



HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

Stock Codes: 737 (HKD counter) & 80737 (RMB counter)



Interim Report 2016/17

Hopewell Highway Infrastructure Limited (“HHI”) (stock codes: 737 (HKD counter) and 80737 (RMB counter)), listed on the Stock Exchange since August 2003, builds and operates strategic expressway infrastructure in Guangdong Province. With the strong support and well established experience of its listed parent, Hopewell Holdings Limited (stock code: 54), HHI focuses on the initiation, promotion, development, investment and operation of toll expressways and bridges, particularly in the thriving Pearl River Delta region.

CONTENTS

2	Group Results
8	Dividend
9	Business Review
28	Financial Review
34	Corporate Sustainability
36	Other Information
43	Report on Review of Condensed Consolidated Financial Statements
44	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
45	Condensed Consolidated Statement of Financial Position
46	Condensed Consolidated Statement of Changes in Equity
48	Condensed Consolidated Statement of Cash Flows
49	Notes to the Condensed Consolidated Financial Statements
60	Appendix — Condensed Consolidated Financial Information (Prepared under Proportionate Consolidation Method)
63	10-Year Financial Summary
66	Corporate Information and Key Dates
67	Glossary

Group Results

The Board is pleased to announce that the Group's unaudited interim results for the six months ended 31 December 2016 presented in RMB (million) were as follows:

RMB million	Six months ended 31 December									
	2015					2016				
	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	Net toll revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results
Project contributions (HHI's share):										
GS Superhighway ^{Note 1}	757	638	(210)	(138)	290	791	662	(228)	(160)	274
Western Delta Route	266	222	(86)	(117)	19	301	253	(107)	(95)	51
– Phase I West	52	40	(11)	(7)	22	56	44	(14)	(6)	24
– Phase II West	158	136	(49)	(54)	33	180	157	(58)	(40)	59
– Phase III West	56	46	(26)	(56)	(36)	65	52	(35)	(49)	(32)
Total	1,023	860	(296)	(255)	309	1,092	915	(335)	(255)	325
Year-on-year change						+7%	+6%	+13%	0%	+5%
Corporate results:										
Bank deposits interest income					17					14
Interest income from loans made by the Group to a JV company					9					–
Other income					1					–
General and administrative expenses and depreciation					(17)					(18)
Finance costs					(3)					(0)
Income tax expenses					(1)					–
Sub-total					6					(4)
Profit before net exchange loss (after deduction of related income tax)					315					321
Year-on-year change										+2%
Net exchange loss (after deduction of related income tax)					(60)					(49)
Profit for the period					255					272
Profit attributable to non-controlling interests					(4)					(5)
Profit attributable to owners of the Company					251					267
Year-on-year change										+6%

Note 1: Excluding exchange differences on US Dollar and HK Dollar loans, and related income tax.

During the period under review, the Group's share of the aggregate net toll revenues of its expressway projects increased by 7% from RMB1,023 million to RMB1,092 million. The GS Superhighway's growth momentum persisted with net toll revenue increased by 4%. The Western Delta Route continued to record healthy growth, with a 13% increase in net toll revenue to RMB301 million. GS Superhighway, Phase I West, Phase II West and Phase III West contributed 73% (RMB791 million), 5% (RMB56 million), 16% (RMB180 million) and 6% (RMB65 million) respectively to the Group's share of aggregate net toll revenues.

Given healthy core operation, the Group's share of the aggregate EBITDA of toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 6% from RMB860 million to RMB915 million. The rise in the Western Delta Route's toll revenue led to a 14% EBITDA growth from RMB222 million to RMB253 million.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV increased by 8% from RMB210 million to RMB228 million as a result of persistent growth in its full-length equivalent traffic and additional improvement works were completed. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Hence, the Group's share of aggregate depreciation and amortisation charges increased by 13% to RMB335 million.

During the period under review, the increase in interest expenses of the GS Superhighway JV was mainly attributable to an additional 8-year bank loan of RMB2 billion (JV company level) drawn in August 2016 to reimburse past capital expenditure funded by its shareholders. In June 2016, the West Route JV entered into agreement with the bank to lower the lending rate of Phase I West's bank loan with outstanding principal of RMB539 million (JV company level) by 10% to 4.635%. Moreover, Phase II West's new financial plan was completed during the first half of FY16. The increase in registered capital in Phase II West totalling approximately RMB636 million had been completed. After the additional project bank loan raised by the West Route JV in October 2015, the remaining shareholder's loan advanced by the Group to the West Route JV as interim financing for Phase II West was repaid. Thus, both the interest expenses of Phase I West and Phase II West fell. In addition, a series of PBOC's lending rate cuts for RMB loan announced on 21 November 2014, 28 February 2015, 10 May 2015, 27 June 2015, 25 August 2015 and 23 October 2015 benefited the West Route JV by lowering its finance costs.

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

The increase in GS Superhighway's net toll revenue was mainly offset by the increased interest expenses as a result of the additional RMB2 billion bank loan leading to a 6% decrease in its net profit to RMB274 million. Due to continuous growth in toll revenue and traffic, as well as the PBOC lending rate cuts, the Western Delta Route first turned profitable in FY16, and net profit shared by the Group surged 168% year-on-year to RMB51 million during the period under review from RMB19 million in the last corresponding period. Net loss of Phase III West reduced from RMB36 million to RMB32 million. Overall, the aggregate net profit of the four projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans as well as the related income tax) increased by 5%, from RMB309 million to RMB325 million.

The Group repaid all the corporate bank loans by the second half of FY16, resulting in a decrease in finance costs during the period under review. On the other hand, following the full repayment by the West Route JV in October 2015, the shareholder's loan advanced by the Group to the West Route JV as interim financing for Phase II West decreased by RMB212 million and RMB788 million during the second half of FY15 and the first half of FY16 respectively, reducing the Group's interest income. Thus, the Group's total interest income (including that on bank deposits and shareholder's loan advanced to the West Route JV) decreased from RMB26 million to RMB14 million during the period under review. Given the drop in finance costs was offset by the fall in total interest income, the net interest income at corporate level decreased from RMB23 million to RMB14 million, resulting in a drop in profit from RMB6 million to a loss of RMB4 million at the corporate level.

The Group's profit before net exchange loss (after deduction of the related income tax) increased by 2% from RMB315 million to RMB321 million during the period under review. This was mainly attributable to the increase in net profit of the four expressway projects was offset by the fall in net interest income at corporate level. However, net exchange loss on the GS Superhighway JV's US Dollar and HK Dollar loans shared by the Group during the period under review reduced to RMB49 million from RMB60 million in the last corresponding period. As a result, the profit attributable to owners of the Company increased by 6% from RMB251 million to RMB267 million or RMB8.68 cents per share, as core operations grew and net exchange loss narrowed.

The Group believes that FY17 is still a challenging year, given possible depreciation of RMB against US Dollar and HK Dollar and the US interest rate rise in December 2016 impacting the GS Superhighway JV's US Dollar and HK Dollar loans. For every 1% depreciation in RMB, the Group's net profit will drop by approximately RMB10 million, while for every 1% increase in US interest rate, the Group's net profit will drop by approximately RMB10 million. Nevertheless, the Company remains positive on the future performance of the Group, given the Group's net profit growth is supported by (i) the persistent growth momentum of GS Superhighway and Western Delta Route; (ii) a series of PBOC's lending rate cuts for RMB loan since November 2014 benefits the West Route JV by lowering its finance costs, which will be reduced by approximately RMB40 million (HHI's share) for every 1% lending rate cut. The Group's share of interest expenses of the West Route JV is expected to be saved by approximately RMB58 million and RMB61 million in FY17 and FY18 respectively; (iii) the Western Delta Route first turned profitable in FY16 given healthy net toll revenue growth and PBOC lending rate cuts. EBITDA (JV company level) increased to approximately RMB886 million in FY16 and it is targeted to increase by approximately RMB100 million per year until the HZM Bridge opens in 2018; (iv) interest expenses of the Phase I West's bank loan with outstanding principal of RMB539 million (JV company level) has been reduced by 10% upon agreement with the bank effective from June 2016, which will reduce the Group's interest expenses by RMB1.4 million in FY17 (HHI's share); (v) the West Route JV entered into agreement with syndicated banks to lower the borrowing rate of Phase III West's bank loan, which has outstanding principal of RMB3,840 million (JV company level), by 10% to 4.41%. This will have an estimated half year impact of reducing the Group's interest expenses by RMB3 million in FY17 (HHI's share); (vi) interest expenses of the West Route JV has been further lowered after utilising its surplus cash on hand to prepay bank loan principal of RMB373 million (JV company level) due in 2017 by September 2016 and over 37% or RMB162 million out of RMB435 million (JV company level) due in 2018 by end of December 2016. Moreover, no further capital expenditure is needed from the Group in respect of the Western Delta Route, which is financially self-sufficient until at least 2022, where two more years have been extended from previous estimate due to the persistent growth in toll revenue of Western Delta Route.

The Group believes that HHI's net profit for FY17 will be supported by the healthy core operations of GS Superhighway and Western Delta Route. In light of HHI's strong financial position, the Board believes that the Group's target payout ratio of approximately 100% on a full-year basis is sustainable. Net cash at HHI corporate level of RMB523 million as at 31 December 2016 and steady dividend from the GS Superhighway JV provide solid bases for strong dividend. It is expected that dividend from the GS Superhighway JV to the Group will amount to approximately RMB700 million in 2017, which is more than the Group's annual regular dividend to shareholders in FY16. Moreover, in view of the healthy growth in toll revenue, the West Route JV targets to distribute dividend to the Group starting from 2020 the earliest.

Pursuant to the joint venture agreement, the Group's profit sharing ratio in the GS Superhighway JV will be adjusted from 48% to 45% starting from 1 July 2017 for the next ten years until the end of its contractual operation period, i.e. 30 June 2027. Such adjustment will have a one-off impact on the Group's results for FY18 as compared to FY17.

The financial position of the Group comprised the assets and liabilities of HHI corporate level and the Group's share of assets and liabilities of its two PRC JV companies, namely the GS Superhighway JV and the West Route JV.

HHI Corporate Level

	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
Bank balances and cash	652	523	Other liabilities	7	10
Other assets	6	7			
	658	530		7	10
			Net assets value of HHI corporate	651	520

Share of JV Companies

GS Superhighway JV (HHI's shared portion)

	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
Bank balances and cash	212	195	Bank loans		
Concession intangible assets	5,239	5,059	– USD	1,248	1,288
Property & equipment	212	237	– HKD	155	153
Other assets	43	18	– RMB	–	960
			Other liabilities	665	640
	5,706	5,509		2,068	3,041
			Net assets value of GS Superhighway JV	3,638	2,468

West Route JV (HHI's shared portion)

	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
Bank balances and cash	50	57	Bank loans	4,028	3,881
Concession intangible assets	6,392	6,314	Other liabilities	253	266
Property & equipment	253	245			
Other assets	16	12			
	6,711	6,628		4,281	4,147
			Net assets value of West Route JV	2,430	2,481
	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
			Total liabilities	6,356	7,198
			Equity attributable to owners of the Company	6,673	5,440
			Non-controlling interests	46	29
Total Assets ^{Note 1}	13,075	12,667	Total Equity & Liabilities	13,075	12,667
			Total net assets	6,719	5,469

Note 1: Excluding elimination of the Group's balance with JV company prepared under proportionate consolidation method.

Dividend

On 4 January 2017, the Board declared an interim dividend of RMB8.6 cents per share (equivalent to HK9.59416 cents per share) in respect of the financial year ending 30 June 2017 (30 June 2016: an interim dividend of RMB8.4 cents per share (equivalent to HK9.9737 cents per share)) to be paid on Wednesday, 22 February 2017 to the shareholders of the Company registered as at the close of business on Thursday, 19 January 2017. This represents a payout ratio of 99.1% of the Group's profit attributable to owners of the Company for the six months period ended 31 December 2016. The interim dividend will be payable in cash in RMB, HK Dollars, or a combination of these currencies, at the exchange rate of RMB1:HK\$1.11560 as published by The People's Bank of China on 4 January 2017 and shareholders have been given the option of electing to receive the interim dividend in either RMB, HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 8 February 2017. **If no dividend election is made by a shareholder, such shareholder will receive the interim dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Business Review

During the period under review, the aggregate average daily toll revenue of the GS Superhighway and the Western Delta Route grew by 7% year-on-year to RMB12.6 million and the combined total toll revenue amounted to RMB2,318 million.

The growth momentum of the GS Superhighway has persisted ever since the second half of FY15. During the period under review, its average daily toll revenue increased by 4% year-on-year to RMB9.2 million and returned to the peak level recorded in the first half of FY14 after the tariff cut in June 2012. Meanwhile, the average daily full-length equivalent traffic grew by 6% year-on-year to 99,000 vehicles and reached a historical high. In particular, the year-on-year growth of average daily toll revenue and average daily full-length equivalent traffic in the fourth quarter of 2016 were stronger than that of 2016's corresponding averages. The growth was supported by the stable economic environments in Guangzhou, Dongguan and Shenzhen.

The average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route posted healthy growth at 13% and 16% year-on-year to RMB3.4 million and 46,000 vehicles respectively, both of which had reached historical high levels. In particular, the year-on-year growth of average daily toll revenue and average daily full-length equivalent traffic in the fourth quarter of 2016 were stronger than that of 2016's corresponding averages. The robust performance was supported by the healthy economic environments in Guangzhou, Foshan, Zhongshan and Zhuhai and the positive impacts generated from the maintenance works on certain local roads nearby since mid-August 2016. The average daily toll revenue and average daily full-length equivalent traffic of Phase I West grew by 8% and 10% year-on-year, amounting to RMB628,000 and 54,000 vehicles respectively, while that of Phase II West were RMB2,013,000 and 60,000 vehicles, representing a growth of 14% and 16% respectively. Phase III West's average daily toll revenue and average daily full-length equivalent traffic grew by 17% and 20% year-on-year to RMB732,000 and 26,000 vehicles respectively.

The Group's shared aggregate net toll revenue increased by 7% year-on-year to RMB1,092 million during the period under review, with the GS Superhighway and the Western Delta Route contributing 73% and 27% respectively, compared to 74% and 26% respectively during the same period in FY16.

Financial Year	1H FY16	1H FY17	% Change
At JV company level			
GS Superhighway			
Average Daily Toll Revenue [^] (RMB '000)	8,839	9,225	+4%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	93	99	+6%
Western Delta Route			
Average Daily Toll Revenue [^] (RMB '000)	2,973	3,373	+13%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	40	46	+16%
Phase I West			
Average Daily Toll Revenue [^] (RMB '000)	581	628	+8%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	49	54	+10%
Phase II West			
Average Daily Toll Revenue [^] (RMB '000)	1,768	2,013	+14%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	52	60	+16%
Phase III West			
Average Daily Toll Revenue [^] (RMB '000)	624	732	+17%
Average Daily Full-Length Equivalent Traffic* (No. of vehicles '000)	22	26	+20%

[^] Including tax

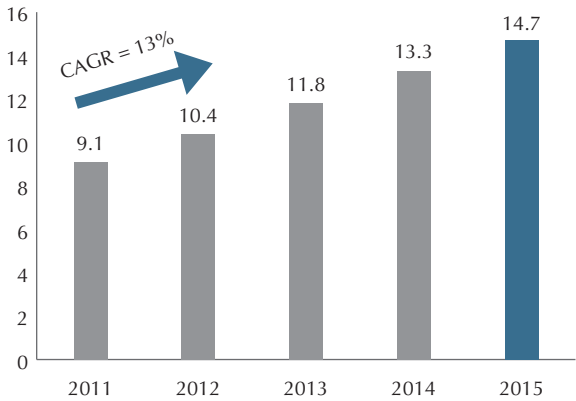
* Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the period under review. It can better reflect road usage as it takes into account total travelling distance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

Economic Environment

Despite weak external demand and political instability in overseas market, the Chinese economy remained resilient and experienced a stable growth in 2016. During the first three quarters of 2016, Mainland China and Guangdong achieved GDP growth of 6.7% and 7.3% respectively and the market expected the growth would maintain at a similar level in the fourth quarter of 2016. The growth rates were within the target range set early at the beginning of the year and it showed that the economy was growing on a firm footing.

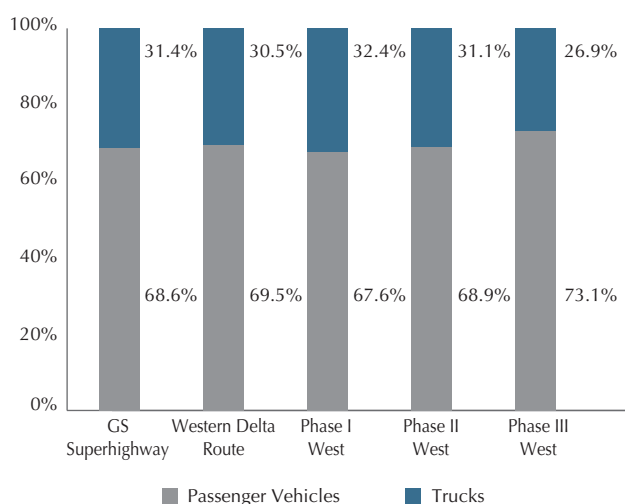
From 2011 to the end of 2015, total length of expressways in Guangdong reached 7,021 km with a compound annual growth rate of 9%. On the other hand, continuous demand for road usage was reflected by the growing registered car population, which achieved a compound annual growth of 13% during the same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

Guangdong's registered car population
(No. of vehicles in million)

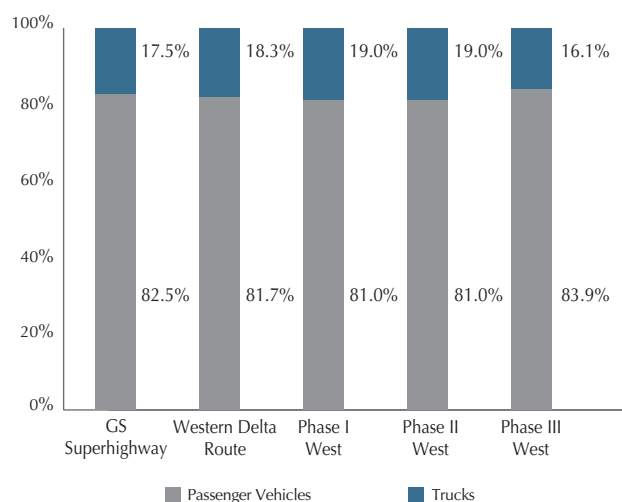


At the end of 2015, registered car population in Mainland China had already exceeded 160 million and the number of vehicles keeps on rising. Annual vehicle sales in Mainland China in 2016 increased by 14% to approximately 28 million units which was the highest in history, according to the China Association of Automobile Manufacturers. The market benefited from the implementation of purchase tax cut from 10% to 5% for passenger cars with engines no larger than 1.6 litres from 1 October 2015 to the end of 2016. The tax rate increased to 7.5% in 2017, and it will return to the statutory rate, i.e. 10%, starting from 2018. In 2016, Mainland China remained the largest vehicle sales market in the world for the eighth consecutive year. The Company believes that the GS Superhighway and the Western Delta Route will continue to benefit from the growth of car population in Mainland China and Guangdong, which is driven mainly by the growth of passenger car sales.

Toll Revenue Contribution (1H FY17)



Full-Length Equivalent Traffic Contribution (1H FY17)

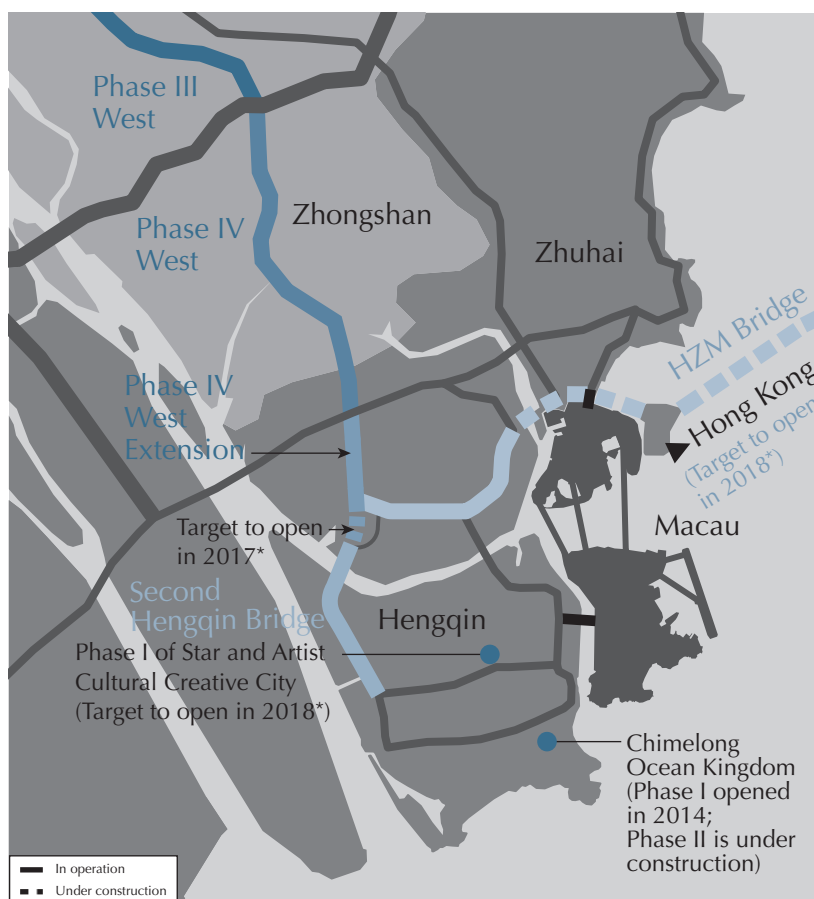


Growth Potential of the Western Delta Route

The Western Delta Route is a 97.9-km closed expressway with a total of 6 lanes in dual directions which comprises Phase I West, Phase II West and Phase III West. It is the most direct and convenient expressway artery in the regional expressway network on the western bank of the PRD region, running from north to south through the most prosperous and populous cities namely Guangzhou, Foshan, Zhongshan and Zhuhai. It offers direct and convenient access to the Hengqin State-level Strategic New Zone, and via its connection with the forthcoming HZM Bridge, to Hong Kong. The healthy economic development of the four main cities on the western bank of the PRD region, namely Guangzhou, Foshan, Zhongshan and Zhuhai with GDP growth of 7.8%–8.5% in the first three quarters of 2016, created solid demand for transportation along the Western Delta Route.

The Western Delta Route is located at the heart and runs along the central axis of the western bank of the PRD region. It is well connected with the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway, Western Coastal Expressway, and will link up with the forthcoming HZM Bridge, Guangzhou-Zhongshan-Jiangmen Expressway, Humen Second Bridge and Shenzhen-Zhongshan Corridor (these infrastructures will open to traffic by 2018, 2019, 2019 and 2023 respectively, according to the media reports) to form a comprehensive regional expressway network. Moreover, the construction of a direct expressway link between the southern end of the Western Delta Route and Second Hengqin Bridge will be completed shortly and opened to traffic in the coming months. This new connection will further strengthen the position of the Western Delta Route as a north-south corridor on the western bank of the PRD region, making it the only expressway artery facilitating traffic to and fro Guangzhou and Hengqin. In addition, the Zhuhai Link Road, which is connected to the southern end of Phase IV West Extension and the HZM Bridge, was partially opened to traffic on 9 September 2016. Now it provides a direct linkage to the city centre of Zhuhai and will further connect to the HZM Bridge after full completion. The Company believes that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

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



* According to media

Hengqin in Zhuhai is the third State-level Strategic New Zone following Shanghai's Pudong District and Tianjin's Binhai District in China. It is also being incorporated as part of the China (Guangdong) Pilot Free Trade Zone which was established in April 2015. Hengqin is being positioned as a new growth hub focusing on the development of business services, tourism, entertainment and technological research. Numerous key development projects, including commercial landmarks, hotels and tourist attractions, will be completed in the coming few years. According to the media reports, the committed total project investments in Hengqin have reached over RMB320 billion at the end of 2016. Among which, Chimelong International Ocean Tourist Resort is one of the signature projects and the major contributor to tourism in Hengqin. Approximately 34 million tourists visited the resort since its official opening in March 2014. It will be further expanded in the future by its phase two project which is under construction since January 2015. Moreover, Phase one of Lai Sun Group's Star and Artist Cultural Creative City, another signature project focused on culture and recreation industries with theme hotels, targets to open in 2018 according to the media. The Macao government also drives the development in Hengqin by recommending projects to the Guangdong-Macao Cooperation Industrial Park. Among 33 qualified Macao-funded projects proposed in April 2014, 12 projects had started construction and will be completed from 2018 onwards as reported by the media. In addition to the initial recommendation, 50 new local projects were presented to the Hengqin authority for consideration in November 2016 to further expand the industrial park. Apart from project development, Zhuhai is becoming a premier venue for holding international events. The China International Circus Festival will be held annually instead of biennially since 2016 while Airshow China will remain a biennial event to be held in Zhuhai. The progressive development in Hengqin will strengthen the demand for transportation in the region.

Hengqin's Developments

CY 2014 2015 2016 2017 2018 2019 2020 >>>

Projects

Chimelong International Ocean Tourist Resort Phase 1					Opened in March 2014		
Chimelong International Ocean Tourist Resort Phase 2				Started construction			Target opening in 2020*
Phase I of Lai Sun Group's Star and Artist Cultural Creative City				Started construction		Target opening in end-2018*	
Ferretti Yacht Asia-Pacific Center				Started construction		Target opening in 2018*	
Guangdong-Macao Cooperation Industrial Park				Started construction		Target completion from 2018 onwards*	

Infrastructure

Macau Cotai-Hengqin Border Crossing 24-hour opening		Started since December 2014					
Hengqin Second Bridge			Opened in December 2015				

* According to media

On the other hand, newly established gaming resorts and hotels in Macau have helped to promote tourism. In 2015 and 2016, new projects completed in Cotai, namely Galaxy Macau Phase Two, Studio City, Wynn Palace and the Parisian Macao, helped to attract more tourists and they altogether provided a total of over 7,500 guest rooms. Besides, there are other notable projects still under construction. MGM Cotai is expected to open in the second half of 2017 and Grand Lisboa Palace will be completed by the end of 2017 according to the media reports. These new landmarks will provide fresh experience of entertainment and hospitality in the region, propelling a second wave of growth in Macau's tourism. Furthermore, after the implementation of 24-hour opening of border crossing for passengers and passenger cars between Macau and Hengqin since 18 December 2014, the cross border traffic flow was boosted. The average daily cross border passenger flow and vehicular traffic between Cotai and Hengqin grew robustly by 70% and 23% to 24,000 journeys and 3,000 vehicles respectively in the first eleven months of 2016 when compared to the same period before this 24-hour opening policy in effect in 2014. The Western Delta Route, being the most direct and the shortest expressway from Guangzhou to Hengqin and Macau, will benefit from the increased demand for passenger and freight transportation brought along by the developments of the region.

Toll Road Policies

Traffic restriction during peak hours in Shenzhen

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

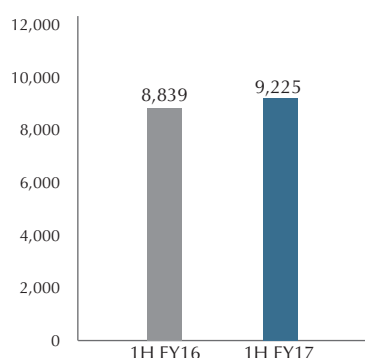
Regulation on the Administration of Toll Roads (Amendment Proposal)

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

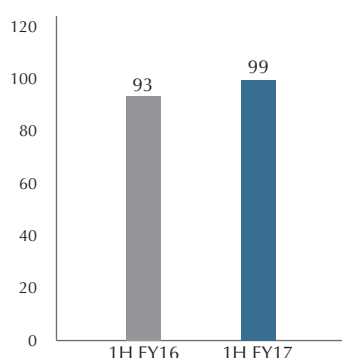
Guangzhou-Shenzhen Superhighway

The GS Superhighway is the main expressway connecting the PRD region's three major cities — Guangzhou, Dongguan, Shenzhen and Hong Kong. After the full opening of the Coastal Expressway at the end of 2013, the GS Superhighway returned to positive growth ever since the second half of FY15. During the period under review, steady growth has been maintained. The average daily toll revenue increased by 4% year-on-year to RMB9.2 million which returned to the peak level recorded in the first half of FY14 after the tariff cut in June 2012. Its total toll revenue amounted to RMB1,697 million. The average daily full-length equivalent traffic on the GS Superhighway rose by 6% year-on-year to 99,000 vehicles and reached a historical high. When comparing with the new historical peak at 121,000 vehicles recorded on 14 September 2016, there is still 22% room for traffic growth on the GS Superhighway. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 68.6% and 82.5% of the GS Superhighway's toll revenue and full-length equivalent traffic volume respectively.

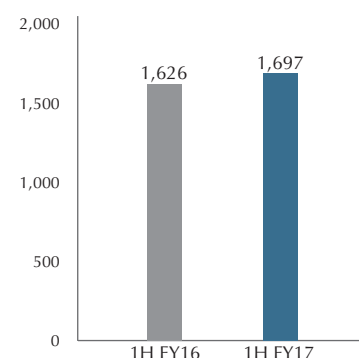
Average Daily Toll Revenue[^]
(RMB thousand)



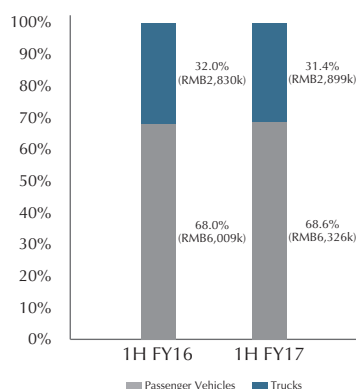
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



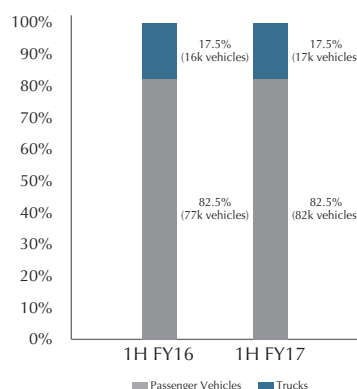
Total Toll Revenue in 6 months[^]
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type

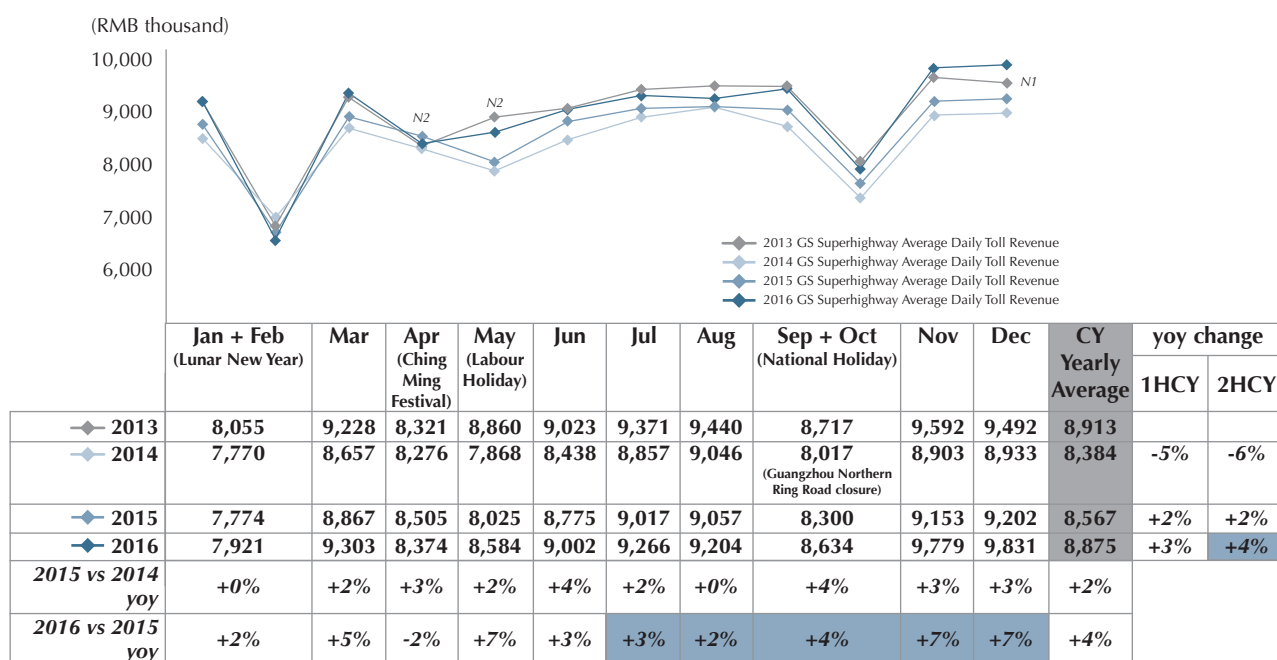


Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



[^] Including tax

GS Superhighway Average Daily Toll Revenue (Monthly)

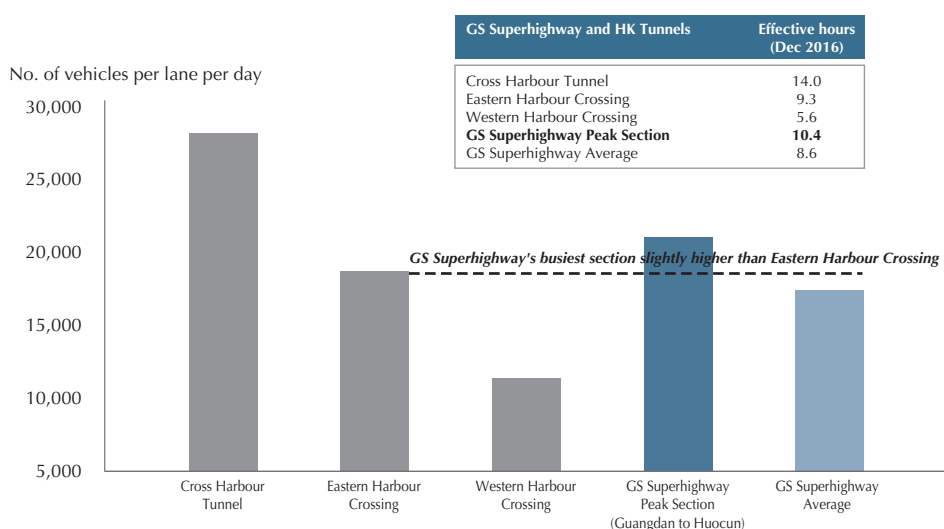


N1: Coastal Expressway fully opened on 28 December 2013

N2: April: One more day of toll-free Labour Holiday in 2016 compared to 2015; May: One less day of toll-free Labour Holiday in 2016 compared to 2015

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

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



Remarks:

- 1) Effective hour = no. of vehicles per lane / 2,000 cars per hour per lane
- 2) 10 lanes in dual directions in Wudianmei to Taiping and Hezhou to Fuyong sections after expansion for the GS Superhighway
- 3) Average daily traffic of HK tunnels (October 2016): Cross Harbour Tunnel 112,000, Eastern Harbour Crossing 74,000, Western Harbour Crossing 67,000
- 4) Average daily traffic of GS Superhighway (December 2016)

The implementation of traffic restriction measures in the peripheral area of Shenzhen Bay border crossing due to road network upgrade works since mid-October 2016 has diverted some passenger cars to travel on the GS Superhighway and the impact is minimal currently. The aforesaid works will be completed by May 2017 and the Group will continue to monitor its impact.

Guangzhou East-South-West Ring Road, which is connected to Guangdan interchange of the GS Superhighway, started maintenance works in some sections from mid-June 2015. It is planned to be completed by the end of April 2017. Traffic between it and the GS Superhighway was slightly interrupted and the impact is insignificant.

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

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

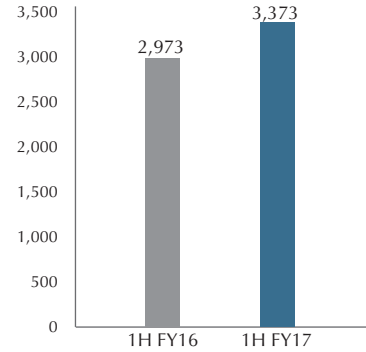
Western Delta Route

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

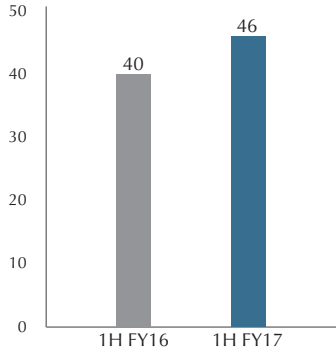
During the period under review, benefiting from the development of tourism in Hengqin and Macau and healthy economic environment, the average daily toll revenue and average daily full-length equivalent traffic of the Western Delta Route grew healthily and achieved 13% and 16% year-on-year growth to RMB3.4 million and 46,000 vehicles respectively. Meanwhile, its total toll revenue amounted to RMB621 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 69.5% and 81.7% of the Western Delta Route's toll revenue and full-length equivalent traffic volume respectively. On 14 September 2016, its toll revenue recorded a new high which amounted to RMB4.3 million.

From mid-August 2016 to July 2017, three bridges located on local roads close to the Western Delta Route carried out maintenance works in different periods and traffic restriction measures were implemented accordingly. These maintenance works nearby diverted some vehicles to use the Western Delta Route, thereby bringing positive impact to its growth.

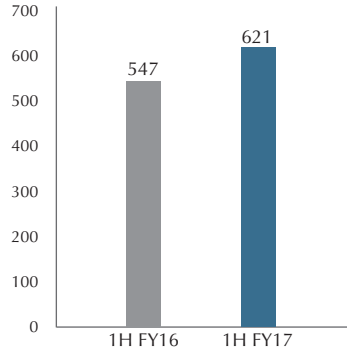
Average Daily Toll Revenue[^]
(RMB thousand)



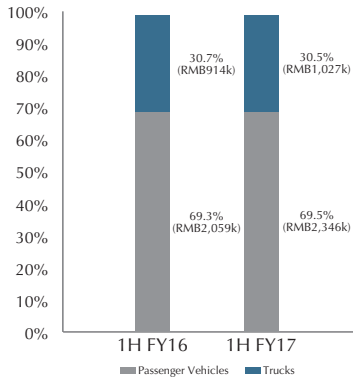
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



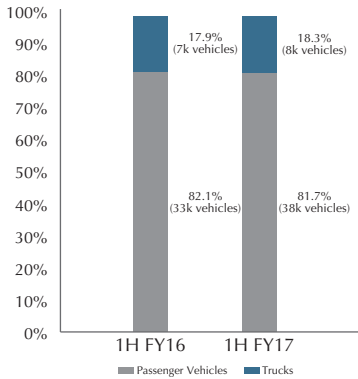
Total Toll Revenue in 6 months[^]
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



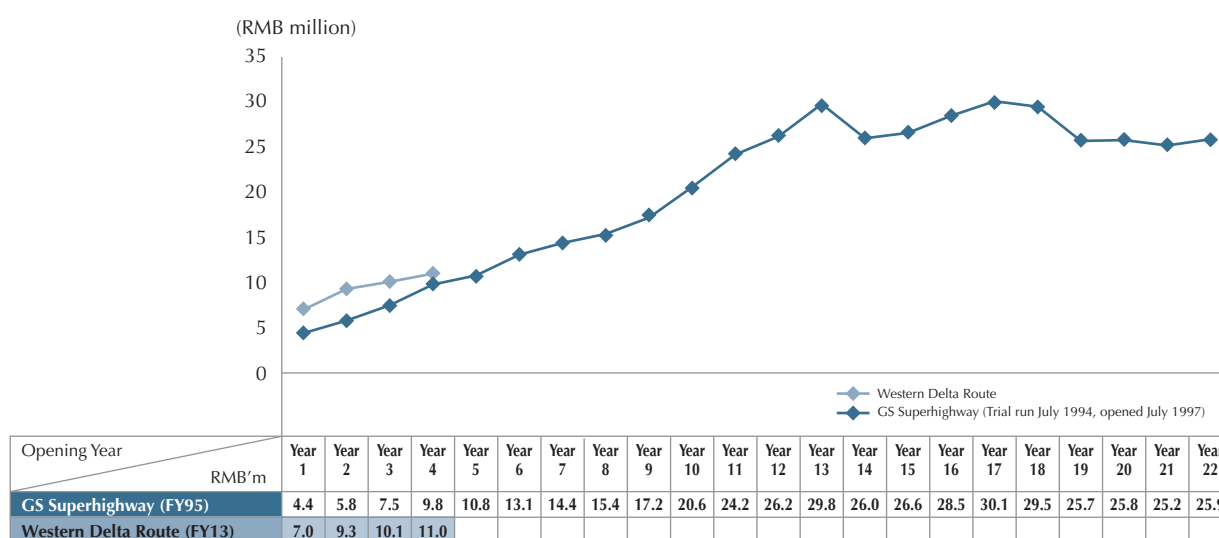
Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



[^] Including tax

The Western Delta Route has shown encouraging revenue generation since opening when comparing with other projects of the Company. Given its locational advantages on the western bank of the Pearl River Delta, it is well positioned to benefit from the prosperous economic development of the region.

Western Delta Route — Annual Toll Revenue[^] per km



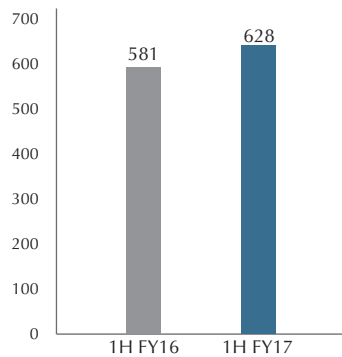
[^] Including tax

Phase I of the Western Delta Route

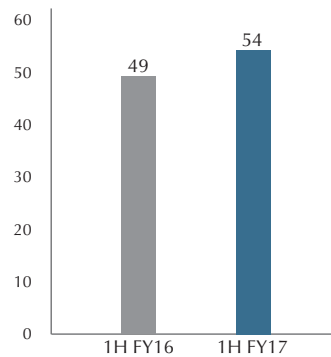
Phase I West connects with Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. It is also easily accessible from Foshan through its connection with Guangzhou-Gaoming Expressway. As the northern part of the Western Delta Route, Phase I West's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

The traffic volume and toll revenue of Phase I West grew steadily. During the period under review, its average daily toll revenue increased by 8% year-on-year to RMB628,000, whereas its average daily full-length equivalent traffic increased by 10% to 54,000 vehicles. Its total toll revenue amounted to RMB115 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 67.6% and 81.0% of Phase I West's toll revenue and full-length equivalent traffic volume respectively.

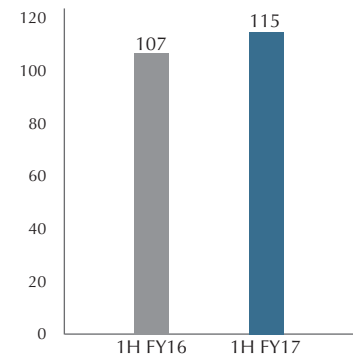
Average Daily Toll Revenue[^]
(RMB thousand)



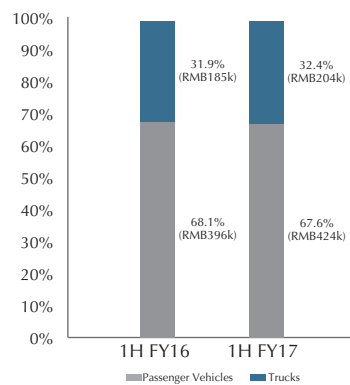
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



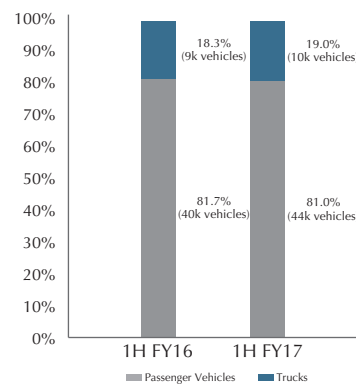
Total Toll Revenue in 6 months[^]
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



[^] Including tax

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

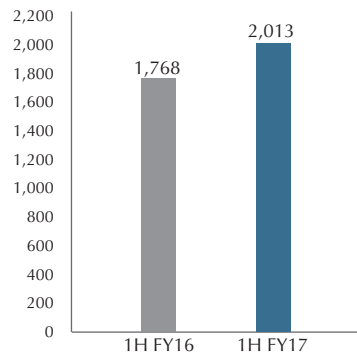
Phase II of the Western Delta Route

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

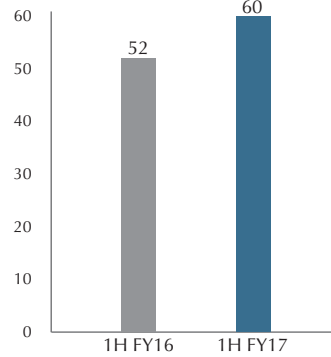
The toll revenue and traffic volume of Phase II West posted a healthy growth during the period under review. Its average daily toll revenue rose by 14% year-on-year to RMB2,013,000, and average daily full-length equivalent traffic grew by 16% to 60,000 vehicles. Total toll revenue amounted to RMB370 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 68.9% and 81.0% of Phase II West's toll revenue and full-length equivalent traffic volume respectively.

Growth accelerated since August 2016. It was mainly due to the positive impacts caused by the maintenance works of certain bridges on local roads near the Western Delta Route. Moreover, supported by the on-going economic development in Shunde and Zhongshan, it is expected that the traffic volume will continue to grow steadily.

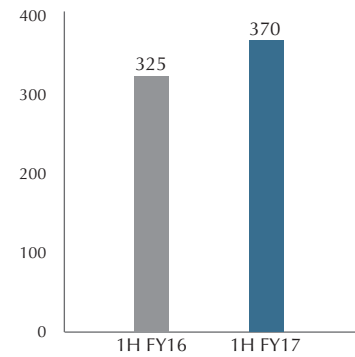
Average Daily Toll Revenue[^]
(RMB thousand)



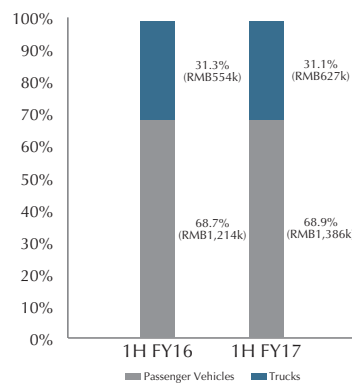
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



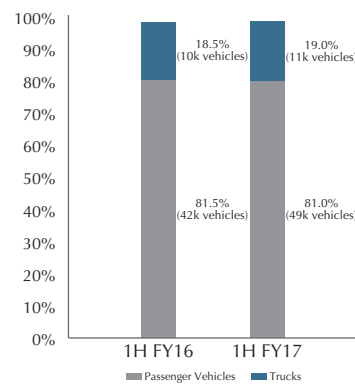
Total Toll Revenue in 6 months[^]
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



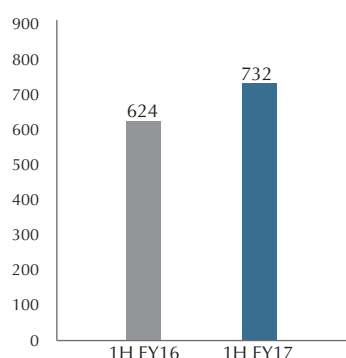
[^] Including tax

Phase III of the Western Delta Route

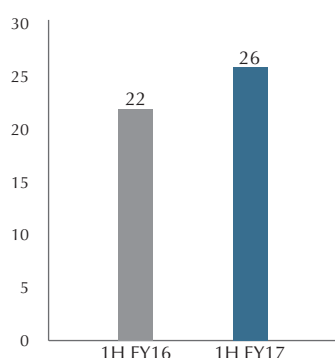
Phase III West is connected to Phase II West at Zhongshan to the north. It extends southwards to link with the Zhuhai expressway network, thus providing a direct access to Hengqin (the State-level Strategic New Zone) in Zhuhai, Macau and the HZM Bridge which is currently under construction. It provides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

The traffic volume and toll revenue of Phase III West continues to record healthy growth. During the period under review, its average daily toll revenue and average daily full-length equivalent traffic amounted to RMB732,000 and 26,000 vehicles, up by 17% and 20% respectively. Its total toll revenue amounted to RMB135 million. Passenger vehicles are the major contributors to toll revenue and traffic, accounting for 73.1% and 83.9% of Phase III West's toll revenue and full-length equivalent traffic volume respectively.

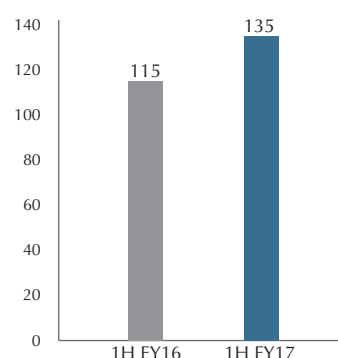
Average Daily Toll Revenue[^]
(RMB thousand)



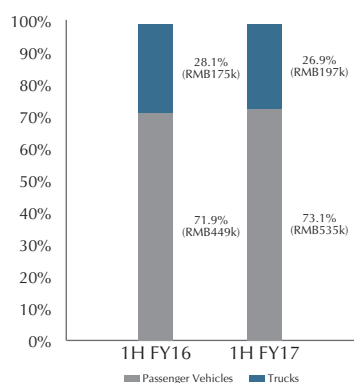
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



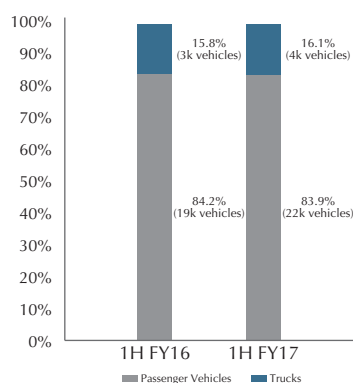
Total Toll Revenue in 6 months[^]
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



[^] Including tax

The Second Hengqin Bridge was opened to traffic on 30 December 2015 and is linked with the southern end of the Western Delta Route via local road into Hengqin since then. By connecting the bridge with the Zhuhai expressway network via a direct expressway link which will be opened in the coming months, a main and exclusive traffic artery to and fro Guangzhou and Zhuhai's Hengqin, which includes the Western Delta Route as a north-south corridor on the western bank of the PRD region, will be formed subsequently. In addition, the Zhuhai Link Road, which is connected with the southern end of Phase IV West Extension and the HZM Bridge, was partially open to traffic on 9 September 2016. Now it provides a direct linkage to the city centre of Zhuhai and will further connect to the HZM Bridge after full completion. The completion of expressway network can further facilitate traffic to and fro Zhuhai's Hengqin and Macau through Phase III West. It is believed that good connectivity will provide continuous and stable traffic flow to the Western Delta Route.

Financial Review

Sound Financial Plan

During the first half of FY16, financial positions of the JV companies have been strengthened by (i) loan rescheduling of the GS Superhighway JV to extend the maturity dates of the existing US Dollar loans and HK Dollar loan by six years from 2018 and 2019 to 2025. The loan reschedule helped accelerate the dividend distributions by the GS Superhighway JV to the Group and further enhance the Group's liquidity; (ii) loan rescheduling of the West Route JV to extend the maturity date of Phase I West's bank loans by five years from 2019 to 2024 which helped to improve financing flexibility; (iii) Phase II West's new financial plan, which helped to reduce the West Route JV's debt and resulted in the full repayment of RMB682 million of net shareholder's loan to the Group. Hence, no further capital expenditure is required for the Group in respect of the West Route JV, which is financially self-sufficient and capable to repay bank loans as scheduled until at least 2022.

In August 2016, the GS Superhighway JV entered into agreement with the bank for an additional 8-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure funded by its shareholders. This helped accelerating the dividend distributions by the GS Superhighway JV to the Group and the Group had received after-tax dividend amounting to RMB912 million during the period under review. It has also strengthened the Group's financial position.

Liquidity and Financial Resources

The Group's debt balance comprised its share of the non-recourse bank loans of its JV companies, whereas the Group has no debt at corporate level. The total debt to assets (including share of total assets of JV companies) ratio and gearing ratio (net debt to equity attributable to owners of the Company) as at 31 December 2016 were shown below. The Group's net cash on hand (excluding JV companies), amounted to RMB523 million.

HHI Corporate Level

	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
Bank balances and cash			Corporate debt		
– Bank balances and cash	652	523	– Bank loan	–	–
	652	523		–	–
Net cash on hand: RMB523 million (30 June 2016: RMB652 million)					

Share of JV Companies

	30 June 2016 RMB million	31 December 2016 RMB million		30 June 2016 RMB million	31 December 2016 RMB million
Bank balances and cash			Bank loans		
– Bank balances and cash	262	252	– GS Superhighway	1,403	2,401
			– Western Delta Route	4,028	3,881
			Phase I West	270	262
			Phase II West	1,813	1,699
			Phase III West	1,945	1,920
	262	252		5,431	6,282
Net debt ^{Note 1} : RMB6,030 million (30 June 2016: RMB5,169 million)					

Note 1: Total debt less bank balances and cash

	30 June 2016 RMB million	31 December 2016 RMB million
Total debt		
– Company and subsidiaries	–	–
– Share of JV companies ^{Note 1}	5,809	6,672
Net debt ^{Note 2}	4,895	5,897
Total assets (including share of JV companies' total assets) ^{Note 3}	13,447	13,050
Equity attributable to owners of the Company	6,673	5,440
Total debt/total assets ratio	43%	51%
Gearing ratio	73%	108%

Note 1: The Group's share of JV companies' debt is defined as bank and other loans together with balance with JV partner.

Note 2: Net debt is defined as total debt (including share of JV companies) less total bank balances and cash (including share of JV companies).

Note 3: Concession intangible assets are not valued at market price but are booked at historical cost less amortisation/depreciation.

The major source of the Group's cash inflow during the period under review was dividend received from the GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividend to the Company's shareholders. The Group will continue to optimise its balance sheet, improve its cash flow and strengthen its financial position.

Given no debt at the corporate level, the Group enjoys a strong and solid financial position. As at 31 December 2016, HHI corporate level net cash on hand (excluding JV companies) amounted to RMB523 million (30 June 2016: RMB652 million), or RMB0.17 per share (30 June 2016: RMB0.21 per share). The cash on hand of RMB523 million, together with available banking facilities of HKD500 million (or RMB448 million) and stable cash dividend from the GS Superhighway JV will provide sufficient financial resources for its operations and potential investments.

Cash Dividend (Net of Tax) from the GS Superhighway JV to the Group (RMB million)



As at 31 December 2016, 72.4% (30 June 2016: 99.9%) of the Group's bank balances and cash (excluding JV companies) on hand were denominated in RMB and 27.6% (30 June 2016: 0.1%) in HK Dollar. The bank balances and cash on hand of the JV companies shared by the Group amounted to RMB252 million (30 June 2016: RMB262 million). The Group received cash dividend from the GS Superhighway JV of RMB1,395 million during the period under review. In August 2016, the GS Superhighway JV entered into agreement with the bank for the additional 8-year bank loan facility of RMB2 billion to reimburse past capital expenditure funded by its shareholders. Subsequently, the GS Superhighway JV distributed dividend of RMB912 million (net of tax) to the Group out of this loan. The reduction in the cash dividend during FY08 and FY11 were mainly brought about by the repatriation of registered capital by the GS Superhighway JV to the Group and the intercompany borrowings provided by the GS Superhighway JV to the West Route JV in respect of Phase II West respectively. Cash dividend from the GS Superhighway JV as restored to their normal levels since FY12. Cash dividend increased during FY13 as a result

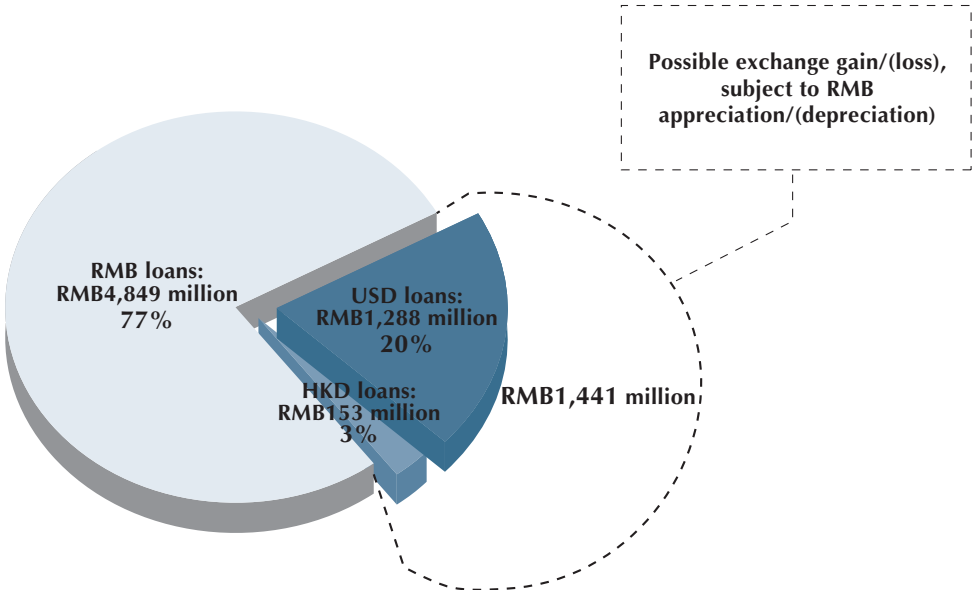
of the full repayment of intercompany borrowings by the West Route JV in respect of Phase II West to the GS Superhighway JV in December 2012, and the GS Superhighway JV's distribution of a dividend of RMB351 million to the Group out of these funds. As at 31 December 2016, the after-tax cash dividend receivable from the GS Superhighway JV to the Group had been reduced to approximately RMB224 million (30 June 2016: RMB1.6 billion). The cash dividend received and receivable from the GS Superhighway JV provide sufficient financial resources for the Group's operations and potential investments.

Bank and Other Borrowings

As at 31 December 2016, the Group has no debt at the corporate level, whereas the total bank and other borrowings of the JV companies shared by the Group (including US Dollar bank loans of equivalent to RMB1,288 million, HK Dollar bank loan of equivalent to RMB153 million, RMB bank loans of RMB4,841 million and RMB other borrowing of RMB8 million), amounted to approximately RMB6,290 million (30 June 2016: RMB5,439 million) with the following profile:

- (a) 99.9% (30 June 2016: 99.9%) consisted of bank loans and 0.1% (30 June 2016: 0.1%) of other loan; and
- (b) 77% (30 June 2016: 74%) was denominated in RMB; 20% (30 June 2016: 23%) was denominated in US Dollar and 3% (30 June 2016: 3%) was denominated in HK Dollar. The Group may incur exchange gain or loss from the US Dollar and HK Dollar loans subject to RMB appreciation or depreciation.

Breakdown of HHI's Bank Loans by Currency (HHI's Share of JV Loans ^{Note 1})
(As at 31 December 2016)



Note 1: Represent the Group's share of JV companies' bank loans of RMB6,282 million and other borrowings of RMB8 million.

Debt Maturity Profile

As at 31 December 2016, the maturity profile of the bank and other borrowings of the JV companies shared by the Group (whereas the Group had no debt at corporate level) were shown below, together with the corresponding figures as at 30 June 2016:

HHI Corporate Level

	30 June 2016		31 December 2016	
	RMB million	%	RMB million	%
Repayable within 1 year	–	–	–	–

Share of JV Companies

	30 June 2016		31 December 2016	
	RMB million	%	RMB million	%
Repayable within 1 year	65	1%	173	3%
Repayable between 1 and 5 years	1,521	28%	2,151	34%
Repayable beyond 5 years	3,853	71%	3,966	63%
	5,439	100%	6,290	100%

As at 31 December 2016, 63% (30 June 2016: 71%) of the bank loans and other borrowings of the JV companies shared by the Group were repayable beyond 5 years. Thus, the risk of refinancing the bank loans and other borrowings will continue to remain relatively low.

Interest Rate and Exchange Rate Exposure

The Group closely monitors its exposure to interest rates and foreign currency exchange rates and strictly controls its use of financial instruments. At present, neither the Group nor its JV companies has any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis, with a view to minimise its funding costs and enhance return on its financial assets. Most of the Group's cash is placed in deposits denominated in RMB. Holding RMB suits the Group's PRC-based operations, and it can earn higher interest income from RMB deposits than HK Dollar deposits. As at 31 December 2016, 72.4% of the Group's bank balances and cash (excluding JV companies) were denominated in RMB and 27.6% were denominated in HK Dollar. The Group's overall treasury yield on bank deposits was 2.07% during the period under review, compared to 3.51% in 1H FY16. The Group will continue to strengthen its treasury management and evaluate the options available for improving the yields on its substantial cash-deposit portfolio.

Pledge of Assets

As at 31 December 2016, the Group's JV companies pledged certain assets to banks to secure the banking facilities granted. The carrying amounts of these secured assets shared by the Group were as follows:

	30 June 2016 RMB million	31 December 2016 RMB million
Concession intangible assets	4,855	4,690
Property and equipment	213	237
Inventories	1	1
Interest and other receivables	40	17
Bank balances and deposits	252	246
	5,361	5,191

In addition to the above, 100% of the toll collection rights of GS Superhighway, Phase II West and Phase III West, and 53.4% of the toll collection rights of Phase I West were pledged to banks to secure banking facilities granted to their respective JV companies.

Contingent Liabilities

As at 31 December 2016, the Group had no material contingent liabilities.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the period ended 31 December 2016.

Corporate Sustainability

This report updates the latest development of our sustainability initiatives listed in the Sustainability Report FY16.

Road Safety and Traffic Efficiency

The GS Superhighway JV was awarded the title of ‘Advanced Unit for the Maintenance and Management of Expressways in Guangdong Province in the National 12th Five-Year Plan period’ (‘十二五期廣東省高速公路養護管理先進單位’) by the Guangdong Provincial Communications and Transportation Department in December 2016. This award acknowledged our unremitting efforts in maintaining a safety road.

The West Route JV was also awarded the champion of ‘Guangdong Provincial Enterprises Management Modernized Innovation Achievement’ by the Economic and Information Commission, the State-owned Assets Supervision and Administration Commission, the Human Resources and Social Security Department and the Federation of Trade Unions of Guangdong Province in November 2016, which recognised the continuous improvement in traffic safety management.

Environment

Following the national policy of encouraging the use of electric vehicles (EVs), the GS Superhighway JV set up 6 EV chargers at Houjie service area in November 2016 to accommodate the need of road users. The GS Superhighway is the first expressway in Guangdong Province to provide EV charging service in the service area.

Customer and Community

The West Route JV was ranked the first runner-up out of 93 expressways in Guangdong Province in ‘The 2015–2016 Guangdong Provincial Expressways Service Quality Assessment’ organised by the Guangdong Provincial Communications and Transportation Department. This result further recognised our outstanding service standard.

In order to upgrade service standards, the West Route JV introduced a wide variety of food and beverage options into their service areas. The first Starbucks branch located in a service area in Guangdong Province commenced operation at Shunde service area in December 2016. Two ‘72 Street’ fast food restaurants also commenced operation at Shaxi and Shunde service areas in October and December 2016 respectively.

Clear and sufficient road signboards are important to road users to get onto our expressways easily and effectively. During the period under review, both JV companies altogether installed an additional 14 road signboards along expressways and local roads connected to our expressway projects in Shenzhen, Foshan and Zhongshan to provide needed traffic information to drivers.

Our staff also supported community programmes, voluntary services and fundraising activities such as “Dress Casual Day 2016”, “Love Teeth Day”, “Mooncakes for Charity 2016” and “Walks for Millions” organised by The Community Chest of Hong Kong. Besides, our staff joined “Race to Feed 2016” relay run organised by Heifer Hong Kong on 23 October 2016 and obtained excellent results. 22 volunteers from the GS Superhighway JV visited a language training centre for deaf children in Dongguan on 14 October 2016, when a magic show and a dance were arranged. Furthermore, over 70 volunteers from both JV companies participated in blood donating activities in July and October 2016.

Human Development

Various training courses were provided to staff in different positions in order to improve their knowledge, strengthen team spirit and improve work-life balance.

GS Superhighway JV	West Route JV
38 managerial staff participated in a 4-day training programme organised by Guangdong University of Foreign Studies to enhance their leadership skills in July 2016	Over 200 participants attended various training sessions related to business knowledge, emotional management, writing and managerial skills
67 living area supporting staff joined a course related to food hygiene and catering service manners in October 2016	Over 800 staff participated in a fun sports competition in November 2016
45 administrative staff participated in a fire precautions training given by Humen Fire Brigade in Dongguan in December 2016	24 staff took part in a cooking contest in October 2016
Over 260 staff joined a mini marathon held at Huayang Lake Wetland Park in Dongguan on 22 December 2016	178 staff participated in a badminton competition in August 2016

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 six months ended 31 December 2016.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2016, the interests and short positions of the Directors and the chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) the Company

Directors	Shares ⁽ⁱ⁾					Total interests	Approximate % of total number of issued shares
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests	Total interests		
Sir Gordon WU	17,471,884	6,815,920	27,051,498	7,670,000 ⁽ⁱⁱⁱ⁾	59,009,302	1.91	
Eddie Ping Chang HO	6,274,075	–	17,500	–	6,291,575	0.20	
Thomas Jefferson WU	18,000,000	–	–	–	18,000,000	0.58	
Alan Chi Hung CHAN	507,750	–	–	–	507,750	0.01	

Notes:

- (i) All interests in the shares of the Company were long positions.
- (ii) The corporate interests were beneficially owned by companies in which the relevant Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests in 7,670,000 shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

(B) Associated Corporation — HHL

Directors	HHL Shares ⁽ⁱ⁾				Total interests	Approximate % of total number of issued HHL Shares
	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests ⁽ⁱⁱ⁾ (interests of controlled corporation)	Other interests		
Sir Gordon WU	75,083,240	26,972,800	111,450,000	30,680,000 ⁽ⁱⁱⁱ⁾	244,186,040	28.07
Eddie Ping Chang HO	27,691,500	–	70,000	–	27,761,500	3.19
Thomas Jefferson WU	28,900,000	–	–	–	28,900,000	3.32
Alan Chi Hung CHAN	585,000	–	–	–	585,000	0.06

Notes:

- (i) All interests in HHL Shares were long positions.
- (ii) The corporate interests of HHL Shares were beneficially owned by companies in which the relevant Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The other interests in 30,680,000 HHL Shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

Save as disclosed above, as at 31 December 2016, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

- (A) A share option scheme of the Company was approved by both the shareholders of HHL and the Company effective on 22 October 2013 (the “2013 HHI Share Option Scheme”). The 2013 HHI Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable.
- (B) No option was granted, vested, exercised, lapsed or outstanding under the 2013 HHI Share Option Scheme since its adoption.

Share Awards

- (A) The Share Award Scheme was adopted by the Board on 25 January 2007 (“Adoption Date”). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a period of 15 years commencing on the Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the Adoption Date.
- (B) There were no awarded shares granted, vested, forfeited or outstanding during the six months ended 31 December 2016 and accordingly no dividend income was received in respect of shares held upon the trust for the Share Award Scheme (2015: Nil) during the period under review.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2016, so far is known to the Directors, the interests or short positions of substantial shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Number of shares ⁽ⁱ⁾ (corporate interests)	Approximate % of total number of issued shares
Anber Investments Limited	Beneficial owner	2,055,287,337 ⁽ⁱⁱ⁾	66.69
Delta Roads Limited	Interests of controlled corporation	2,055,287,337 ⁽ⁱⁱ⁾	66.69
Dover Hills Investments Limited	Interests of controlled corporation	2,055,287,337 ⁽ⁱⁱ⁾	66.69
Supreme Choice Investments Limited	Interests of controlled corporation	2,055,287,337 ⁽ⁱⁱ⁾	66.69
HHL	Interests of controlled corporation	2,055,287,337 ⁽ⁱⁱ⁾	66.69

Notes:

- (i) All interests in the shares of the Company were long positions.
- (ii) The 2,055,287,337 shares were held by Anber Investments Limited ("Anber"), a wholly-owned subsidiary of Delta Roads Limited ("Delta Roads") which was wholly-owned by Dover Hills Investments Limited ("Dover Hills"). Dover Hills was in turn 100% owned by Supreme Choice Investments Limited ("Supreme Choice"), a wholly-owned subsidiary of HHL. The interests of Anber, Delta Roads, Dover Hills, Supreme Choice and HHL in the 2,055,287,337 shares were long positions, represented the same block of shares and were deemed under the SFO to have same interests with each other. Sir Gordon WU, Mr. Eddie Ping Chang HO and Mr. Thomas Jefferson WU, Directors of the Company, are also directors of Anber, Delta Roads, Dover Hills, Supreme Choice and HHL.

Save as disclosed above, as at 31 December 2016, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2016, the Group, excluding its JV companies, had 22 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group arranged birthday parties, adventure program, 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, Equal Opportunities Commission and Office of Privacy Commissioner for Personal Data, the Group held different kind of seminars and workshops for the employees to enhance their awareness of corporate governance. We also invited professional lawyer to introduce the provisions and regulations under the Competition Ordinance in order to raise our staff and management's awareness of its enactment in the workplace.

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 purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2016.

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

Code Provision A.5.6

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

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 the 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.

Change in Information of Directors

The changes in information of the Directors are set out below:

Mr. Thomas Jefferson WU JP, Managing Director

- ceased to be a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference in November 2016

Mr. Alan Chi Hung CHAN, Deputy Managing Director

- ceased to be a member of the 7th Guangzhou Tianhe District Committee of The Chinese People's Political Consultative Conference in October 2016

Mr. Yuk Keung IP, Independent Non-executive Director

- appointed as a Vice Chairman of the Board of Governors of World Green Organization Limited on 30 August 2016
- ceased to be a member of Legal Aid Services Council of Hong Kong on 31 August 2016
- ceased to act as an Independent Non-executive Director of New World China Land Limited, which was de-listed from the Stock Exchange on 4 August 2016, on 1 September 2016
- appointed as a Chairman of the International Regional Cabinet in Hong Kong at Washington University in St. Louis on 1 September 2016
- ceased to act as an Independent Non-executive Director of AEON Credit Service (Asia) Company Limited, which is listed on the Stock Exchange, on 1 October 2016
- appointed as an Adjunct Professor of The Hong Kong Polytechnic University on 1 November 2016

Mr. Brian David Man Bun LI JP, Independent Non-executive Director

- ceased to be a member of the Small and Medium Enterprises Committee of the Government of the Hong Kong Special Administrative Region on 1 January 2017

Mr. Alexander Lanson LIN, Independent Non-executive Director

- ceased to be a senior portfolio manager of OCP Asia (Hong Kong) Limited in October 2016

Save as disclosed above, upon specific enquiry made by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

On behalf of the Board

Sir Gordon Ying Sheung WU KCMG, FICE
Chairman

Hong Kong, 24 January 2017



TO THE BOARD OF DIRECTORS OF HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

合和公路基建有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements set out on pages 44 to 59, which are presented in RMB and comprise the condensed consolidated statement of financial position of Hopewell Highway Infrastructure Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 December 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

24 January 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ended 31 December 2016

Six months ended 31 December

	NOTES	2015 (unaudited) RMB'000	2016 (unaudited) RMB'000	2015 (unaudited) HK\$'000 (FOR INFORMATION PURPOSE ONLY)	2016 (unaudited) HK\$'000
Other income and other expense	4	29,622	13,496	36,417	15,599
Depreciation		(84)	(99)	(104)	(115)
General and administrative expenses		(17,198)	(18,175)	(21,132)	(21,003)
Finance costs	5	(2,635)	(12)	(3,236)	(14)
Share of results of joint ventures	6	260,634	290,853	318,115	334,478
Profit before tax		270,339	286,063	330,060	328,945
Income tax expense	7	(15,386)	(14,194)	(18,798)	(16,301)
Profit for the period		254,953	271,869	311,262	312,644
Other comprehensive (expense) income					
Item that will not be reclassified to profit or loss:					
Exchange loss arising on translation to presentation currency		–	–	(416,703)	(296,598)
Item that may be reclassified subsequently to profit or loss:					
Exchange (loss) gain arising on translation of foreign operations		(12,275)	1,127	–	–
Total comprehensive income (expense) for the period		242,678	272,996	(105,441)	16,046
Profit for the period attributable to:					
Owners of the Company		250,578	267,457	305,926	307,581
Non-controlling interests		4,375	4,412	5,336	5,063
		254,953	271,869	311,262	312,644
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		238,303	268,584	(108,053)	12,581
Non-controlling interests		4,375	4,412	2,612	3,465
		242,678	272,996	(105,441)	16,046
Earnings per share	9	RMB Cents	RMB Cents	HK Cents	HK Cents
Basic and diluted		8.13	8.68	9.93	9.98

Condensed Consolidated Statement of Financial Position

As at 31 December 2016

	NOTES	30 June 2016 (audited) RMB'000	31 December 2016 (unaudited) RMB'000	30 June 2016 (audited) HK\$'000 (FOR INFORMATION PURPOSE ONLY)	31 December 2016 (unaudited) HK\$'000
ASSETS					
Non-current Assets					
Interests in joint ventures	10	6,176,025	5,018,439	7,207,421	5,600,577
Investment	11	4,785	4,785	5,585	5,341
Property and equipment		473	380	552	424
		6,181,283	5,023,604	7,213,558	5,606,342
Current Assets					
Deposits and prepayments		691	578	806	646
Dividend and other receivables		19,675	1,331	22,960	1,485
Bank balances and cash		652,435	522,705	761,392	583,338
		672,801	524,614	785,158	585,469
Total Assets		6,854,084	5,548,218	7,998,716	6,191,811
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	270,603	270,603	308,169	308,169
Share premium and reserves		6,402,017	5,169,499	7,478,779	5,762,985
Equity attributable to owners of the Company		6,672,620	5,440,102	7,786,948	6,071,154
Non-controlling interests		46,554	29,228	54,328	32,618
Total Equity		6,719,174	5,469,330	7,841,276	6,103,772
Non-current Liability					
Deferred tax liability	13	127,412	69,184	148,690	77,209
Current Liability					
Payables and accruals		7,498	9,704	8,750	10,830
Total Liabilities		134,910	78,888	157,440	88,039
Total Equity and Liabilities		6,854,084	5,548,218	7,998,716	6,191,811
Cash and cash equivalents		652,435	522,705	761,392	583,338

Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 31 December 2016

	Attributable to owners of the Company								
	The People's Republic of China ("PRC")				Share option reserve	Retained profits	Total	Non-controlling interests	Total
	Share capital	Share premium	statutory reserves	Translation reserve	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 July 2015 (audited)	270,603	5,367,936	114,710	(947,760)	371	2,441,437	7,247,297	51,797	7,299,094
Exchange loss arising on translation of foreign operations	-	-	-	(12,275)	-	-	(12,275)	-	(12,275)
Profit for the period	-	-	-	-	-	250,578	250,578	4,375	254,953
Total comprehensive (expense) income for the period	-	-	-	(12,275)	-	250,578	238,303	4,375	242,678
Expiry of vested share options	-	-	-	-	(371)	371	-	-	-
Dividends recognised as distribution during the period (Note 8)	-	(721,212)	-	166,508	-	(258,862)	(813,566)	-	(813,566)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(7,902)	(7,902)
As at 31 December 2015 (unaudited)	270,603	4,646,724	114,710	(793,527)	-	2,433,524	6,672,034	48,270	6,720,304
As at 1 July 2016 (audited)	270,603	4,646,724	114,710	(794,833)	-	2,435,416	6,672,620	46,554	6,719,174
Exchange gain arising on translation of foreign operations	-	-	-	1,127	-	-	1,127	-	1,127
Profit for the period	-	-	-	-	-	267,457	267,457	4,412	271,869
Total comprehensive income for the period	-	-	-	1,127	-	267,457	268,584	4,412	272,996
Dividends recognised as distribution during the period (Note 8)	-	(1,541,965)	-	287,703	-	(246,840)	(1,501,102)	-	(1,501,102)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(21,738)	(21,738)
As at 31 December 2016 (unaudited)	270,603	3,104,759	114,710	(506,003)	-	2,456,033	5,440,102	29,228	5,469,330

For the purpose of presenting the condensed consolidated statement of changes in equity of the Group in Renminbi ("RMB") (the presentation currency of the Group), the equity transactions and accumulated earnings denominated in Hong Kong Dollar ("HKD") are translated at the exchange rates at the transaction dates. Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period. Subsequent to the change in functional currency of the Company, the exchange differences recognised in translation reserve represented translation of its foreign operations.

The special final dividend for the year ended 30 June 2016 of RMB40 cents (2015: RMB18 cents) per share amounting to approximately RMB1,254,262,000 (2015: RMB554,704,000) was distributed from the share premium arisen at the time before the change in functional currency of the Company from HKD to RMB. Accordingly, the share premium and the corresponding translation reserve had been debited by RMB1,541,965,000 (2015: RMB721,212,000) and credited by RMB287,703,000 (2015: RMB166,508,000) respectively.

(FOR INFORMATION PURPOSE ONLY)

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	PRC statutory reserves	Translation reserve	Share option reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 July 2015 (audited)	308,169	5,010,321	110,708	1,051,408	422	2,578,093	9,059,121	64,746	9,123,867
Exchange loss arising on translation to presentation currency	-	-	-	(413,979)	-	-	(413,979)	(2,724)	(416,703)
Profit for the period	-	-	-	-	-	305,926	305,926	5,336	311,262
Total comprehensive (expense) income for the period	-	-	-	(413,979)	-	305,926	(108,053)	2,612	(105,441)
Expiry of vested share options	-	-	-	-	(422)	422	-	-	-
Dividends recognised as distribution during the period (Note 8)	-	(671,359)	-	-	-	(313,300)	(984,659)	-	(984,659)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(9,724)	(9,724)
As at 31 December 2015 (unaudited)	308,169	4,338,962	110,708	637,429	-	2,571,141	7,966,409	57,634	8,024,043
As at 1 July 2016 (audited)	308,169	4,338,962	110,708	455,551	-	2,573,558	7,786,948	54,328	7,841,276
Exchange loss arising on translation to presentation currency	-	-	-	(295,000)	-	-	(295,000)	(1,598)	(296,598)
Profit for the period	-	-	-	-	-	307,581	307,581	5,063	312,644
Total comprehensive (expense) income for the period	-	-	-	(295,000)	-	307,581	12,581	3,465	16,046
Dividends recognised as distribution during the period (Note 8)	-	(1,434,336)	-	-	-	(294,039)	(1,728,375)	-	(1,728,375)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(25,175)	(25,175)
As at 31 December 2016 (unaudited)	308,169	2,904,626	110,708	160,551	-	2,587,100	6,071,154	32,618	6,103,772

The translation reserve represented (i) the accumulated net exchange difference arising on translation of foreign operations (i.e. operations with functional currency of RMB) to the presentation currency of the Group before the change in functional currency of the Company from HKD to RMB; and (ii) the accumulated net exchange difference arising on translation of the condensed consolidated financial statements denominated in RMB, the functional currency of the Company, to the presentation currency of the Group after the change in functional currency of the Company.

Condensed Consolidated Statement of Cash Flows

For the Six Months ended 31 December 2016

Six months ended 31 December

	2015 (unaudited) RMB'000	2016 (unaudited) RMB'000	2015 (unaudited) HK\$'000 (FOR INFORMATION PURPOSE ONLY)	2016 (unaudited) HK\$'000
Net cash used in operating activities	(17,392)	(15,868)	(21,365)	(17,563)
INVESTING ACTIVITIES				
Purchase of property and equipment	(366)	(6)	(450)	(7)
Registered capital contribution to a joint venture	(212,000)	–	(261,502)	–
Repayment of loans from a joint venture	788,000	–	965,288	–
Placement of time deposits with original maturity over three months	(353,200)	–	(441,221)	–
Withdrawal of time deposits with original maturity over three months	353,200	–	433,023	–
Dividends received (net of PRC withholding tax)	462,600	1,395,217	566,090	1,623,651
Interest received	49,025	13,052	60,168	15,122
Income tax paid for interest received	(4,478)	–	(5,367)	–
Net cash from investing activities	1,082,781	1,408,263	1,316,029	1,638,766
FINANCING ACTIVITIES				
New bank loans raised	198,515	–	240,900	–
Repayment of bank loans	(180,429)	–	(218,500)	–
Interest paid	(1,744)	–	(2,144)	–
Dividends paid to:				
– owners of the Company	(811,169)	(1,534,735)	(981,720)	(1,728,375)
– non-controlling interests of a subsidiary	(7,902)	(21,738)	(9,724)	(25,175)
Net cash used in financing activities	(802,729)	(1,556,473)	(971,188)	(1,753,550)
Net increase (decrease) in cash and cash equivalents	262,660	(164,078)	323,476	(132,347)
Cash and cash equivalents at 1 July	574,012	652,435	717,514	761,392
Effect of foreign exchange rate changes	39	34,348	(41,957)	(45,707)
Cash and cash equivalents at 31 December	836,711	522,705	999,033	583,338

Note: Cash and cash equivalents comprise cash at banks and cash on hand, and deposits with banks subjected to insignificant risk of change in value, and with a maturity of three months or less from date of placing.

Notes to the Condensed Consolidated Financial Statements

For the Six Months ended 31 December 2016

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”).

The Company’s functional currency and presentation currency are RMB. The presentation of HKD amounts in these condensed consolidated financial statements is for information purpose only.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements for the six months ended 31 December 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant for the preparation of the Group’s condensed consolidated financial statements:

IFRSs (Amendments)	Annual Improvements to IFRSs 2012–2014 Cycle
IFRS 10, IFRS 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidated Exception
IFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 1 (Amendments)	Disclosure Initiative
IAS 16 and IAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendments)	Agriculture: Bearer Plants

2. Principal Accounting Policies (continued)

IAS 38 (Amendments) Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 38 (Amendments) introduce a rebuttable presumption that the revenue is not appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

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

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

Other than disclosed above, the application of the other amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. Segment Information

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

Information reported to the chief operating decision maker, including segment revenue, earnings before interest, tax, depreciation and amortisation ("EBITDA"), depreciation and amortisation, interest and tax, and segment results, is more specifically focused on individual toll expressways projects jointly operated and managed by the Group and the relevant joint venture partner. Accordingly, the Group's reporting and operating segments under IFRS 8 "Operating Segments" are therefore as follows:

- Guangzhou-Shenzhen Superhighway ("GS Superhighway")
- Phase I of the Western Delta Route ("Phase I West")
- Phase II of the Western Delta Route ("Phase II West")
- Phase III of the Western Delta Route ("Phase III West")

Information regarding the above segments is reported below.

3. Segment Information (continued)

Segment revenue and results

	Six months ended 31 December									
	2015					2016				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
GS Superhighway	757,295	637,510	(209,544)	(137,483)	290,483	791,466	662,516	(227,918)	(160,304)	274,294
Western Delta Route	265,341	221,984	(86,264)	(117,251)	18,469	301,472	252,345	(106,637)	(94,924)	50,784
– Phase I West	51,844	39,833	(10,650)	(7,351)	21,832	56,098	43,484	(13,609)	(6,119)	23,756
– Phase II West	157,769	136,229	(49,395)	(54,399)	32,435	179,926	156,867	(57,768)	(40,186)	58,913
– Phase III West	55,728	45,922	(26,219)	(55,501)	(35,798)	65,448	51,994	(35,260)	(48,619)	(31,885)
Total	1,022,636	859,494	(295,808)	(254,734)	308,952	1,092,938	914,861	(334,555)	(255,228)	325,078
Corporate interest income from bank deposits					16,967					13,909
Corporate interest income from loans made by the Group to a joint venture					9,166					-
Other income					1,092					-
Corporate general and administrative expenses and depreciation					(17,282)					(18,274)
Corporate finance costs					(2,635)					(12)
Corporate income tax expense					(1,241)					-
Net exchange loss (net of related income tax) (Note)					(60,066)					(48,832)
Profit for the period					254,953					271,869
Profit for the period attributable to non-controlling interests					(4,375)					(4,412)
Profit for the period attributable to owners of the Company					250,578					267,457

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of RMB48,419,000 (six months ended 31 December 2015: RMB62,463,000) and the net exchange loss of the Group of RMB413,000 (six months ended 31 December 2015: net exchange gain of RMB2,397,000).

Notes to the Condensed Consolidated Financial Statements (continued)

For the Six Months ended 31 December 2016

3. Segment Information (continued)

Segment revenue and results (continued)

(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December									
	2015					2016				
	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results	Segment revenue	EBITDA	Depreciation and amortisation	Interest and tax	Segment results
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
GS Superhighway	922,823	776,846	(255,342)	(167,671)	353,833	907,062	759,386	(261,098)	(183,803)	314,485
Western Delta Route	323,315	270,651	(105,066)	(143,056)	22,529	345,506	289,632	(122,078)	(108,871)	58,683
– Phase I West	63,180	48,597	(12,971)	(8,962)	26,664	64,303	49,971	(15,548)	(7,018)	27,405
– Phase II West	192,237	166,085	(60,189)	(66,386)	39,510	206,211	179,935	(66,164)	(46,089)	67,682
– Phase III West	67,898	55,969	(31,906)	(67,708)	(43,645)	74,992	59,726	(40,366)	(55,764)	(36,404)
Total	1,246,138	1,047,497	(360,408)	(310,727)	376,362	1,252,568	1,049,018	(383,176)	(292,674)	373,168
Corporate interest income from bank deposits					20,782					16,078
Corporate interest income from loans made by the Group to a joint venture					11,348					-
Other income					1,348					-
Corporate general and administrative expenses and depreciation					(21,236)					(21,118)
Corporate finance costs					(3,236)					(14)
Corporate income tax expense					(1,536)					-
Net exchange loss (net of related income tax) (Note)					(72,570)					(55,470)
Profit for the period					311,262					312,644
Profit for the period attributable to non-controlling interests					(5,336)					(5,063)
Profit for the period attributable to owners of the Company					305,926					307,581

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of HK\$54,991,000 (six months ended 31 December 2015: HK\$75,509,000) and the net exchange loss of the Group of HK\$479,000 (six months ended 31 December 2015: net exchange gain of HK\$2,939,000).

The segment revenue represents the Group's share of the joint ventures' toll revenue received and receivable (net of business tax/valued-added tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. All of the segment revenue reported above is earned from external customers.

The EBITDA, depreciation and amortisation, and interest and tax represent the Group's share of joint ventures' EBITDA, depreciation and amortisation, and interest and tax from the operations of toll expressways in the PRC before net exchange gain/loss, based on the profit-sharing ratios specified in the relevant joint venture agreements.

3. Segment Information (continued)

Segment revenue and results (continued)

The segment results represent (i) the Group's share of joint ventures' results from the operations of toll expressways in the PRC before net exchange gain/loss (net of related income tax) based on the profit-sharing ratios specified in the relevant joint venture agreement, (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture and (iii) amortisation of additional cost of investment in joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	<i>2016</i> <i>RMB'000</i>	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	<i>2016</i> <i>HK\$'000</i>
Total segment results	308,952	325,078	376,362	373,168
Add:				
Net exchange loss (net of related income tax)	(62,463)	(48,419)	(75,509)	(54,991)
Withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture	14,145	14,194	17,262	16,301
Share of results of joint ventures as presented in condensed consolidated statement of profit or loss and other comprehensive income	260,634	290,853	318,115	334,478

4. Other Income and Other Expense

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	<i>2016</i> <i>RMB'000</i>	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	<i>2016</i> <i>HK\$'000</i>
Interest income from:				
Bank deposits	16,967	13,909	20,782	16,078
Loans made by the Group to a joint venture	9,166	–	11,348	–
Net exchange gain (loss)	2,397	(413)	2,939	(479)
Management fee income from joint ventures	1,077	–	1,329	–
Others	15	–	19	–
	29,622	13,496	36,417	15,599

Notes to the Condensed Consolidated Financial Statements (continued)

For the Six Months ended 31 December 2016

5. Finance Costs

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	<i>2016</i> <i>RMB'000</i>	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	<i>2016</i> <i>HK\$'000</i>
Interests on bank loans	1,631	–	2,003	–
Other financial expenses	1,004	12	1,233	14
	2,635	12	3,236	14

6. Share of Results of Joint Ventures

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	<i>2016</i> <i>RMB'000</i>	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	<i>2016</i> <i>HK\$'000</i>
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	301,332	334,647	367,713	384,671
Amortisation of additional cost of investments in joint ventures	(40,698)	(43,794)	(49,598)	(50,193)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(19,228)	(22,549)	(23,436)	(25,853)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	19,228	22,549	23,436	25,853
	260,634	290,853	318,115	334,478

7. Income Tax Expense

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	2016 RMB'000	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	2016 HK\$'000
The tax charge comprises:				
PRC Enterprise Income Tax ("EIT")	21,041	72,422	26,006	84,379
Deferred tax	(5,655)	(58,228)	(7,208)	(68,078)
	15,386	14,194	18,798	16,301

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both periods.

The EIT charge of the Group for the six months ended 31 December 2016 included an amount of RMB72,422,000 (approximately HK\$84,379,000) (six months ended 31 December 2015: RMB19,800,000 (approximately HK\$24,470,000)) representing the 5% withholding tax imposed on dividends declared during the period by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior periods in respect of undistributed earnings of a joint venture.

8. Dividends

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	2016 RMB'000	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	2016 HK\$'000
Dividends paid and recognised as distribution during the period:				
Final dividend for the year ended 30 June 2016: RMB8.2 cents (equivalent to HK9.5484 cents) (six months ended 31 December 2015: RMB8.4 cents (equivalent to HK10.1665 cents) for the year ended 30 June 2015) per share	258,862	246,840	313,300	294,039
Special final dividend for the year ended 30 June 2016: RMB40 cents (equivalent to HK46.5776 cents) (six months ended 31 December 2015: RMB18 cents (equivalent to HK21.7854 cents) for the year ended 30 June 2015) per share	554,704	1,254,262	671,359	1,434,336
	813,566	1,501,102	984,659	1,728,375

Notes to the Condensed Consolidated Financial Statements (continued)

For the Six Months ended 31 December 2016

8. Dividends (continued)

As at 4 January 2017, the Directors have declared that an interim dividend in respect of the year ending 30 June 2017 of RMB8.6 cents (equivalent to HK9.59416 cents) per share amounting to approximately RMB265,025,000 (approximately HK\$295,662,000) shall be paid to the shareholders of the Company registered as at the close of business on 19 January 2017.

As at 2 February 2016, the Directors declared that an interim dividend in respect of the year ended 30 June 2016 of RMB8.4 cents (equivalent to HK9.9737 cents) per share amounting to approximately RMB258,862,000 (approximately HK\$307,359,000) was paid to the shareholders of the Company whose names appear on the register of members on 22 February 2016.

9. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	<i>Six months ended 31 December</i>			
	<i>2015</i> <i>RMB'000</i>	<i>2016</i> <i>RMB'000</i>	<i>2015</i> <i>HK\$'000</i> <i>(FOR INFORMATION</i> <i>PURPOSE ONLY)</i>	<i>2016</i> <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	250,578	267,457	305,926	307,581

	<i>Six months ended 31 December</i>	
	<i>2015</i> <i>Number</i> <i>of shares</i>	<i>2016</i> <i>Number</i> <i>of shares</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	3,081,690,283	3,081,690,283

The computation of diluted earnings per share for the six months ended 31 December 2015 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the shares for the period from 1 July 2015 up to expiry date of share options (i.e. 31 July 2015). The Group had no potentially dilutive ordinary shares in issue during the period from 1 August 2015 to 31 December 2015 and the six months ended 31 December 2016.

10. Interests in Joint Ventures

	30 June 2016 RMB'000	31 December 2016 RMB'000	30 June 2016 HK\$'000 (FOR INFORMATION PURPOSE ONLY)	31 December 2016 HK\$'000
Unlisted investments:				
At cost				
Cost of investment in a joint venture	2,020,789	2,020,789	2,358,261	2,255,200
Additional cost of investments	2,520,218	2,520,218	2,941,094	2,812,563
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	2,552,963	1,439,171	2,979,307	1,606,114
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(312,934)	(335,483)	(365,194)	(374,399)
Less: Accumulated amortisation of additional cost of investments	(1,346,656)	(1,390,450)	(1,571,547)	(1,551,742)
	5,434,380	4,254,245	6,341,921	4,747,736
At amortised cost				
Registered capital contribution, at nominal amount	2,449,500	2,449,500	2,858,567	2,733,642
Fair value adjustment on initial recognition	(2,020,789)	(2,020,789)	(2,358,261)	(2,255,200)
Accumulated imputed interest income recognised by the Group	312,934	335,483	365,194	374,399
	741,645	764,194	865,500	852,841
	6,176,025	5,018,439	7,207,421	5,600,577

Note: During the year ended 30 June 2016, the Group had contributed additional capital contributions to West Route JV in respect of Phase II West by two additional tranches in aggregate of RMB212,000,000 (approximately HK\$261,502,000).

Notes to the Condensed Consolidated Financial Statements (continued)

For the Six Months ended 31 December 2016

11. Investment

The investment represents interest in unlisted limited company incorporated in the PRC and is classified as available-for-sale financial asset. It is measured at cost less impairment at the end of the reporting period.

12. Share Capital

	<i>Number of shares</i>	<i>Nominal amount HK\$'000</i>	
Ordinary shares of HK\$0.1 each			
Authorised:			
As at 1 July 2015, 31 December 2015, 30 June 2016, 1 July 2016 and 31 December 2016	10,000,000,000		1,000,000
	<i>Number of shares</i>	<i>Nominal amount Equivalent to HK\$'000 RMB'000</i>	
Issued and fully paid:			
As at 1 July 2015, 31 December 2015, 30 June 2016, 1 July 2016 and 31 December 2016	3,081,690,283	308,169	270,603

Share Option Scheme

There were no share options granted, vested, exercised, lapsed or outstanding during the six months ended 31 December 2016. During the six months ended 31 December 2015, 400,000 vested share options with exercise price of HK\$5.800 per share were lapsed on expiry.

Share Award Scheme

There were no awarded shares granted, vested, forfeited or outstanding in both periods presented.

13. Deferred Tax Liability

The amount represents the deferred tax liability associated with the undistributed earnings of a joint venture.

14. Related Party Transactions

Amounts due from and to related parties are disclosed in the condensed consolidated statement of financial position and relevant notes. During the six months ended 31 December 2016, the Group paid rental, air-conditioning, management fee and car parking charges to fellow subsidiaries amounting to RMB696,000 (approximately HK\$804,000) (six months ended 31 December 2015: RMB744,000 (approximately HK\$914,000)).

The registered capital amounting to HK\$702,000,000 (equivalent to RMB471,000,000) previously injected by a subsidiary of the Company to GS Superhighway JV was repaid by GS Superhighway JV during the year ended 30 June 2008. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the repayment of registered capital before the expiry of the joint venture operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of GS Superhighway JV to the extent of HK\$702,000,000 when GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

15. Fair Value

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

Appendix — Condensed Consolidated Financial Information (Prepared under Proportionate Consolidation Method)

Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2016

(FOR INFORMATION PURPOSE ONLY)

	Six months ended 31 December			
	2015 RMB'000	2016 RMB'000	2015 HK\$'000	2016 HK\$'000
Toll revenue	1,022,636	1,092,938	1,246,138	1,252,568
Revenue on construction	13,636	38,144	16,281	42,568
Turnover	1,036,272	1,131,082	1,262,419	1,295,136
Other income and other expense	(21,146)	(16,164)	(24,731)	(17,852)
Construction costs	(13,636)	(38,144)	(16,281)	(42,568)
Provision for resurfacing charges	(17,054)	(16,839)	(20,784)	(19,302)
Toll expressway operation expenses	(134,563)	(143,840)	(163,832)	(164,383)
General and administrative expenses	(51,625)	(59,197)	(62,970)	(67,812)
Depreciation and amortisation charges	(295,892)	(334,654)	(360,512)	(383,291)
Finance costs	(136,307)	(133,524)	(166,302)	(152,999)
Profit before tax	366,049	388,720	447,007	446,929
Income tax expenses	(111,096)	(116,851)	(135,745)	(134,285)
Profit for the period	254,953	271,869	311,262	312,644
Profit for the period attributable to:				
Owners of the Company	250,578	267,457	305,926	307,581
Non-controlling interests	4,375	4,412	5,336	5,063
	254,953	271,869	311,262	312,644

Condensed Consolidated Statement of Financial Position

As at 31 December 2016

(FOR INFORMATION PURPOSE ONLY)

	30 June 2016 RMB'000	31 December 2016 RMB'000	30 June 2016 HK\$'000	31 December 2016 HK\$'000
ASSETS				
Non-current Assets				
Property and equipment	466,379	482,310	544,264	538,257
Concession intangible assets	11,631,547	11,372,790	13,574,016	12,692,034
Balance with a joint venture	370,822	382,097	432,749	426,420
Investment	4,785	4,785	5,585	5,341
	12,473,533	12,241,982	14,556,614	13,662,052
Current Assets				
Inventories	1,173	1,103	1,369	1,231
Deposits and prepayments	1,920	838	2,241	935
Interest and other receivables	55,703	30,745	65,006	34,312
Pledged bank balances and deposits of joint ventures	252,028	246,080	294,116	274,625
Bank balances and cash				
– The Group	652,435	522,705	761,392	583,338
– Joint ventures	9,750	6,106	11,377	6,815
	973,009	807,577	1,135,501	901,256
Total Assets	13,446,542	13,049,559	15,962,115	14,563,308

Appendix — Condensed Consolidated Financial Information (Prepared under Proportionate Consolidation Method) (continued)

Condensed Consolidated Statement of Financial Position (continued)

As at 31 December 2016

(FOR INFORMATION PURPOSE ONLY)

	30 June 2016 RMB'000	31 December 2016 RMB'000	30 June 2016 HK\$'000	31 December 2016 HK\$'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	270,603	308,169	308,169
Share premium and reserves	6,402,017	5,169,499	7,478,779	5,762,985
Equity attributable to owners of the Company	6,672,620	5,440,102	7,786,948	6,071,154
Non-controlling interests	46,554	29,228	54,328	32,618
Total Equity	6,719,174	5,469,330	7,841,276	6,103,772
Non-current Liabilities				
Bank and other loans of joint ventures	5,373,629	6,116,762	6,271,025	6,826,306
Balance with a joint venture partner	370,772	382,046	432,691	426,363
Resurfacing obligations	149,406	159,807	174,356	178,345
Deferred tax liabilities	293,389	225,366	342,385	251,509
Other non-current liabilities	49,704	48,357	58,005	53,966
	6,236,900	6,932,338	7,278,462	7,736,489
Current Liabilities				
Provision, other payables, accruals and deposits received	369,077	415,203	430,713	463,366
Bank loans of joint ventures	65,036	173,136	75,897	193,220
Other interest payable	5,911	7,626	6,898	8,511
Tax liabilities	50,444	51,926	58,869	57,950
	490,468	647,891	572,377	723,047
Total Liabilities	6,727,368	7,580,229	7,850,839	8,459,536
Total Equity and Liabilities	13,446,542	13,049,559	15,692,115	14,563,308

10-Year Financial Summary

The financial summary of the Group presented in RMB from 2008 to 2016.

Consolidated Results Prepared under the Equity Method (RMB million)

	2008	2009	2010	Year ended 30 June						Six months ended 31 December 2016
				2011	2012	2013	2014	2015	2016	
Share of results of joint ventures	1,031	960	958	966	896	653	576	545	556	291
Corporate results	81	(11)	(102)	(84)	(45)	(41)	(12)	(15)	(35)	(19)
Gain on disposal of ESW Ring Road ⁽¹⁾	814	–	–	–	–	–	–	–	–	–
Profit for the year/period	1,926	949	856	882	851	612	564	530	521	272
Profit for the year/period attributable to:										
Owners of the Company	1,909	933	841	866	836	601	553	520	511	267
Non-controlling interests	17	16	15	16	15	11	11	10	10	5
Profit for the year/period	1,926	949	856	882	851	612	564	530	521	272

Segment Revenue and Results (RMB million)

	2008	2009	2010	Year ended 30 June						Six months ended 31 December 2016
				2011	2012	2013	2014	2015	2016	
Net toll revenue	1,601	1,593	1,706	1,934	1,949	1,803	1,916	1,919	2,002	1,092
GS Superhighway	1,485	1,521	1,628	1,718	1,689	1,470	1,475	1,438	1,480	791
Western Delta Route	72	72	78	216	260	333	441	481	522	301
– Phase I West	72	72	77	82	77	80	88	93	102	56
– Phase II West	–	–	1	134	183	231	276	292	310	180
– Phase III West	–	–	–	–	–	22	77	96	110	65
ESW Ring Road ⁽¹⁾	44	–	–	–	–	–	–	–	–	–
EBITDA	1,398	1,439	1,487	1,686	1,730	1,545	1,627	1,602	1,705	915
GS Superhighway	1,311	1,380	1,426	1,506	1,516	1,272	1,266	1,209	1,262	662
Western Delta Route	62	59	61	180	214	273	361	393	443	253
– Phase I West	62	59	61	64	62	64	66	72	81	44
– Phase II West	–	–	0	116	152	193	233	249	271	157
– Phase III West	–	–	–	–	–	16	62	72	91	52
ESW Ring Road ⁽¹⁾	25	–	–	–	–	–	–	–	–	–
Depreciation and amortisation	(288)	(266)	(295)	(369)	(397)	(453)	(519)	(547)	(595)	(335)
GS Superhighway	(266)	(257)	(286)	(311)	(333)	(360)	(384)	(394)	(414)	(228)
Western Delta Route	(9)	(9)	(9)	(58)	(64)	(93)	(135)	(153)	(181)	(107)
– Phase I West	(9)	(9)	(9)	(11)	(11)	(13)	(17)	(18)	(21)	(14)
– Phase II West	–	–	(0)	(47)	(53)	(67)	(81)	(92)	(98)	(58)
– Phase III West	–	–	–	–	–	(13)	(37)	(43)	(62)	(35)
ESW Ring Road ⁽¹⁾	(13)	–	–	–	–	–	–	–	–	–
Interest and tax	(450)	(270)	(298)	(495)	(524)	(511)	(573)	(548)	(499)	(255)
GS Superhighway	(351)	(241)	(275)	(363)	(371)	(296)	(291)	(268)	(277)	(160)
Western Delta Route	(32)	(29)	(23)	(132)	(153)	(215)	(282)	(280)	(222)	(95)
– Phase I West	(32)	(29)	(21)	(16)	(17)	(17)	(16)	(16)	(15)	(6)
– Phase II West	–	–	(2)	(116)	(136)	(146)	(144)	(139)	(102)	(40)
– Phase III West	–	–	–	–	–	(52)	(122)	(125)	(105)	(49)
ESW Ring Road ⁽¹⁾	(67)	–	–	–	–	–	–	–	–	–
Segment results⁽²⁾	660	903	894	822	809	581	535	507	611	325
GS Superhighway	694	882	865	832	812	616	591	547	571	274
Western Delta Route	21	21	29	(10)	(3)	(35)	(56)	(40)	40	51
– Phase I West	21	21	31	37	34	34	33	38	45	24
– Phase II West	–	–	(2)	(47)	(37)	(20)	8	18	71	59
– Phase III West	–	–	–	–	–	(49)	(97)	(96)	(76)	(32)
ESW Ring Road ⁽¹⁾	(55)	–	–	–	–	–	–	–	–	–
Segment corporate results⁽³⁾	75	49	(34)	(16)	0	(5)	24	19	(8)	(4)
Net exchange gain/(loss)	377	(3)	(4)	76	42	36	5	4	(82)	(49)
Gain on disposal of ESW Ring Road ⁽¹⁾	814	–	–	–	–	–	–	–	–	–
Profit for the year/period	1,926	949	856	882	851	612	564	530	521	272
Profit for the year/period attributable to:										
Owners of the Company	1,909	933	841	866	836	601	553	520	511	267
Non-controlling interests	17	16	15	16	15	11	11	10	10	5
Profit for the year/period	1,926	949	856	882	851	612	564	530	521	272

10-Year Financial Summary (continued)

Consolidated Statement of Financial Position Prepared under the Equity Method (RMB million)

	2008	2009	2010	As at 30 June						As at
				2011	2012	2013	2014	2015	2016	31 December 2016
Interests in joint ventures	4,063	5,036	5,117	5,893	6,447	6,256	6,131	6,203	6,176	5,018
Loans to a joint venture	–	–	–	500	30	1,030	1,000	788	–	–
Bank balances and cash	5,275	2,447	2,158	2,856	3,756	1,480	814	574	652	523
Dividend receivable from a joint venture	939	1	113	252	279	167	166	86	19	–
Investment	–	–	–	–	–	5	5	5	5	5
Property and equipment	7	3	2	2	1	0	0	0	0	0
Other current assets	23	6	2	32	35	29	12	29	2	2
Total assets	10,307	7,493	7,392	9,535	10,548	8,967	8,128	7,685	6,854	5,548
Bank loans	–	–	–	21	1,058	602	698	237	–	–
Corporate bonds	–	–	–	1,980	1,980	600	–	–	–	–
PRC withholding tax liability	60	104	100	132	137	133	133	137	127	69
Other current liabilities	44	29	10	31	36	11	11	12	8	10
Total liabilities	104	133	110	2,164	3,211	1,346	842	386	135	79
Non-controlling interests	45	42	45	50	55	50	50	52	46	29
Equity attributable to owners of the Company	10,158	7,318	7,237	7,321	7,282	7,571	7,236	7,247	6,673	5,440

Consolidated Statement of Cash Flows Prepared under the Equity Method (RMB million)

	2008	2009	2010	Year ended 30 June						Six months ended
				2011	2012	2013	2014	2015	2016	31 December 2016
Net cash used in operating activities	(43)	(35)	(25)	(46)	(46)	(42)	(38)	(38)	(42)	(16)
Net cash from (used in) investing activities	3,227	985	696	(1,150)	1,077	496	57	1,549	1,456	1,408
Net cash from (used in) financing activities	(1,231)	(3,795)	(929)	1,182	103	(2,240)	(1,435)	(1,001)	(1,336)	(1,556)
Net increase (decrease) in cash and cash equivalents	1,953	(2,845)	(258)	(14)	1,134	(1,786)	(1,416)	510	78	(164)
Cash and cash equivalents at the beginning of year/period	3,805	5,275	2,447	2,158	2,133	3,266	1,480	64	574	652
Effect of foreign exchange rate changes	(483)	17	(31)	(11)	(1)	0	0	0	0	35
Cash and cash equivalents at the end of year/period	5,275	2,447	2,158	2,133	3,266	1,480	64	574	652	523
Time deposits with original maturity over three months	–	–	–	723	490	–	750	–	–	–
Total bank balances and cash	5,275	2,447	2,158	2,856	3,756	1,480	814	574	652	523

Per Share Basis

	Year ended 30 June									Six months ended 31 December 2016
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Basic earnings per share (RMB cents)	64.3	31.5	28.4	29.2	28.2	19.5	17.9	16.9	16.6	8.7
Dividend per share (RMB cents)										8.6
– Interim	15.9	15.0	15.0	13.6	14.7	10.0	9.8	8.4	8.4	
– Final	11.4	15.9	13.1	14.9	13.0	9.0	8.1	8.4	8.2	
– Special	31.2	73.9	–	–	–	10.0	–	18.0	40.0	
Net asset value per share (RMB)	3.4	2.5	2.4	2.5	2.5	2.5	2.4	2.4	2.2	1.8
Dividend payout ratio ⁽⁴⁾	91%	98%	99%	98%	98%	97%	99.8%	99.6%	100.1%	99.1%

Financial Ratios

	As at 30 June									As at 31 December 2016
	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Return on equity attributable to owners of the Company	19%	13%	12%	12%	12%	8%	8%	7%	8%	10% ⁽⁵⁾
Prepared under Equity Method										
Total debt ⁽⁶⁾ to total assets	–	–	–	21%	29%	13%	9%	3%	–	–
Gearing ratio (Net debt ⁽⁶⁾ to equity attributable to owners of the Company)	–	–	–	–	–	–	–	–	–	–
Prepared under Proportionate Consolidation Method										
Total debt ⁽⁷⁾ to total assets	29%	37%	40%	46%	51%	46%	44%	42%	43%	51%
Gearing ratio (Net debt ⁽⁷⁾ to equity attributable to owners of the Company)	0%	30%	43%	57%	67%	74%	78%	71%	73%	108%

Notes:

- (1) The Group's 45% interest in Guangzhou East-South-West Ring Road ("ESW Ring Road") was disposed of in September 2007.
- (2) The segment results represent the Group's share of results of joint ventures before exchange difference (net of related income tax) and net of withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture.
- (3) The segment corporate results represent the corporate results before corporate exchange difference and withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture.
- (4) Excluding extraordinary special dividend for FY09 and special final dividend for FY08, FY13, FY15 and FY16.
- (5) Annualised figures.
- (6) Under equity method, total debt include bank loans and corporate bonds of the Group. Net debt is defined as total debt less the bank balances and cash of the Group as at the reporting date.
- (7) Under proportionate consolidation method, total debt include bank loans of the Group, bank and other loans of joint ventures, balance with a joint venture partner and corporate bonds of the Group. Net debt is defined as total debt less the bank balances and cash of the Group and joint ventures together with pledged bank balances and deposits of the joint ventures as at the reporting date.

Corporate Information and Key Dates

Board of Directors

Sir Gordon Ying Sheung WU¹ KCMG, FICE
Chairman

Mr. Eddie Ping Chang HO
Vice Chairman

Mr. Thomas Jefferson WU² JP
Managing Director

Mr. Alan Chi Hung CHAN
Deputy Managing Director

Professor Chung Kwong POON[‡] GBS, JP, PhD, DSc

Mr. Yuk Keung IP[‡]

Mr. Brian David Man Bun LI[‡] JP

Mr. Alexander Lanson LIN[‡]

1 Also as Alternate Director to Mr. Eddie Ping Chang HO

2 Also as Alternate Director to Sir Gordon Ying Sheung WU

[‡] Independent Non-executive Director

Audit Committee

Mr. Yuk Keung IP
Chairman

Professor Chung Kwong POON GBS, JP, PhD, DSc

Mr. Brian David Man Bun LI JP

Remuneration Committee

Professor Chung Kwong POON GBS, JP, PhD, DSc
Chairman

Mr. Yuk Keung IP

Mr. Brian David Man Bun LI JP

Company Secretary

Ms. Ching Fan KOO
(appointed on 14 November 2016)

Registered Office

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Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business

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Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 0177

Solicitors

Woo Kwan Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Listing Information

The Stock Exchange of Hong Kong Limited
HKD-traded Ordinary Shares (Stock Code: 737)
RMB-traded Ordinary Shares (Stock Code: 80737)

Principal Bankers⁺

Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Bank of East Asia, Limited
BNP Paribas
China CITIC Bank Corporation Limited
China Development Bank, Guangdong Branch
China Everbright Bank Corporation Limited
Chong Hing Bank Limited
Guangdong Development Bank Co., Limited
Industrial and Commercial Bank of China Limited
PingAn Bank Co., Limited
Sumitomo Mitsui Banking Corporation

⁺ names are in alphabetical order

Cayman Islands Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2529 6087

American Depositary Receipt

CUSIP No.	439554106
Trading Symbol	HHILY
ADR to share ratio	1:10
Depositary Bank	Citibank, N.A., U.S.A.

Investor Relations

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Fax: (852) 2529 8602
Email: ir@hopewellhighway.com

Website

www.hopewellhighway.com

Key Dates

Interim dividend announcement	4 January 2017
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	4 January 2017
Closure of register of members	19 January 2017
Deadline for submission of dividend election form	8 February 2017
Interim dividend payable (RMB8.6 cents or HK9.59416 cents per share)	22 February 2017

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

Glossary

“1H FY16”	the first half of FY16
“1H FY17”	the first half of FY17
“Average daily full-length equivalent traffic”	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the number of days in the period under review
“Average daily toll revenue”	average daily toll revenue including tax
“Board”	the board of Directors of the Company
“CAGR”	compound annual growth rate
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Coastal Expressway”	Guangzhou-Shenzhen Coastal Expressway
“Company” or “HHL”	Hopewell Highway Infrastructure Limited
“CY”	calendar year
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EIT”	enterprise income tax
“FY07”	the financial year ended 30 June 2007
“FY08”	the financial year ended 30 June 2008
“FY09”	the financial year ended 30 June 2009
“FY10”	the financial year ended 30 June 2010
“FY11”	the financial year ended 30 June 2011
“FY12”	the financial year ended 30 June 2012
“FY13”	the financial year ended 30 June 2013
“FY14”	the financial year ended 30 June 2014
“FY15”	the financial year ended 30 June 2015
“FY16”	the financial year ended 30 June 2016
“FY17”	the financial year ending 30 June 2017
“FY18”	the financial year ending 30 June 2018
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“GS Superhighway JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
“HHL”	Hopewell Holdings Limited
“HHL Shares”	ordinary shares of HHL
“HK\$”, “HKD” or “HK Dollar(s)”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HZM Bridge”	the Hong Kong-Zhuhai-Macau Bridge
“JV”	joint venture
“km”	kilometre

“Lady WU”	Lady WU Ivy Sau Ping KWOK
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the PRC, excluding Hong Kong and Macau
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“PBOC”	The People’s Bank of China
“Phase I West”	Phase I of the Western Delta Route
“Phase II West”	Phase II of the Western Delta Route
“Phase III West”	Phase III of the Western Delta Route
“PRC” or “China”	the People’s Republic of China
“PRD”	Pearl River Delta
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	the share award scheme adopted by the Board on 25 January 2007
“Sir Gordon WU”	Sir Gordon Ying Sheung WU
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “US” or “USA”	the United States of America
“USD” or “US Dollar(s)”	United States Dollars, the lawful currency of the United States
“West Route JV”	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
“Western Delta Route” or “WDR”	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
“yoy”	year-on-year



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