearing ratio and debt-to-total-asset ratios of HHL and its subsidiaries were as follows:

HK$ million	*30.6.2018*	***30.9.2018***
Total debt	1,400	**1,400**
Net cash *(Note 2)*	8,964	**8,275**
Total assets	56,237	**55,904**
Shareholders' equity	52,647	**52,303**
Total debt / total assets ratio	2.5%	**2.5%**
Net gearing ratio *(Note 3)*	Net Cash	**Net Cash**

Note 2: "Net cash" is defined as bank balances and cash less total debt
Note 3: "Net gearing ratio" is calculated by dividing net debt by shareholders' equity

The cash balance of HK$9,675 million included RMB1,008 million (equivalent to HK$1,148 million) and HK$8,527 million. The net cash position of HK$8,275 million comprised bank balances and cash less outstanding bank loans totalling HK$1,400 million.

Debt Maturity Profile of the Group

HK$ million	*30.6.2018*		***30.9.2018***	
Repayable:				
Within 1 year	*-*	*0%*	***-***	***0%***
Between 1 and 5 years	*1,400*	*100%*	***1,400***	***100%***
	1,400		***1,400***	

The Group expects its abundant financial resources will well cover the capital needs of existing and future projects under development. Under current planning, the estimated outstanding capital expenditure to be spent for Hopewell Centre II and 153-167 Queen's Road East project is approximately HK$5,760 million. The Group's cash on hand remains robust with net cash of HK$8,275 million as of 30 September 2018. This, together with the healthy cash flow from its investment properties and hospitality businesses and the committed banking facilities of HK$3.2 billion and HK$1.0 billion maturing in 2020 and 2022 respectively, should provide adequate funding for the projects the Group is currently developing. Given the strong financial position, the Group will continue to seek appropriate investment opportunities.

Major Projects Plan

Projects	Target Completion	Total Investment[N1] HK$'M	Interest %	HHL's Injection Jul-18 to Mar-19, FY20, FY21 & beyond[N1] HK$'M
Hong Kong				
Hopewell Centre II	2021 (construction)	approx. 10,000	100%	5,300 (Jul-18 to Mar-19: 220; FY20: 550; FY21 & beyond: 4,530)
153-167 Queen's Road East	2022 (opening)	approx. 1,200	100%[N2]	460
TOTAL				**5,760**

N1: Present planning, subject to change
N2: The Group has 100% ownership of 153A-167 QRE and has successfully bought the outstanding unit of 153 QRE in the public auction under the Compulsory Sale for Redevelopment in January 2018

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 six-month period ended 30 September 2018, 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 order to mitigate the exchange risk, the Group has adopted the strategy of reducing RMB exposure. During the six-month period ended 30 September 2018, 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 September 2018, none of the Group's assets had been pledged to secure any loans or banking facilities.

Project Commitments

(a) Hopewell Centre II

As at 30 September 2018, the Group's commitment in respect of development costs of the Hopewell Centre II project, which had been contracted for but not provided, was approximately HK$281 million.

(b) Hopewell New Town

	30.6.2018	***30.9.2018***
	HK$'000	***HK$'000***
Contracted for but not provided	339,034	**311,856**

(c) Heyuan Power Plant Project

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

	30.6.2018	***30.9.2018***
	HK$'000	***HK$'000***
Contracted for but not provided	38,104	**35,296**

(d) Property renovation

	30.6.2018	***30.9.2018***
	HK$'000	***HK$'000***
Contracted for but not provided	11,174	**5,959**

(e) Other property for/under development

	30.6.2018	***30.9.2018***
	HK$'000	***HK$'000***
Contracted for but not provided	23,480	**20,145**

Contingent Liabilities

As at 30 September 2018, the Group had no material contingent liability.

Material Acquisition or Disposal

On 29 December 2017, Anber Investments Limited, an indirect wholly-owned subsidiary of the Company has entered into a sale and purchase agreement as the vendor with Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd as the purchaser, whereby Anber Investments Limited has conditionally agreed to sell and the purchaser has conditionally agreed to acquire, on terms set out in the agreement, the 2,055,287,337 ordinary shares in Hopewell Highway Infrastructure Limited owned by the Group, representing approximately 66.69% of the total number of ordinary shares issued by HHI as at the date of the agreement, for a total cash consideration of HK$9,865,379,217.60 (being HK$4.80 per HHI share sold). The disposal transaction was completed on 4 April 2018.

Save as disclosed above, the Group made no other material acquisition or disposal during the six-month period ended 30 September 2018.

BUSINESS REVIEW

A. Investment Properties and Hospitality

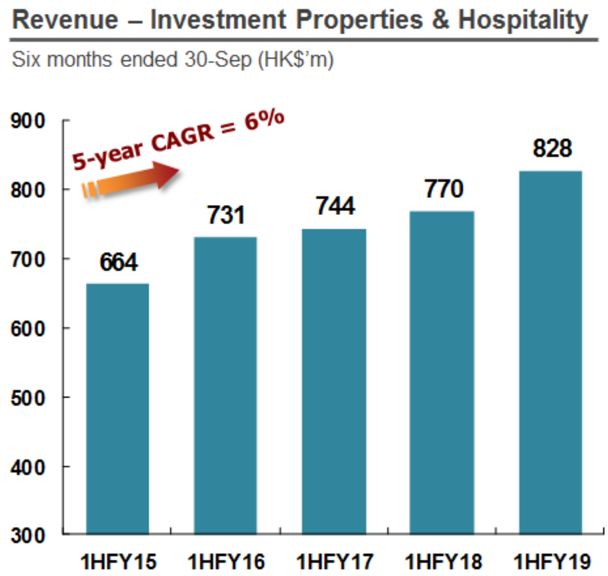
The Group's investment properties and hospitality businesses comprise its wholly-owned investment property portfolio and hotel, restaurant and catering operations.

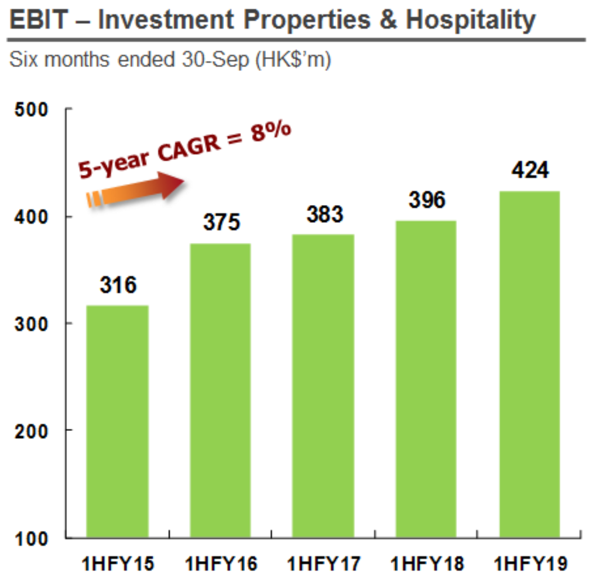
During the six-month period ended 30 September 2018, revenue and EBIT for the Group's investment properties and hospitality businesses increased 8% yoy and 7% yoy to HK$828 million and HK$424 million respectively. The five-year compound annual growth rates of revenue and EBIT for the Group's investment properties and hospitality businesses during the first half of FY15 to FY19 year ending 31 March were 6% and 8% respectively.

During the three-month period ended 30 September 2018, revenue and EBIT for the Group's investment properties and hospitality businesses were HK$411 million and HK$213 million respectively.

(HK$ in million)	Revenue*		yoy change	Revenue*
Six months ended 30-Sep	2017	2018		Jul-Sep 2018
Investment Properties				
Rental income - office	200	215	+8%	108
Rental income - retail	165	165	+0%	80
Rental income - residential	38	37	-3%	19
Convention and exhibition	36	38	+6%	19
Air conditioning and management fee	83	87	+5%	44
Carpark and others	54	55	+2%	25
Investment Properties sub-total	576	597	+4%	295
Hospitality				
Room Revenue	95	105	+11%	54
Restaurants, catering operations and others	99	126	+27%	62
Hospitality sub-total	194	231	+19%	116
Total	770	828	+8%	411

* Excluding tenancies for HHL's own use





Investment Properties

During the six-month period ended 30 September 2018, revenues for the Group's property letting and management rose 4% yoy to HK$597 million, while EBIT for these operations increased by 4% yoy to HK$386 million. The increases were mainly because of the 8% yoy rise in office rental income, which amounted to HK$215 million, as new tenants moved in at Hopewell Centre and new leases signed at KITEC. The five-year compound annual growth rates of revenue and EBIT for the Group's investment properties during first half of FY15 to FY19 year ending 31 March were 7% and 10% respectively. EBIT margin for 1H FY19 improved to 65% from 64% for the same period in 2017.

During the three-month period ended 30 September 2018, revenues and EBIT for the Group's property letting and management recorded HK$295 million and HK$192 million respectively.

Given the evolution now underway at E-Max, together with Hopewell Centre II which is currently under construction, the Group expects retail segment will be the growth driver of its investment properties business in the next few years.

In view of uncertainties in the economic environment, the Group will adopt a defensive rental strategy for office rental business which will focus on securing existing lease with a flexible lease term so as to increase flexibility. Nevertheless, rental income of investment properties is expected to remain stable in FY19 against the financial year ended 30 June 2018, given office rental income is expected to maintain stable growth which will offset the drop in retail rental income mainly due to tenant reshuffling in Hopewell Centre. The Group targets to achieve sustainable growth through strengthening its branding by actively managing its properties and maintaining an uncompromising focus on service and quality.

Occupancy Rates for the Group's investment properties remained at high levels while average rental rates for the major ones increased during the six-month period ended 30 September 2018.

Occupancy and Rental Rates of Investment Properties

Six months ended 30-Sep	Average Occupancy Rate			Average Rental Rate YoY Change
	2017	2018	YoY	
Hopewell Centre	**92%**	**96%** [N1]	**+4%**	**+1%**
KITEC Office	**91%**	**93%**	**+2%**	**+6%**
KITEC E-Max	**76%** [N2]	**80%** [N2]	**+4%**	**+3%**
Panda Place	**98%**	**98%**	**-**	**+2%**
QRE Plaza	**94%**	**99%**	**+5%**	**+6%**
Lee Tung Avenue	**93%**	**98%**	**+5%**	**0%**
GardenEast (apartments)	**92%**	**93%**	**+1%**	**+2%**

N1: Occupancy Rate of office portion reached 100% subsequent to the new lease signed with AIA Group in the second quarter of 2018

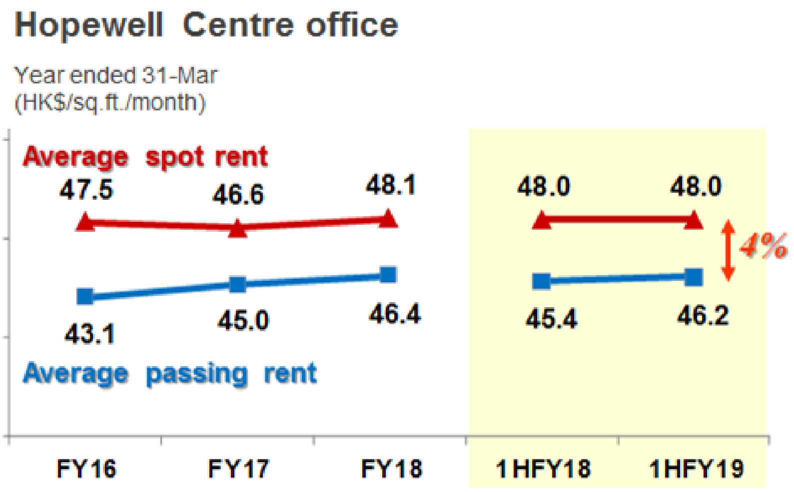
N2: Tenants in B1/F vacated by the first quarter of 2017 for renovation of E-Max's fashion outlet expansion

Hopewell Centre

Hopewell Centre's overall revenue (excluding tenancies for the Group's own use) during the six-month period ended 30 September 2018 was HK$230 million and overall Average Occupancy Rate was at 96%; while for the three-month period ended 30 September 2018, overall revenue was HK$110 million.

Office

During the six-month period ended 30 September 2018, rental income increased 3% yoy to HK$140 million and Average Occupancy Rate rebounded to 97% from 89% for the same period in 2017 mainly because new tenants moved in, while for the three-month period ended 30 September 2018, rental income was HK$70 million. In the second quarter of 2018, the Group signed a new lease with a publicly-listed international insurance company, AIA Group, for more than five floors or a total area of approximately 90,000 sq.ft. of office space in Hopewell Centre. Subsequent to the new lease signed, Occupancy Rate of Hopewell Centre office has reached 100%, bringing more footfall which will be beneficial to the Group's retail properties in Wan Chai. Despite the short term impact from the construction site of Hopewell Centre II nearby which resulted in the gap between the passing rent and spot rent narrowed compared with the previous year, the Group's continuous AEI to enhance facilities and services has led to average passing rent increased by 2% yoy to HK$46.2 per sq.ft. and average spot rent maintained at around HK$48.0 per sq.ft. in 1H FY19. Given the uncertainty in the economic environment, the Group expects the spot rent will rise at a milder pace. As a result, the gap between passing rent and spot rent will continue to narrow. Nevertheless, the Group expects rental uplift for Hopewell Centre by phases when (i) Hopewell Centre II's site formation and foundation works complete and (ii) Hopewell Centre II opens whereby the surroundings in Wan Chai will be further upgraded.



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

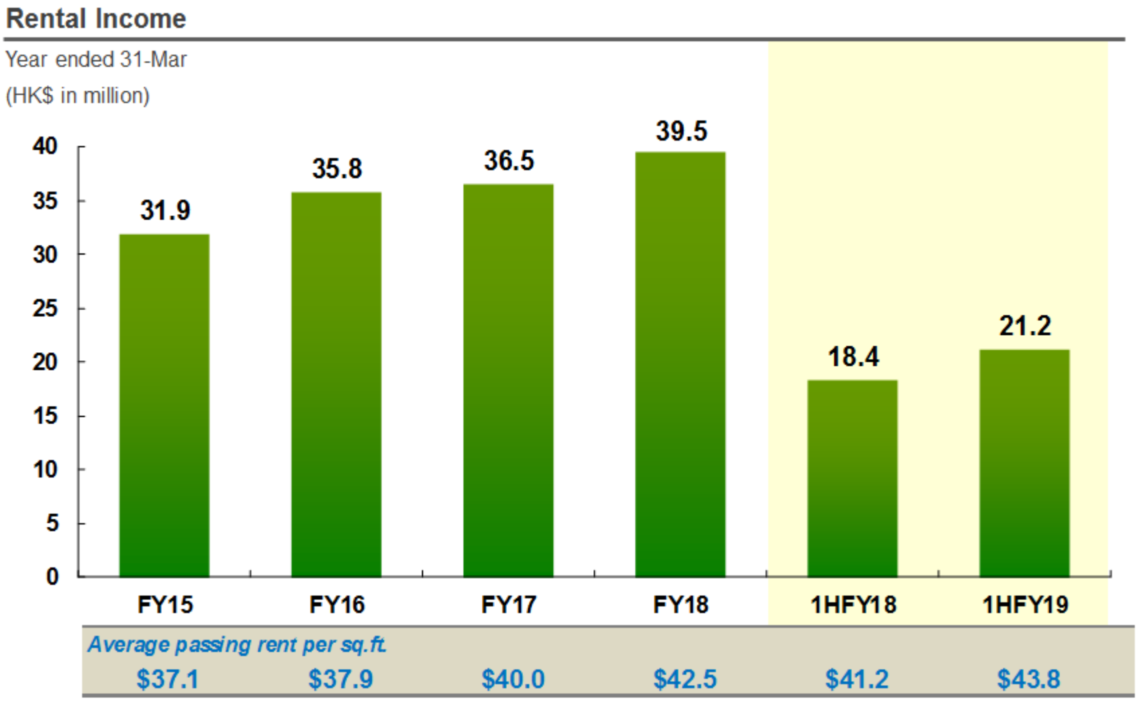
Retail

As at 30 September 2018, the Occupancy Rate was at 95%. The Group will continue to diversify its tenant mix and will replace some retail tenants with high quality F&B and lifestyle stores offering different dining and shopping experience.

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".

During the six-month period ended 30 September 2018, QRE Plaza's overall revenue rose by 15% yoy to HK$23 million; while for the three-month period ended 30 September 2018, it was HK$12 million.



Lee Tung Avenue

Lee Tung Avenue is a tree-lined pedestrian walkway equipped with lifestyle and dining options that perfectly complement their beautiful streetscape surroundings. It is a URA redevelopment project. Net rental income is split 40:60 between the URA and the 50:50 joint venture between the Group and Sino Land Company Limited. With a total GFA of approximately 87,700 sq.ft., it opened in the first quarter of 2016 and has so far received very positive responses from tenants.

During the six-month period ended 30 September 2018, the Average Occupancy Rate of Lee Tung Avenue was around 98% and the average rent was around HK$61 per sq.ft.

Lee Tung Avenue has further enlarged the Group's rental property portfolio, created synergy among its existing properties such as Hopewell Centre, QRE Plaza and GardenEast and helped upgrade the image of our Wan Chai cluster "The East". 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, the Johnston Tunnel was opened in December 2017 and it has enhanced the connectivity of the Group's property portfolio in Wan Chai with the MTR station. In addition, the application for the QRE Tunnel connecting Lee Tung Avenue and Hopewell Centre has been submitted and it obtained support from Land and Development Advisory Committee for premium waiver, which was qualified for consideration by Executive Council. Under current planning, the QRE Tunnel is targeted to complete by the end of 2023.

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 including Rolls-Royce car showroom.

GardenEast

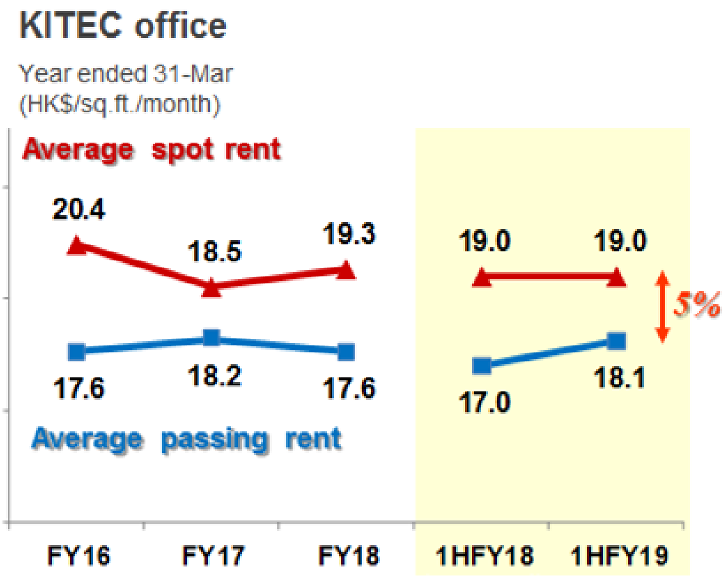
GardenEast has maintained steady performance amid competitive business environment. During the six-month period ended 30 September 2018, overall revenue rose by 3% yoy to HK$40 million. The average rental rate rose by 2% yoy for serviced apartments, while Average Occupancy Rate of serviced apartments increased to 93% from 92% for the same period in 2017. During the three-month period ended 30 September 2018, overall revenue recorded HK$20 million.

KITEC

Office

In the latest Policy Address announced in October 2018, the Hong Kong Government kept up the efforts to facilitate transformation of Kowloon East into another attractive core business district at the Kai Tak Development Area ("The Area"). With increasing population in the district due to the development of public and private housing, more residential flats, commercial floor areas and sports and tourism facilities will be provided in The Area. Several Government offices are planned to relocate in The Area. In addition, the Government will enhance pedestrian access network and construct the Central Kowloon Route which will link Yau Ma Tei with Kowloon Bay and The Area. These will create a cluster effect that will boost traffic flows into the district and further increase demand for KITEC's office space which offers top quality services. Moreover, KITEC will benefit from the improved connectivity along with the completion of Shatin Central Link which will link up the area with others at Kai Tak Station as well as an environmentally friendly linkage system for Kowloon East which is currently under study. Besides, the footbridge connecting KITEC and Kai Tak is currently under study. This application has obtained support from Land and Development Advisory Committee for premium waiver, which was qualified for consideration by Executive Council.

The GFAs of KITEC's office and retail portions are approximately 750,000 sq.ft. and 760,000 sq.ft. respectively. On the office front, during the six-month period ended 30 September 2018, rental income rose 17% yoy to HK$75 million mainly due to the new leases signed with ViuTV and Registration and Electoral Office, whereas Average Occupancy Rate was 93%. Average passing rent increased 6% yoy to HK$18.1 per sq.ft. and average spot rent in 1H FY19 maintained at approximately HK$19.0 per sq.ft. The gap between passing rent and spot rent narrowed compared with the previous year mainly due to softened demand given the increase in office supply in Kowloon East. Nevertheless, the Group has initiated further AEI to upgrade services and facilities and improve the image of KITEC by phases, including setting up gymnasium room for tenants and offering baby care room which were completed. Further AEI to upgrade facilities such as revamp of corridors and toilets are under planning.



During the three-month period ended 30 September 2018, KITEC office rental income was HK$38 million.

In the fourth quarter of 2017, the Group signed a new lease with ViuTV for a total area of approximately 70,000 sq.ft. in KITEC, which comprised of 33,400 sq.ft. of office space to set up its headquarter and 36,100 sq.ft. in E-Max to set up a film and TV production studio on G/F, resulting in approximately 50% increase in rental income compared to that of the previous tenants. Such lease will provide full year rental income contribution in FY19.

In March 2018, the Registration and Electoral Office has committed to lease another 21,000 sq.ft. at a rental rate of around HK$20.0 per sq.ft. As at 30 September 2018, the Government remains an anchor tenant with approximately 271,000 sq.ft. of space, which represented 36% of KITEC office's total GFA.

Despite keen competition of office rental market in Kowloon East, the Group expects mild growth in rental income of FY19 due to new leases signed with tenants including ViuTV (33,400 sq.ft.) and the Registration and Electoral Office (21,000 sq.ft.). The Group plans to pursue a flexible marketing strategy and carry out improvement works in order to provide a quality working environment for office tenants. KITEC is well-positioned to benefit from the relocation plan of Government offices, revitalisation and development of Kowloon East. Thus, the Group expects KITEC office to experience the next phase of rental uplift when Kowloon East becomes more developed, as the area evolves as a quality business district into CBD2 in the long term.

E-Max

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

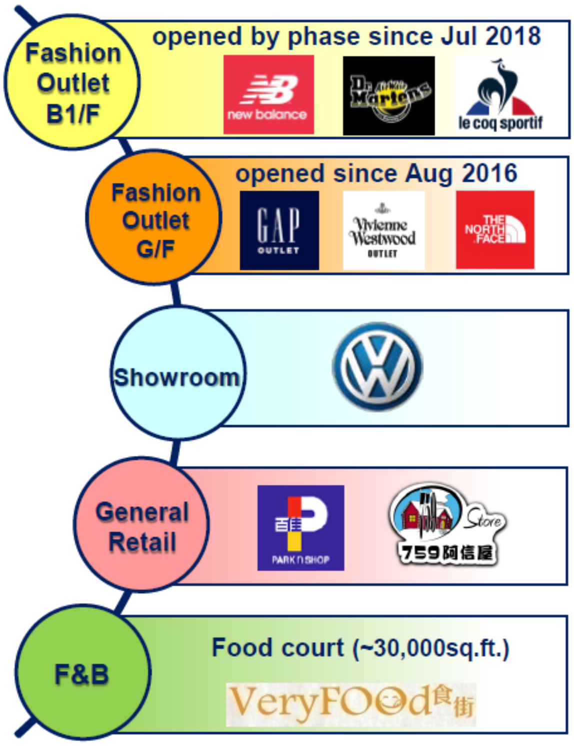
Foreseeing a high traffic flow and purchasing power in Kowloon East, the Group has continued to optimize E-Max's tenant mix in the past few years. In 2014, the Group launched a multi-cinema complex, The Metroplex, at G/F and introduced a new E-Max Home concept spanning the premise's 4/F and 5/F. The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

As the evolution of E-Max unfolded since 2014 along with the opening of the Metroplex, success has been shown. The introduction of more elements and popular brands to E-Max since 2016 has been well-received by the market. To further refine the tenant mix on G/F and 2/F, the Group has launched an AEI in 2016. The world's top-3 automakers and premium auto brand "Volkswagen", opened a showroom of approximately 8,000 sq.ft. on G/F in February 2016. A supermarket was opened on 2/F in June 2016. An upmarket fashion outlet of approximately 65,000 sq.ft. was opened on G/F in August 2016, with popular brands including Gap, Vivienne Westwood and The North Face. In December 2016, the Group has renewed lease with the automall on B3/F with rental rates more than doubled. This will help E-Max to maintain its diversity in tenant mix and secure stable rental income at the same time. In addition, a food court of approximately 30,000 sq.ft. was opened on 2/F in the first quarter of 2017.

In the second quarter of 2017, the Group started to convert B1/F of approximately 100,000 sq.ft. (previously automall and Duty Free Shop) into a retail area as an expansion of G/F's upmarket fashion outlet. New tenants of the fashion outlet on B1/F have moved in and opened by phases since July 2018, including a number of well-known sporting and fashion brands, such as New Balance, Royal Sporting House, Dr. Martens, Descente, Munsingwear, and Le Coq Sportif etc. In addition, the classical indoor amusement park, "The Wonderful World of Whimsy", made its return for some nostalgic fun. With an area of approximately 30,000 sq.ft. on B1/F, the park is planned to open in the fourth quarter of 2018. The short term negative impact on rental revenue from the moving out of tenants on B1/F during the period under review will be compensated by the benefits from the long term potential growth brought by the completion of E-Max's second phase of evolution. In order to capture more local consumptions, E-Max has enlarged the area for F&B to increase footfall and rental income from the retail tenants.

As a result of the increase in footfall alongside the enlarged area for F&B, the encouraging performance of the upmarket fashion outlet on G/F which was opened since August 2016, together with the expansion on B1/F with refinement of tenant mix, E-Max's rental income is targeted to grow 50% in FY20 as compared to the financial year ended 30 June 2016.

<u>Introduced more popular brands and elements</u>



Conventions, Exhibitions and Entertainment

KITEC continues to be one of the key venue providers and is devoted to render its effort on entertainment and convention industry in Hong Kong. With flexible layouts and comprehensive supporting facilities, KITEC can cater to the sophisticated demands of a wide variety of international events, including a range of concerts, musicals, fan meetings, award ceremony, expos, competitions and sports events. During the six-month period ended 30 September 2018, 100 events were held in KITEC, including exhibitions, concerts, fan meetings, musicals and carnivals.

Star Hall remains a premier focal point for entertainment in Hong Kong, with 24 shows featuring spectacular local and overseas performers held during the six-month period ended 30 September 2018. The first ice-skiing musical in Star Hall, "The Russian Ice Stars in Beauty & The Beast On Ice", was held in July 2018 and received positive response from the public. Furthermore, Star Hall has continued to gain recognition from its repeated customers, such as Hong Kong Wedding Showcase, which has been our customer for over 10 years, SISTERS BeautyPro Trade Fair and Sports Expo.

Music Zone@E-Max, the reputed hot spot for mini-concerts and fan meetings in Hong Kong, attracted various famous animate singers and voice actors from Japan and Korea to stage their shows here. 43 local and overseas performances were staged during the six-month period ended 30 September 2018.

KITEC's convention, exhibition and entertainment business revenue grew steadily during the six-month period ended 30 September 2018. Total gross rental income, including equipment rental, reached HK$38 million.

The Metroplex (multi-cinema complex)

During the six-month period ended 30 September 2018, The Metroplex has drawn over 330,000 audiences to E-Max.

The Metroplex remains a popular venue for celebrity events. During the six-month period ended 30 September 2018, 4 gala premieres and red carpet events were held. Over 90 films were shown ranging from Hollywood blockbusters, international award-winning pictures, local, specialty, documentaries and independent films.

The Metroplex remains committed to supporting and cultivating the independent film culture. During the six-month period ended 30 September 2018, The Metroplex organised 10 special film programs including the fifth edition of "Sundance Film Festival: Hong Kong", showcasing 12 narrative and documentary films from 2018 Sundance Film Festival in Utah. Directors of these films also joined the Sundance crew to come and share their precious film making experience. A wide variety of extended events were also launched, including Dolby Institute Master Class, Sundance Institute Workshop, VR 8K Screening, Women Power Exhibition and Screening as supported by US Consulate, and the first Secret Outdoor Cinema to Connect Theatre with Adventure.

The Metroplex also introduced programs reaching out to a diversified range of culture and communities such as "A Taste of Cuba Mini Film Festival" and "French Friday: Annecy". Inspired by Cuba's rich music culture, a "Cuban Music Night" was co-organised with "1563' Live House" at "The East", the Group's live music restaurant. "French Friday: Annecy" was a part of "Le French May", supported by Consulate General of France.

Understanding the importance of nurturing young talents for the film industry, The Metroplex sponsored The Hong Kong Academy for Performing Arts' School of Film and Television Graduation Screening and donated the ticketing sales revenue to the School. "Final Year Student Project Screenings" of the Hong Kong Baptist University's Academy of Film was also sponsored.

The Metroplex endeavors to support the Group's initiatives in corporate social responsibility. 3 charity screenings and various sponsoring events were held. The beneficiary organisations include Ebenezer School & Home For The Visually Impaired, St. James' Settlement and The Urban Peacemaker Evangelistic Fellowship Ltd.

Panda Place

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

During the six-month period ended 30 September 2018, rental income at Panda Place remained flat at HK$32 million with Average Occupancy Rate at 98%; while for the three-month period ended 30 September 2018, rental income was HK$16 million.

Hospitality

Panda Hotel

During the six-month period ended 30 September 2018, Panda Hotel’s total revenue rose 8% yoy to HK$156 million, and EBIT increased 28% yoy to HK$35 million, due to the increase in room and F&B revenues. EBIT margin increased to 23% from 19% for the same period in 2017. Room revenue increased by 10% yoy to HK$105 million, mainly due to the increase in average room rate by 11% yoy and Average Occupancy Rate remained at high level of 96%. F&B revenue increased by 3% yoy to HK$51 million, mainly due to increase in banquets.

During the three-month period ended 30 September 2018, Panda Hotel’s total revenue and EBIT reached HK$80 million and HK$20 million respectively. Room revenue reached HK$54 million, with Average Occupancy Rate of 97%. F&B revenue reached HK$26 million.

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

Although the hotel industry of Hong Kong is gradually recovering, the Group is cautiously optimistic about the outlook of the industry.

As of 30 September 2018, the market value of hotel amounted to HK$3,282 million (equivalent to approximately HK$3.6 million per room) as estimated by Cushman & Wakefield Limited. 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 September 2018, the book value of Panda Hotel amounted to HK$297 million (equivalent to HK$0.3 million per room), which implies a hidden value of approximately HK$3.0 billion compared to its market value.

Restaurant & Catering Services

KITEC F&B business recorded a gradual rise in revenue and achieved HK$43 million during the six-month period ended 30 September 2018.

Since the opening of The Glass Pavilion in August 2016, the Group has continued to promote this elegant glassy venue for hosting wedding banquets and saw a rising demand among young couples. During the six-month period ended 30 September 2018, 17 wedding banquets were held.

To further strengthen its competitive edge, the Group will continue to provide quality food, beverages and services, as well as upgrade the facilities and equipment, so as to better meet the needs of customers.

B. Properties - 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

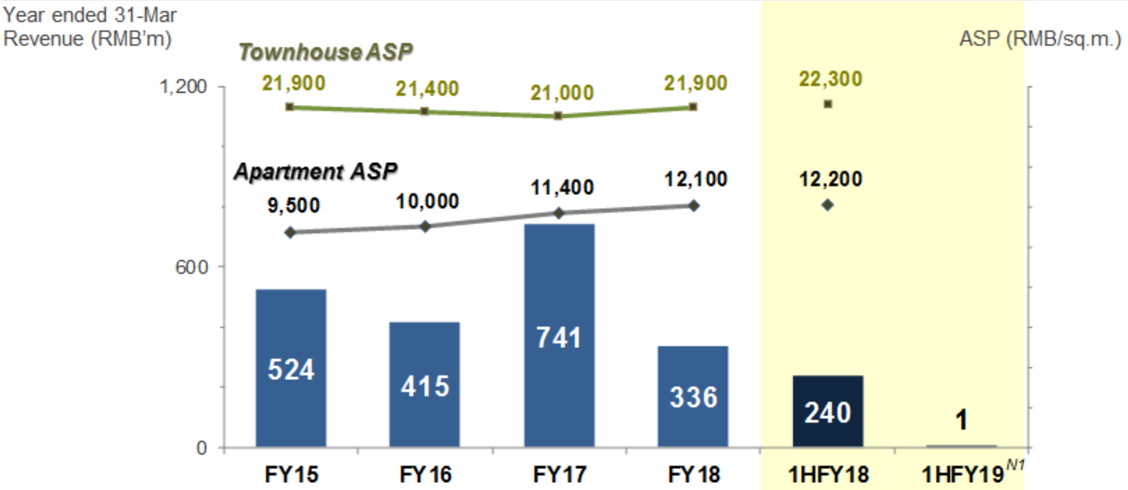
Hopewell New Town is a multi-phase composite development consisting of apartments, townhouses, commercial areas and recreational facilities. It is strategically located approximately three kilometres from Baiyun International Airport in Guangzhou and close to the highway connecting the airport with Guangzhou city centre. Approximately 483,900 sq.m. or 44% of the total GFA of the project (consisting of 185 townhouses and 3,700 apartments) were sold and booked up to 30 September 2018.

During the six-month period ended 30 September 2018, no residential sales were launched due to tightening policies in PRC property market. As a result, revenue booked decreased to RMB1 million, which was from car park sales, compared to RMB240 million booked for the same period in 2017. During the three-month period ended 30 September 2018, no revenue was booked, mainly due to the same reason as mentioned above.

In order to establish the environment for the healthy development of the property market in PRC, the PRC government has implemented various regulatory policies. Given the current tightening policies in the PRC property market, the Group will continue to monitor the market closely before taking further initiatives. The Group will also explore cost-effective ways to control the construction costs and increase the profitability.

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. The Mass Transit Railway Route No.9 commenced operation in December 2017 and a Mass Transit Railway exit near the site has opened in June 2018, which has further improved the connectivity in this area.

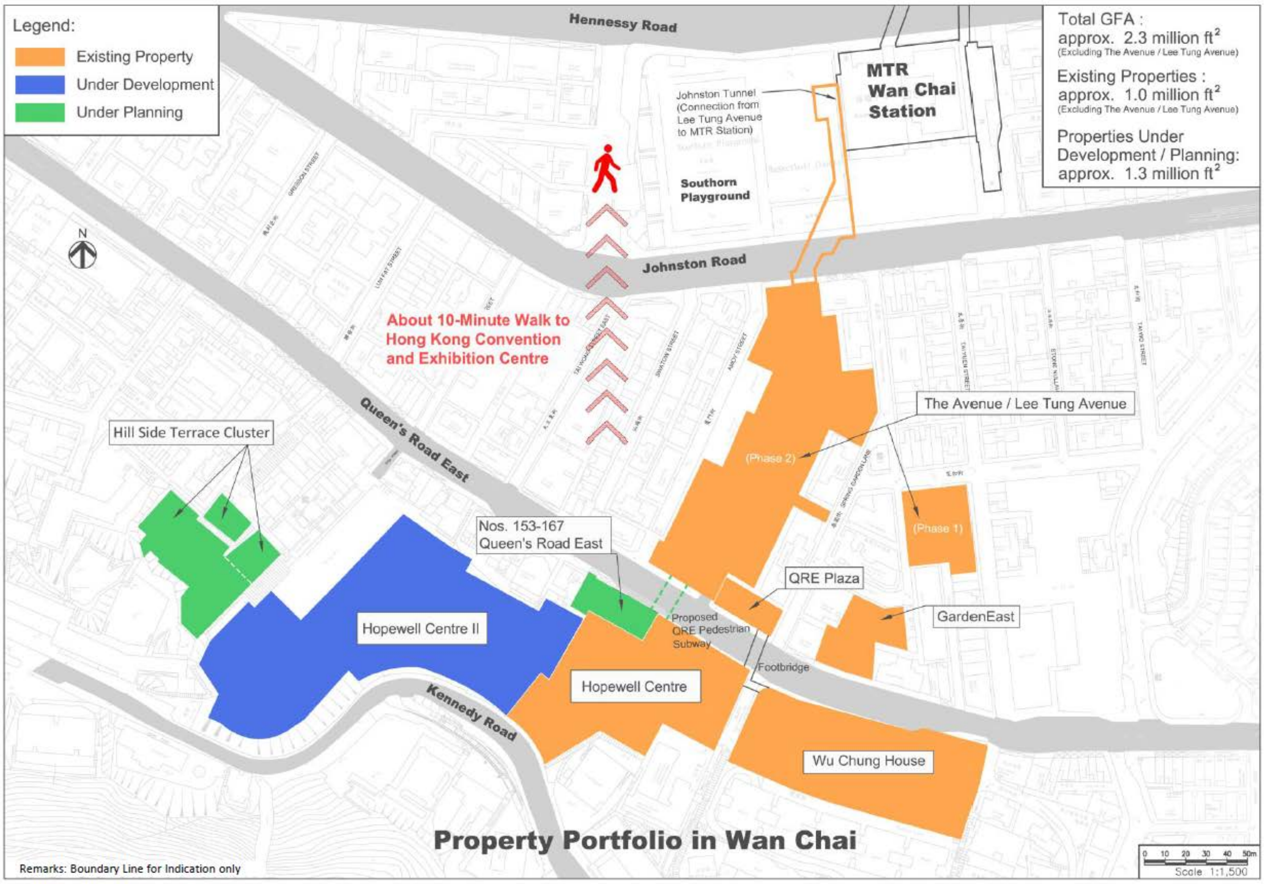
Revenue and Average Selling Price (“ASP”) Booked



	FY15	FY16	FY17	FY18	1HFY18	1HFY19[N1]
GFA booked (sq.m.)						
Townhouse	600	600	3,700	2,900	1,700	-
Apartment	**53,800**	**40,300**	**57,600**	**14,600**	**11,000**	**-**
Units booked						
Townhouse	2	2	13	10	6	-
Apartment	**611**	**345**	**509**	**123**	**93**	**-**

N1: No residential sales were launched given tightening policies in PRC property market. RMB1 million booked in 1H FY19 represented car parks sales

C. Properties Under / For Development



Timeline for Projects [N1]

Calendar year	2018	2019	2020	2021	2022	› › › › ›
Hong Kong						
Hopewell Centre II (HHL 100%)	Construction works				*Construction target completion: end-2021*	
153-167 Queen's Road East (HHL 100%)[N2]	Demolition and Construction works				*Opening: 2022*	
Hill Side Terrace Cluster[N3] (HHL 100%)	Pending approval from Town Planning Board on the preservation cum development plan					

N1: Present planning, subject to change

N2: The Group has 100% ownership of 153A-167 QRE and has successfully bought the outstanding unit of 153 QRE in the public auction under the Compulsory Sale for Redevelopment in January 2018

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

Hopewell Centre II

Project Description	
Location	Wan Chai, Hong Kong
Total GFA	Around 101,600 sq.m.
Nature of development	Primarily a conference hotel with approximately 1,024 guest rooms (hotel area of around 76,800 sq.m.), a retail area of around 24,800 sq.m.
Height / No. of storeys	207 mPD/52 storeys
Estimated total investment	Around HK$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 and foundation works in progress)

A Land Grant execution involving a land premium payment of HK$3,726 million was completed on 24 October 2012. Site formation and foundation works are in progress and target to complete in 2019. Construction of the hotel, which is advancing full steam forwards, is targeted to complete by the end of 2021.

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

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

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

Capex Plan[N1] (HK$'m)

Up to 30 Jun 2018	Jul-18 to Mar-19	FY20	FY21 & beyond
around $4,900[N2]	$220	$550	$4,530

Planned Total Investment: ~HK$10 billion

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

As at 30 September 2018, the market value of the hotel portion of this project amounted to HK$4,916 million (equivalent to around HK$4.8 million per room under development) as estimated by Cushman & Wakefield Limited. In line with accepted market practice, the value of the hotel portion of the project is stated at a cost of around HK$2,686 million (equivalent to around HK$2.6 million per room under development) in the Group's balance sheet. This implies a hidden value of around HK$2.2 billion compared to stated market value.

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

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

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

Hill Side Terrace Cluster Development

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

**Acquisition date of the last unit*

Hill Side Terrace Cluster includes 1-3 Hill Side Terrace, 1A Hill Side Terrace, Nam Koo Terrace, Miu Kang Terrace and Schooner Street Site. As at 30 September 2018, the total book costs of these properties was around HK$600 million.

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

153-167 Queen's Road East

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

The Group has expanded the 155-167 QRE project into 153-167 QRE project through a public auction under the Compulsory Sale for Redevelopment in January 2018. Under current planning, the project will be developed into a commercial property and the estimated remaining capital expenditure to be spent is approximately HK$460 million. A planning application to build a commercial property was submitted to Town Planning Board in May 2018. Demolition works were completed in September 2018 and the project is envisioned to commence operation in 2022. As a result of the enlarged development, the interface for Hopewell Holdings' property portfolio on Queen's Road East will be increased.

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

Developments in Wan Chai

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

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

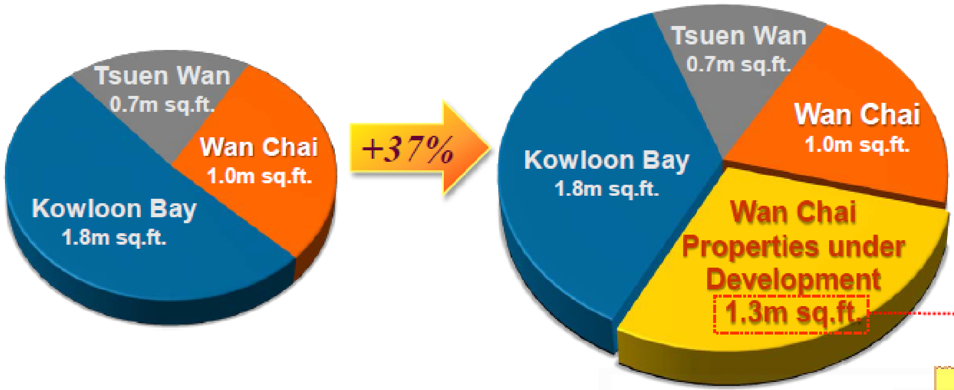
Investment Properties* under Development
- Future Growth Driver

Existing

Total GFA: 3.5 million sq.ft.

Future

Total GFA: 4.8 million sq.ft.



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

^ Under current planning

** Including hotel*

D. Power

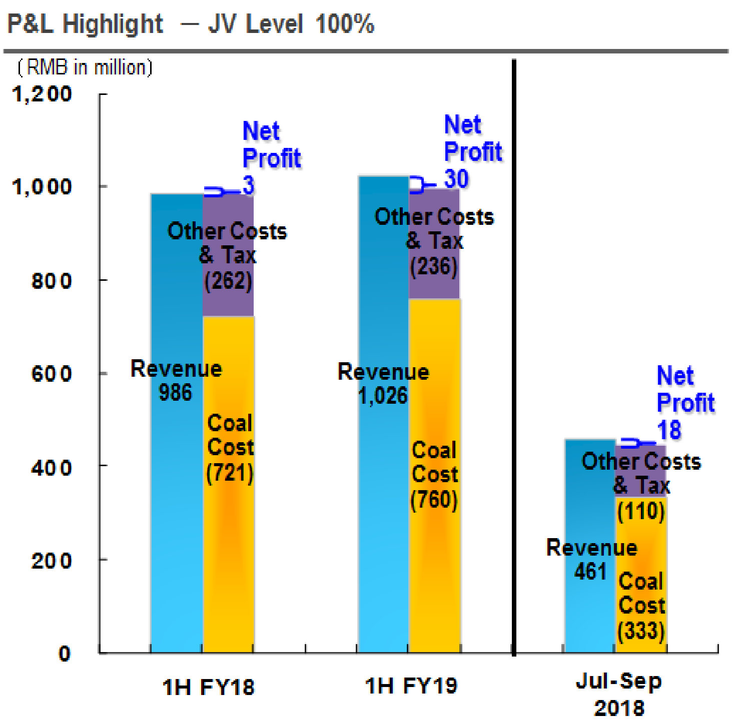
<u>Heyuan Power Plant Phase I</u>

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 Six months ended 30-Sep	2017	**2018**	**Jul-Sep 2018**
Gross generation	2,800GWh	**3,000GWh**	**1,300GWh**
Utilisation rate [N1] (hours)	54% (2,372 hours)	**57%** **(2,504 hours)**	**50%** **(1,107 hours)**
Availability factor [N2]	84%	**89%**	**83%**
Average on-grid tariff (with desulphurization, denitrification, dust removal and super low emission) (excluding VAT) (RMB/MWh)	368.3	**363.0**	**370.1**
Approximate cost of coal (5,500 kcal/kg) (including transportation cost and excluding VAT) (RMB/ton)	659	**666**	**663**

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

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



During the six-month period ended 30 September 2018, Heyuan JV's net profit increased to RMB30 million from RMB3 million for the same period in 2017 due to increase in gross generation and decrease in power plant depreciation. Net profit margin increased to 3% from 0%. The Heyuan JV will continue to endeavor to formulate and implement suitable cost-control measures.

During the three-month period ended 30 September 2018, Heyuan JV's net profit reached RMB18 million.

Adjustment on accounting estimates of the power plant's useful life and the depreciation schedule were effective from 1 July 2018.

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

PROSPECTS

As trade war between China and US intensifies, global trade tensions has also escalated on multiple fronts. The growing concerns on persistence and severity of tariffs have put the vulnerability of emerging economies with heavy debt burden in the spotlight as the US dollar has surged against these countries' currencies and the Federal Reserve has set plans for more rate increases. While the risk of wider financial contagion is still uncertain, it poses significant threat to global economic growth. The Group will closely monitor the evolving market environment and be prepared to face various challenges ahead.

Meanwhile, China's "new normal" economy is gradually taking shape and continues to transform structurally to a consumption-driven, innovative, technology-advanced and environmentally-sustainable growth economy. The government's continuous efforts towards deepening supply-side structural reform, liberalizing financial services and internationalizing RMB will altogether provide a healthy and steady growth driver to the PRC economic development.

The Belt and Road initiative strategically connects PRC, ASEAN, Middle East, as well as Central and Eastern European countries through international co-operation and infrastructure projects. It encourages free flows of information, finance and goods by gradually removing investment and trade barriers. This will help to fill the infrastructure gap that once deprived the opportunities for emerging countries to develop and will ultimately promote sustainable development and prosperity among the nations.

Furthermore, the strategic regional development scheme Bay Area, which was tailor-made by the PRC government as part of the 13th Five-Year Plan, is designed to stimulate economic cooperation among Guangdong-Hong Kong-Macao region. The newly opened Hong Kong-Zhuhai-Macao Bridge is expected to accelerate the formation of this economic cluster. With Hong Kong offering capital-markets expertise, Shenzhen acting as technology hub and Macau being the world's biggest gambling center, the Bay Area will become one of the most dynamic economic regions in the world. Hong Kong can leverage on its unique position as, not only an international financial hub, but also an important conduit in and out of China. Meanwhile, the Group is well-positioned in the prime areas of Hong Kong, including Wan Chai and the future CBD2 – Kai Tak, and is now exploring new investment opportunities in both Hong Kong and the PRC, in particular the Bay Area to benefit from the PRC key development projects.

Being one of Hong Kong’s largest hotels once completed, Hopewell Centre II is set to take advantage of Hong Kong’s limited supply of large-scale premium conference hotels in prime locations. With its comprehensive conference facilities, it is well-positioned to benefit from the lack of one-stop conference venues in Hong Kong and become one of the Group’s major growth drivers in the future. Together with the Group’s other major pipeline projects, namely Hill Side Terrace Cluster and 153–167 QRE project, enormous synergies will be created, forming an attractive lifestyle hub drawing in visitation, spending and business by combining with “The East” and Lee Tung Avenue. The Group, with its well-established image as a landlord of premium properties, will continue to enhance the brand value with the unrelenting effort in asset optimization and synergy maximization, and to bring sustainable growth and create the best value for the stakeholders.

Corporate Sustainability

Awards and Recognition

- HHL has been selected as a constituent stock of the Hang Seng Composite LargeCap & MidCap Index and the Hang Seng Corporate Sustainability Benchmark Index respectively.
- HHL received the Certificate of Appreciation for supporting the "Hong Kong Green Shop Alliance" organised by the Hong Kong Green Building Council.
- HHL received the Certificate of Appreciation in recognition of our efforts to promote breastfeeding friendly workplace by pledging support to the "Say Yes To Breastfeeding 2018/2019" campaign organised by UNICEF Hong Kong. Hopewell Centre, E-Max and Panda Place also received the Certificate of Appreciation in recognition of their efforts in promoting breastfeeding friendly premises.

Our Environment

Government's Environmental Campaigns

The Group actively participated in Government's campaigns to reduce environmental impact and promote environmental awareness. Major activities include:

- Carbon Reduction Charter
- Charter on External Lighting
- Energy Saving Charter and 4Ts Charter
- Waste Check Charter

10 Tonne PET Bottle Collection Challenge

Hopewell Centre, QRE Plaza and Wu Chung House supported the "10 Tonne PET Bottle Collection Challenge" organised by V Cycle by placing bottle collection boxes at these three premises beginning end-September 2018. The programme aims to study the effectiveness of PET bottle recycling in the community and remake the bottles collected into creative, multi-purpose tote bags.

Heyuan Power Plant

Steam supply system started operation since September 2017 to provide steam to a nearby factory. More factories nearby are planning to receive steam supply from Heyuan Power Plant which will help improve overall energy efficiency and reduce overall air pollution emissions as the factories will no longer need to operate their own boilers. Heyuan Power Plant has also gained the honour of "Guangdong Province Environmentally Trustworthy (Green Label) Enterprise" for eight consecutive years.

Our People

Employee Relations and Engagement

We treasure our employees and are committed to creating a harmonious and efficient working environment. Our management makes tremendous efforts to engage and communicate with all staff members, and encourages everyone to optimise their work-life balance by taking part in the Group's various interest classes, interest groups and outings.

Training and Development

The Group believes in life-long learning by offering a wide range of sponsored work-related training programmes, seminars and workshops for employees. Staff orientation programmes for new employees to facilitate a productive and long-lasting employer-employee relationship are also organised at regular intervals.

Talent Acquisition

We have developed two tailor-made talent programmes including Management Trainee Programme and Summer Internship Programme. A broad range of interactive initiatives such as campus recruitment talks, career fairs and knowledge-sharing were launched throughout the year in order to recruit and nurture high-calibre staff.

Our Customers and Communities

HHL actively supported and participated in community programmes and initiatives. For example:

- HHL participated in Green Day 2018 and Mooncakes for Charity 2018 organised by the Community Chest of Hong Kong
- The East organised a series of activities under "Soccer Fanatic" and "To the Moon and Back" events
- Panda Place organised "Panda Summer School 2018 – Little Athlete Training Camp" and "Voyage to the Galaxy" campaign

OTHER INFORMATION

Review of Interim 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 unaudited interim results for the three months ended 30 September 2018.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 September 2018, the Group, excluding its JV companies, had 1,052 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group arranged birthday parties, staff outing, Christmas party, Annual Dinners and Employee Assistance Programme for employees, which were delivered by professionals who shared their experiences and methods to handle stress. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity. In collaboration with Independent Commission Against Corruption and Equal Opportunities Commission, the Group held different kind of seminars and workshops for the employees to enhance their awareness of corporate governance.

In 2018, the Group continues to hire 2 graduates with potential under a 24-month Management Trainee Program. The graduates acquired essential business knowledge and management skills through well planned job rotations within the Group's core business units and corporate offices. In addition, the Group continues to hire summer interns that provides university students with the opportunities to gain working experience in the Group.

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

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 September 2018.

Corporate Governance Practices

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

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

Code Provision A.5.1

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

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors and an employees' share dealing rules (the "Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information. Having made specific enquiry with Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout the period under review

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

Hong Kong, 31 October 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 1 JULY 2018 TO 30 SEPTEMBER 2018

	NOTES	Six months ended 31.12.2017 *HK$'000* (unaudited) (restated)	**Three months ended 30.9.2018** ***HK$'000*** **(unaudited)**	Six months ended 30.9.2017 *HK$'000* (unaudited) (FOR INFORMATION PURPOSE ONLY)	Six months ended **30.9.2018** ***HK$'000*** **(unaudited)** (FOR INFORMATION PURPOSE ONLY)
Continuing operations					
Turnover	3	1,099,445	**403,745**	1,022,635	**814,771**
Cost of sales and services		(359,015)	**(155,656)**	(368,224)	**(316,740)**
		740,430	**248,089**	654,411	**498,031**
Other income	4	65,237	**72,577**	60,981	**128,037**
Other gains and losses	5	981	**(102)**	1,660	**(2,364)**
Selling and distribution costs		(40,302)	**(19,357)**	(39,233)	**(38,483)**
Administrative expenses		(139,470)	**(67,322)**	(135,960)	**(145,220)**
Gain on disposal of assets classified as held for sale (Broadwood Twelve)		29,902	**-**	26,071	**-**
Fair value gain of completed investment properties		1,351,394	**290,678**	953,745	**1,053,395**
Finance costs	6	(8,654)	**(2,356)**	(7,569)	**(5,466)**
Share of profits of joint ventures:	7				
Power plant project		6,195	**8,600**	1,462	**14,604**
Property development project					
Sales and leasing of properties		37,449	**4,071**	36,016	**8,375**
Fair value gain of completed investment properties		-	**-**	-	**25,225**
Share of profits of associates		886	**414**	1,283	**792**
Profit before taxation		2,044,048	**535,292**	1,552,867	**1,536,926**
Income tax expense	8	(189,924)	**(34,217)**	(162,968)	**(66,911)**
Profit for the period from continuing operations		1,854,124	**501,075**	1,389,899	**1,470,015**
Discontinued operation (Expressway projects)					
Share of results of joint ventures		440,416	**-**	476,684	**7,975**
Other gains		14,993	**-**	9,406	**-**
Administrative expenses		(21,115)	**-**	(24,431)	**-**
Profit before taxation		434,294	**-**	461,659	**7,975**
Income tax expense		(26,125)	**-**	(30,285)	**(399)**
Profit for the period from toll road investment		408,169	**-**	431,374	**7,576**
Gain on disposal of HHI before taxation		-	**-**	-	**5,782,332**
Income tax expense from gain on disposal of HHI		-	**-**	-	**(662,425)**
Gain on disposal of HHI after taxation		-	**-**	-	**5,119,907**
Profit for the period from discontinued operation		408,169	**-**	431,374	**5,127,483**
Profit for the period		2,262,293	**501,075**	1,821,273	**6,597,498**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - continued

FOR THE PERIOD ENDED 1 JULY 2018 TO 30 SEPTEMBER 2018

	NOTE	Six months ended 31.12.2017 HK$'000 (unaudited) (restated)	**Three months ended 30.9.2018 HK$'000 (unaudited)**	Six months ended 30.9.2017 HK$'000 (unaudited) (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018 HK$'000 (unaudited)**
Other comprehensive income (expense):					
Items that may be subsequently reclassified to profit or loss:					
Exchange differences arising on translation of financial statements of subsidiaries and joint ventures		384,748	**(86,079)**	337,935	**(292,606)**
Translation reserve reclassified to profit or loss on disposal of subsidiaries		-	**-**	-	**(620,659)**
Other comprehensive income (expense) for the period		384,748	**(86,079)**	337,935	**(913,265)**
Total comprehensive income for the period		2,647,041	**414,996**	2,159,208	**5,684,233**
Profit for the period attributable to owners of the Company:					
- Continuing operations		1,848,091	**499,792**	1,384,847	**1,467,876**
- Discontinued operation		262,206	**-**	277,806	**5,124,907**
		2,110,297	**499,792**	1,662,653	**6,592,783**
Profit for the period attributable to non-controlling interests:					
- Continuing operations		6,033	**1,283**	5,052	**2,139**
- Discontinued operation		145,963	**-**	153,568	**2,576**
		151,996	**1,283**	158,620	**4,715**
		2,262,293	**501,075**	1,821,273	**6,597,498**
Total comprehensive income (expense) attributable to:					
Owners of the Company		2,395,351	**420,510**	1,912,305	**5,700,996**
Non-controlling interests		251,690	**(5,514)**	246,903	**(16,763)**
		2,647,041	**414,996**	2,159,208	**5,684,233**
		HK$	***HK$***	*HK$*	***HK$***
Earnings per share	9				
From continuing and discontinued operations					
Basic		2.43	**0.58**	1.91	**7.59**
From continuing operations					
Basic		2.12	**0.58**	1.59	**1.69**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	NOTE	30.6.2018 *HK$'000* (audited)	**30.9.2018** ***HK$'000*** **(unaudited)**
ASSETS			
Non-current Assets			
Completed investment properties		32,947,300	**33,253,800**
Property, plant and equipment ("PPE")		767,299	**753,495**
Properties under development			
Commercial portion of HCII (investment properties)		4,753,887	**4,778,550**
Hotel portion of HCII (PPE)		2,654,217	**2,686,346**
QRE project (investment properties)		1,119,900	**1,124,495**
Properties for development		838,203	**838,343**
Interests in joint ventures			
Power plant project		1,110,554	**1,085,044**
Property development project		732,239	**736,310**
Interests in associates		38,660	**39,076**
Other assets		3,000	**3,000**
		44,965,259	**45,298,459**
Current Assets			
Inventories		7,998	**8,561**
Stock of properties			
Under development		489,036	**498,226**
Completed		60,309	**57,968**
Trade and other receivables	11	41,429	**49,024**
Deposits and prepayments		133,863	**141,223**
Amount due from a joint venture		175,306	**175,306**
Bank balances and cash		10,364,439	**9,675,426**
		11,272,380	**10,605,734**
Total Assets		56,237,639	**55,904,193**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AT 30 SEPTEMBER 2018

	NOTE	30.6.2018 *HK$'000* (audited)	**30.9.2018** ***HK$'000*** **(unaudited)**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		11,197,829	**11,197,829**
Reserves		41,449,398	**41,105,585**
Equity attributable to owners of the Company		52,647,227	**52,303,414**
Non-controlling interests		189,362	**183,848**
Total Equity		52,836,589	**52,487,262**
Non-current Liabilities			
Deferred tax liabilities		516,784	**528,031**
Other liabilities		53,966	**53,966**
Bank borrowings		1,400,000	**1,400,000**
		1,970,750	**1,981,997**
Current Liabilities			
Trade and other payables	12	639,423	**619,790**
Rental and other deposits		386,278	**400,293**
Tax liabilities		404,599	**414,851**
		1,430,300	**1,434,934**
Total Liabilities		3,401,050	**3,416,931**
Total Equity and Liabilities		56,237,639	**55,904,193**

Notes:

1. GENERAL AND BASIS OF PREPARATION

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

The financial information relating to the year ended 30 June 2018 that is included in the condensed consolidated financial statements for the period from 1 July 2018 to 30 September 2018 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is as follows:

The Company has delivered the consolidated financial statements for the year ended 30 June 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Change of financial year end date

The financial year end date of the Company and its subsidiaries (collectively the "Group") has been changed from 30 June to 31 March as the directors consider such change will (i) enable the Group to rationalise and more efficiently use its resources for the preparation of results announcement as well as interim and annual reports; and (ii) promote "Work-life Balance" for the well-being of our employees, which the Group believes will result in positive impacts on employees' engagement, productivity and business performance. Accordingly, the condensed consolidated financial statements for the current period cover the three-month period from 1 July 2018 to 30 September 2018. The corresponding comparative amounts shown for the condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and related notes cover a six-month period from 1 July 2017 to 31 December 2017 and therefore may not be comparable with amounts shown for the current period.

To facilitate a better understanding of the operating results of the Group when applying the new financial year end date, the financial information presented herein also contains figures for the six-month period from 1 April 2018 to 30 September 2018 and the comparative figures for the six-month period from 1 April 2017 to 30 September 2017, for which the accounting policies applied are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, except that the new and amendments to HKFRSs stated in note 2 are applicable for the period from 1 April 2018 to 30 September 2018.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and method of computation used in the condensed consolidated financial statements for the period from 1 July 2018 to 30 September 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018.

Application of new and amendments to HKFRSs and interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the accounting period beginning on or after 1 July 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

2.1 <u>Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers</u>

The Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue* and the related interpretations.

The Group recognises revenue from the following major sources:

- property investment - leasing of properties and provision of property management and other services;
- hotel, restaurant and catering services; and
- property development - sale of properties.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRSs and interpretation - continued

2.1 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers - continued

Revenue from leasing of properties continues to be accounted for in accordance with HKAS 17 *Leases*. Revenue from provision of property management and other services and hotel, restaurant and catering services, which continues to be recognised over time, and revenue from sales of properties, which continues to be recognised at a point in time, are accounted for under HKFRS 15.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and the related interpretations.

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time using input method by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRSs and interpretation - continued

2.1 Impacts and changes in accounting policies on application of HKFRS 15 Revenue from Contracts with Customers - continued

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The application of HKFRS 15 results in more disclosures, however, it has no material impact on the timing and amounts of revenue recognised in current and prior periods.

2.2 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and lease receivables and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15. All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date. All the Group's financial assets continued to be measured at amortised cost.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRSs and interpretation - continued

2.2 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments - continued

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amount due from a joint venture, and bank balances and cash). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Application of new and amendments to HKFRSs and interpretation - continued

2.2 Impacts and changes in accounting policies on application of HKFRS 9 Financial Instruments - continued

Measurement and recognition of ECL – continued

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment in accordance with HKFRS 9. The application of HKFRS 9 has not resulted in material additional loss allowance against the Group's retained profits.

3. TURNOVER AND SEGMENT INFORMATION

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

The Group is organised into certain business units according to the nature of goods sold or services provided. The Group determines its operating segments based on these units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker (i.e. the executive directors of the Company).

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

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

3. TURNOVER AND SEGMENT INFORMATION - continued

Certain operating segments that do not meet the quantitative thresholds are aggregated in "other operations". Information regarding the above segments is reported below. During the year ended 30 June 2018, the Group disposed of its interest in HHI which carried out all of the Group's toll road investment business through its joint ventures. Segment information for the discontinued operation was shown in separate lines as below.

Segment revenue

	Six months ended 31.12.2017			**Three months ended 30.9.2018**		
	External	Inter-segment	Combined	**External**	**Inter-segment**	**Combined**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***
Property investment	582,638	25,924	608,562	**294,793**	**10,598**	**305,391**
Hotel, restaurant and catering operation	250,194	113	250,307	**115,968**	**24**	**115,992**
Property development	642,501	-	642,501	**394**	**-**	**394**
Power plant	481,620	-	481,620	**214,356**	**-**	**214,356**
Treasury income	42,473	-	42,473	**62,234**	**-**	**62,234**
Other operations	-	61,500	61,500	**-**	**24,750**	**24,750**
Segment revenue from continuing operations	1,999,426	87,537	2,086,963	**687,745**	**35,372**	**723,117**
Segment revenue from discontinued operation (Toll road investment)	1,323,115	-	1,323,115	**-**	**-**	**-**
Total segment revenue	3,322,541	87,537	3,410,078	**687,745**	**35,372**	**723,117**

	Six months ended 30.9.2017			**Six months ended 30.9.2018**		
	External	Inter-segment	Combined	**External**	**Inter-segment**	**Combined**
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)			
Property investment	575,642	41,122	616,764	**597,498**	**41,811**	**639,309**
Hotel, restaurant and catering operation	194,407	104	194,511	**230,879**	**63**	**230,942**
Property development	685,674	-	685,674	**1,599**	**-**	**1,599**
Power plant	453,335	-	453,335	**493,787**	**-**	**493,787**
Treasury income	40,875	-	40,875	**106,606**	**-**	**106,606**
Other operations	-	60,500	60,500	**-**	**58,000**	**58,000**
Segment revenue from continuing operations	1,949,933	101,726	2,051,659	**1,430,369**	**99,874**	**1,530,243**
Segment revenue from discontinued operation (Toll road investment)	1,304,149	-	1,304,149	**24,044**	**-**	**24,044**
Total segment revenue	3,254,082	101,726	3,355,808	**1,454,413**	**99,874**	**1,554,287**

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

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

3. TURNOVER AND SEGMENT INFORMATION – continued

Segment revenue – continued

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

	Six months ended 31.12.2017 HK$'000	**Three months ended 30.9.2018 HK$'000**	Six months ended 30.9.2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Total segment revenue from external customers	3,322,541	**687,745**	3,254,082	**1,454,413**
Less:				
Sale of assets classified as held for sale included in the segment revenue of property development	(227,378)	**-**	(229,512)	**-**
Treasury income	(42,473)	**(62,234)**	(40,875)	**(106,606)**
Share of revenue of joint ventures engaged in:				
Toll road investment	(1,323,115)	**-**	(1,304,149)	**(24,044)**
Power plant	(481,620)	**(214,356)**	(453,335)	**(493,787)**
Property development and property investment	(148,510)	**(7,410)**	(203,576)	**(15,205)**
Turnover as presented in the condensed consolidated statement of profit or loss and other comprehensive income *	1,099,445	**403,745**	1,022,635	**814,771**

* Turnover for the three months ended 30 September 2018 consists of revenue from leasing of properties under property investment in Hong Kong of HK$231,910,000 under HKAS 17 , revenue from provision of property management and other services under property investment in Hong Kong of HK$55,473,000, revenue from provision of hotel, restaurant and catering services in Hong Kong of $115,968,000 and revenue from sales of properties under property development in the PRC of HK$394,000 which are revenue from contracts with customers.

Segment results

	Six months ended 31.12.2017				**Three months ended 30.9.2018**			
	The Company and subsidiaries HK$'000	Joint ventures HK$'000	Associate HK$'000	Total HK$'000	**The Company and subsidiaries HK$'000**	**Joint ventures HK$'000**	**Associate HK$'000**	**Total HK$'000**
Property investment	385,435	7,387	886	393,708	**187,519**	**4,071**	**414**	**192,004**
Hotel, restaurant and catering operation	68,004	-	-	68,004	**20,871**	**-**	**-**	**20,871**
Property development	219,464	30,062	-	249,526	**(5,336)**	**-**	**-**	**(5,336)**
Power plant	(434)	6,195	-	5,761	**(225)**	**8,600**	**-**	**8,375**
Treasury income	42,473	-	-	42,473	**62,234**	**-**	**-**	**62,234**
Other operations	(58,164)	-	-	(58,164)	**(31,178)**	**-**	**-**	**(31,178)**
Segment results from continuing operations	656,778	43,644	886	701,308	**233,885**	**12,671**	**414**	**246,970**
Segment results from discontinued operation (Toll road investment)	(6,122)	440,416	-	434,294	**-**	**-**	**-**	**-**
Total segment results	650,656	484,060	886	1,135,602	**233,885**	**12,671**	**414**	**246,970**

3. TURNOVER AND SEGMENT INFORMATION - continued

Segment results – continued

	Six months ended 30.9.2017				**Six months ended 30.9.2018**			
	The Company and subsidiaries	Joint ventures	Associate	Total	**The Company and subsidiaries**	**Joint ventures**	**Associate**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(FOR INFORMATION PURPOSE ONLY)							
Property investment	363,498	5,414	1,283	370,195	**377,156**	**7,622**	**792**	**385,570**
Hotel, restaurant and catering operation	26,439	-	-	26,439	**38,016**	**-**	**-**	**38,016**
Property development	193,057	30,602	-	223,659	**(11,535)**	**753**	**-**	**(10,782)**
Power plant	(487)	1,462	-	975	**(548)**	**14,604**	**-**	**14,056**
Treasury income	40,875	-	-	40,875	**106,606**	**-**	**-**	**106,606**
Other operations	(55,452)	-	-	(55,452)	**(69,694)**	**-**	**-**	**(69,694)**
Segment results from continuing operations	567,930	37,478	1,283	606,691	**440,001**	**22,979**	**792**	**463,772**
Segment results from discontinued operation (Toll road investment)	(15,025)	476,684	-	461,659	**-**	**7,975**	**-**	**7,975**
Total segment results	552,905	514,162	1,283	1,068,350	**440,001**	**30,954**	**792**	**471,747**

Segment results represent the profit/loss of each segment without allocation of fair value gain of completed investment properties of the Group and that of a joint venture, gain on disposal of HHI and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The share of profits of joint ventures and associates for the three months ended 30 September 2018 shown above includes share of tax of joint ventures and associates of approximately HK$4,760,000 (for the six months ended 31.12.2017: HK$184,436,000) and HK$82,000 (for the six months ended 31.12.2017: HK$164,000) respectively.

Depreciation of property, plant and equipment charged to profit or loss for the three months ended 30 September 2018 is HK$17,635,000 (for the six months ended 31.12.2017: HK$37,057,000).

	Six months ended 31.12.2017	**Three months ended 30.9.2018**	Six months ended 30.9.2017	**Six months ended 30.9.2018**
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
			(FOR INFORMATION PURPOSE ONLY)	
Segment results	1,135,602	**246,970**	1,068,350	**471,747**
Fair value gain of completed investment properties	1,351,394	**290,678**	953,745	**1,053,395**
Share of fair value gain of completed investment properties of a joint venture	-	**-**	-	**25,225**
Finance costs	(8,654)	**(2,356)**	(7,569)	**(5,466)**
Less: Segment results from discontinued operation	(434,294)	**-**	(461,659)	**(7,975)**
Profit before taxation from continuing operations	2,044,048	**535,292**	1,552,867	**1,536,926**

4. OTHER INCOME

	Six months ended 31.12.2017 *HK$'000*	**Three months ended 30.9.2018** ***HK$'000***	Six months ended 30.9.2017 *HK$'000* (FOR INFORMATION PURPOSE ONLY)	Six months ended **30.9.2018** ***HK$'000*** (FOR INFORMATION PURPOSE ONLY)
Included in other income from continuing operations are:				
Interest income from bank deposits	42,473	**62,234**	40,875	**106,606**

5. OTHER GAINS AND LOSSES

	Six months ended 31.12.2017 *HK$'000* (restated)	**Three months ended 30.9.2018** ***HK$'000***	Six months ended 30.9.2017 *HK$'000* (FOR INFORMATION PURPOSE ONLY)	Six months ended **30.9.2018** ***HK$'000*** (FOR INFORMATION PURPOSE ONLY)
Continuing operations				
Exchange gain (loss), net	981	**(102)**	1,660	**(2,364)**

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

6. FINANCE COSTS

	Six months ended 31.12.2017 *HK$'000*	**Three months ended 30.9.2018** ***HK$'000***	Six months ended 30.9.2017 *HK$'000* (FOR INFORMATION PURPOSE ONLY)	Six months ended **30.9.2018** ***HK$'000*** (FOR INFORMATION PURPOSE ONLY)
Continuing operations				
Interests on bank borrowings	19,326	**9,164**	16,264	**17,653**
Loan commitment fees and others	11,384	**4,063**	10,237	**9,796**
	30,710	**13,227**	26,501	**27,449**
Less: Finance costs capitalised in properties under development	(22,056)	**(10,871)**	(18,932)	**(21,983)**
	8,654	**2,356**	7,569	**5,466**

7. SHARE OF PROFITS OF JOINT VENTURES

	Six months ended 31.12.2017 HK$'000 (restated)	**Three months ended 30.9.2018 HK$'000**	Six months ended 30.9.2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Continuing operations				
Power plant project in the PRC				
Share of profit of a joint venture	6,195	**8,600**	1,462	**14,604**
Property development project (The Avenue and Lee Tung Avenue)				
Share of profits of joint ventures from sales and leasing of properties	37,449	**4,071**	36,016	**8,375**
Share of fair value gain of completed investment properties	-	**-**	-	**25,225**
	37,449	**4,071**	36,016	**33,600**
	43,644	**12,671**	37,478	**48,204**

8. INCOME TAX EXPENSE

	Six months ended 31.12.2017 HK$'000 (restated)	**Three months ended 30.9.2018 HK$'000**	Six months ended 30.9.2017 HK$'000 (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018 HK$'000** (FOR INFORMATION PURPOSE ONLY)
Continuing operations				
Hong Kong Profits Tax				
Current period	49,779	**21,513**	36,012	**36,181**
Overprovision in respect of prior periods	(73)	**-**	(499)	**(391)**
	49,706	**21,513**	35,513	**35,790**
Taxation elsewhere - current period				
PRC Enterprise Income Tax (“EIT”)	38,251	**1,276**	32,030	**2,851**
PRC Land Appreciation Tax ("LAT")	77,514	**182**	63,876	**610**
	115,765	**1,458**	95,906	**3,461**
Deferred tax	24,453	**11,246**	31,549	**27,660**
	189,924	**34,217**	162,968	**66,911**

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

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 the periods presented.

For the three months ended 30 September 2018, PRC EIT includes no PRC withholding tax on dividends declared by the Group's joint ventures (for the six months ended 31.12.2017: HK$41,454,000).

8. INCOME TAX EXPENSE - continued

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

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

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended 31.12.2017	**Three months ended 30.9.2018**	Six months ended 30.9.2017 (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018**
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
Continuing and discontinued operations				
Earnings for the purpose of basic earnings per share				
Profit for the period attributable to owners of the Company	2,110,297	**499,792**	1,662,653	**6,592,783**
	Number of shares	**Number of shares**	Number of shares	**Number of shares**
Weighted average number of ordinary shares for the purpose of basic earnings per share	869,839,121	**868,620,621**	869,839,121	**869,181,810**

No diluted earnings per share have been presented as there was no potential ordinary shares in issue for the periods presented.

	Six months ended 31.12.2017	**Three months ended 30.9.2018**	Six months ended 30.9.2017 (FOR INFORMATION PURPOSE ONLY)	**Six months ended 30.9.2018**
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
Continuing operations				
Earnings for the purpose of basic earnings per share				
Profit for the period from continuing operations attributable to owners of the Company	1,848,091	**499,792**	1,384,847	**1,467,876**
Discontinued operation				
Earnings for the purpose of basic earnings per share				
Profit for the period from discontinued operation attributable to owners of the Company	262,206	**-**	277,806	**5,124,907**
	HK$	**HK$**	HK$	**HK$**
Earnings per share				
From discontinued operation				
Basic	0.31	**-**	0.32	**5.90**

The denominators used are the same as those detailed above for basic earnings per share of continuing and discontinued operations.

9. DIVIDENDS

	Six months ended 31.12.2017 *HK$'000*	**Three months ended 30.9.2018** ***HK$'000***
Cash dividends recognised as distribution during the period:		
Final dividend for the year ended 30 June 2017 of HK75 cents per share	652,379	**-**
Special final dividend for the year ended 30 June 2017 of HK45 cents per share	391,428	**-**
Second interim dividend for the year ended 30 June 2018 of HK88 cents per share (for the six months ended 31.12.2017: nil)	-	**764,386**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(86)	**(63)**
	1,043,721	**764,323**
Cash dividends declared after the end of the reporting period:		
First interim dividend for the period ending 31 March 2019 of HK30 cents per share (for the six months ended 31.12.2017: for the year ended 30 June 2018 of HK55 cents per share)	478,412	**260,586**
Less: Dividends for shares held by HHL Employees' Share Award Scheme Trust	(40)	**(22)**
	478,372	**260,564**

Subsequent to 30 September 2018, the Directors declared a first interim dividend of HK30 cents per share for the financial period ending 31 March 2019, which shall be paid to the shareholders of the Company registered as at the close of business on 15 November 2018.

The amount of first interim dividend declared for the period ending 31 March 2019 is calculated based on 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 condensed consolidated financial statements.

10. 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 allowance for doubtful debts by age, presented based on the invoice date:

	30.6.2018	**30.9.2018**
	HK$'000	***HK$'000***
Receivables aged		
0 to 30 days	19,881	**21,572**
31 to 60 days	1,615	**3,032**
Over 60 days	5,469	**7,518**
	26,965	**32,122**
Interest receivable on bank deposits	14,464	**16,902**
	41,429	**49,024**

11. TRADE AND OTHER PAYABLES

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

	30.6.2018	**30.9.2018**
	HK$'000	***HK$'000***
Payables aged		
0 to 30 days	69,575	**54,315**
31 to 60 days	1,707	**1,663**
Over 60 days	27,909	**39,158**
	99,191	**95,136**
Retentions payable	44,806	**48,350**
Amount due to a minority shareholder of a subsidiary	19,772	**19,772**
Amount due to an associate	833	**833**
Accrued construction and other costs	412,802	**392,290**
Accrued staff costs	60,987	**62,128**
Accrued interest on bank borrowings	1,032	**1,281**
	639,423	**619,790**

GLOSSARY

"1H FY15"	the first half of financial year for the twelve months ended 31 March 2015
"1H FY16"	the first half of financial year for the twelve months ended 31 March 2016
"1H FY17"	the first half of financial year for the twelve months ended 31 March 2017
"1H FY18"	the first half of financial year for the twelve months ended 31 March 2018
"1H FY19"	the first half of financial year for the twelve months ending 31 March 2019
"2H FY19"	the second half of financial year for the twelve months ending 31 March 2019
"AEI"	Asset Enhancement Initiative
"ASEAN"	the Association of Southeast Asian Nations
"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
"CBD2"	Central business district in Kowloon East, Hong Kong
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company" or "HHL" or "Hopewell Holdings"	Hopewell Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 54)
"Core profit"	represents profit attributable to owners of the Company excluding fair value gain of completed investment properties and profit from en bloc sale of entire project
"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
"FY15"	the financial year for the twelve months ended 31 March 2015
"FY16"	the financial year for the twelve months ended 31 March 2016
"FY17"	the financial year for the twelve months ended 31 March 2017
"FY18"	the financial year for the twelve months ended 31 March 2018
"FY19"	the financial year for the twelve months ending 31 March 2019
"FY20"	the financial year for the twelve months ending 31 March 2020
"FY21"	the financial year for the twelve months ending 31 March 2021
"GDP"	gross domestic product

"GFA"	gross floor area
"Government" or "Hong Kong Government"	the Government of Hong Kong
"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
"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, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Codes: 737 (HKD Counter) and 80737 (RMB Counter))
"HHI Disposal"	disposal of approximately 66.69% of total number of issued shares of Hopewell Highway Infrastructure Limited by Anber Investment Limited (the wholly-owned subsidiary of the Company) to Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd
"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
"JV/JVs"	joint venture/ ventures
"KITEC"	Kowloonbay International Trade & Exhibition Centre
"KITEC F&B"	IT Catering & Services Limited, the food and beverage operations of KITEC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macau"	the Macao Special Administrative Region of PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"MWh"	megawatt hour

"Occupancy Rate(s)"	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
"PRC" or "China"	the People's Republic of China
"QRE"	Queen's Road East
"RMB"	Renminbi, the lawful currency of PRC
"sq.ft."	square foot
"sq.m."	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"The Belt and Road initiative"	The Silk Road Economic Belt and the 21st-Century Maritime Silk Road
"URA"	Urban Renewal Authority
"US" or "United States"	the United States of America
"USD", "US$" or "US Dollar(s)"	US Dollars, the lawful currency of the United States
"VAT"	value-added tax
"YoY" or "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 (Deputy Chairman and 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; three Non-executive Directors namely, Lady WU Ivy Sau Ping KWOK, Mr. Carmelo Ka Sze LEE and Mr. Guy Man Guy WU; and five Independent Non-executive Directors namely, Ms. Linda Lai Chuen LOKE, Mr. Sunny TAN, Dr. Gordon YEN, Mr. Ahito NAKAMURA and Mr. Yuk Keung IP.