HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

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

2018 ANNUAL REPORT

Hopewell Highway Infrastructure Limited (the "Company") (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.

Shenzhen Investment Holdings Company Limited, a corporation wholly-owned by Shenzhen Municipal State-owned Assets Supervision and Administration Commission, became the ultimate parent company of the Company on 4 April 2018.

On 28 February 2019, the Board proposed to change the name of the Company from "Hopewell Highway Infrastructure Limited" to "Shenzhen Investment Holdings Bay Area Development Company Limited" for the benefit of reflecting our business development direction and rebuilding corporate identity.

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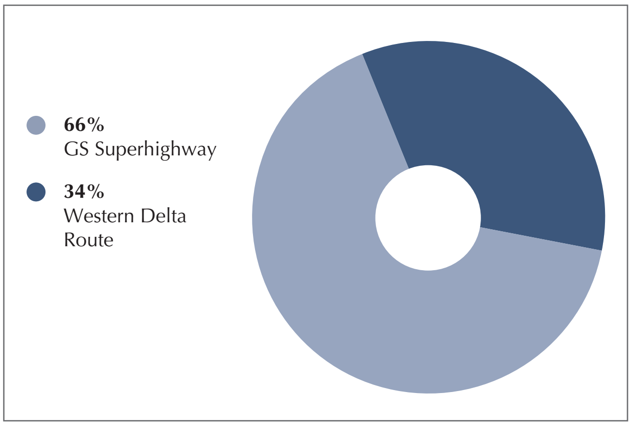
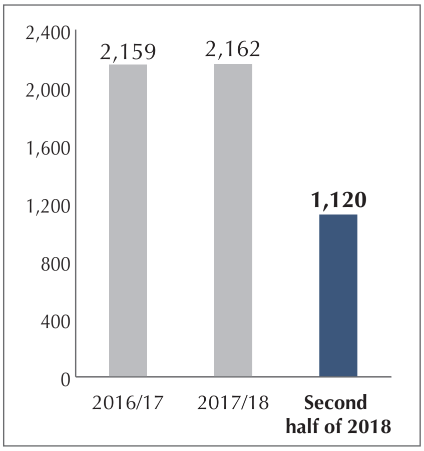
Financial Highlights
(Presented under Proportionate Consolidation Method)

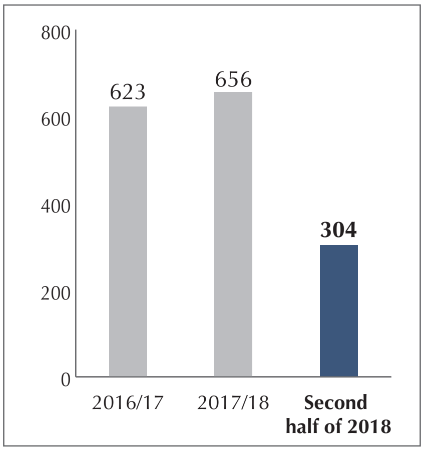
Net toll Revenue by Expressway (Second half of 2018)



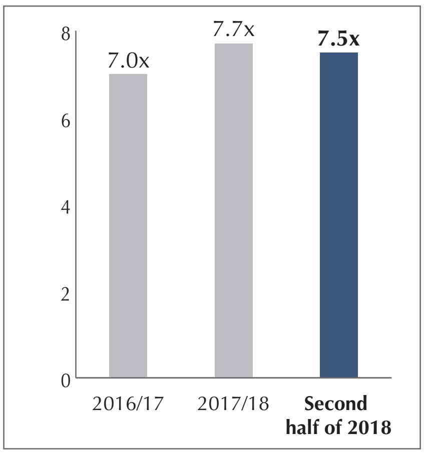
Net Toll Revenue
(RMB million)



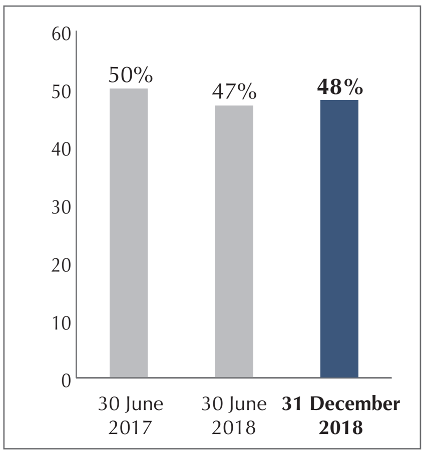
Profit Attributable to Owners of the Company
(RMB million)



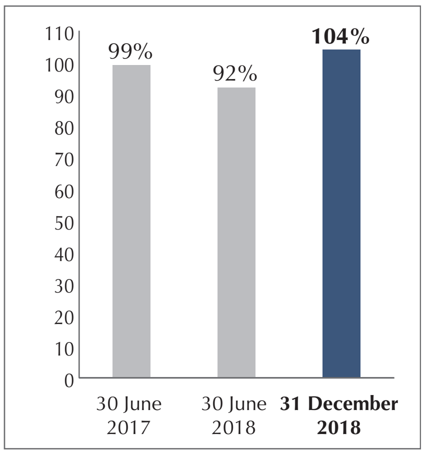
Interest Coverage
(EBITDA/Interest)



Total Debt(Note 1) to Total Assets



Gearing Ratio
Net Debt(Note 1) to Equity Attributable to Owners of the Company)



Note 1: Total debt include bank loans of the Group, bank and other loans of joint ventures and balance with a joint venture partner. Net debt is defined as total debt less bank balances and cash of the Group and joint ventures together with pledged bank balances and deposits of joint ventures.

5-Year Financial Summary

The financial summary of the Group for the year ended 30 June 2015 to six months ended 31 December 2018.

Consolidated Results Prepared under the Equity Method (RMB million)

	Year ended 30 June				Six months ended 31 December
	2015	2016	2017	2018	**2018**
Share of results of joint ventures	545	556	680	724	**340**
Corporate results	(15)	(35)	(48)	(58)	**(32)**
Profit for the year/period	530	521	632	666	**308**
Profit for the year/period attributable to:					
Owners of the Company	**520**	**511**	**623**	**656**	**304**
Non-controlling interests	10	10	9	10	**4**
Profit for the year/period	**530**	**521**	**632**	**666**	**308**

Segment Revenue and Results (RMB million)

	Year ended 30 June				Six months ended 31 December
	2015	2016	2017	2018	**2018**
Net toll revenue	**1,919**	**2,002**	**2,159**	**2,162**	**1,120**
GS Superhighway	1,438	1,480	1,560	1,499	**743**
Western Delta Route	481	522	599	663	**377**
EBITDA	**1,602**	**1,705**	**1,859**	**1,889**	**983**
GS Superhighway[(1)]	1,209	1,262	1,343	1,309	**663**
Western Delta Route	393	443	516	580	**320**
Depreciation and amortisation	**(547)**	**(595)**	**(671)**	**(692)**	**(358)**
GS Superhighway	(394)	(414)	(460)	(463)	**(232)**
Western Delta Route	(153)	(181)	(211)	(229)	**(126)**
Interest and tax	**(548)**	**(499)**	**(522)**	**(538)**	**(270)**
GS Superhighway	(268)	(277)	(324)	(325)	**(164)**
Western Delta Route	(280)	(222)	(198)	(213)	**(106)**
Segment results[(2)]	**507**	**611**	**666**	**659**	**355**
GS Superhighway	547	571	559	521	**267**
Western Delta Route	(40)	40	107	138	**88**
Segment corporate results[(3)]	**19**	**(8)**	**(17)**	**(15)**	**(10)**
Net exchange gain/(loss)	4	(82)	(17)	22	**(37)**
Profit for the year/period	530	521	632	666	**308**
Profit for the year/period attributable to:					
Owners of the Company	**520**	**511**	**623**	**656**	**304**
Non-controlling interests	10	10	9	10	**4**
Profit for the year/period	**530**	**521**	**632**	**666**	**308**

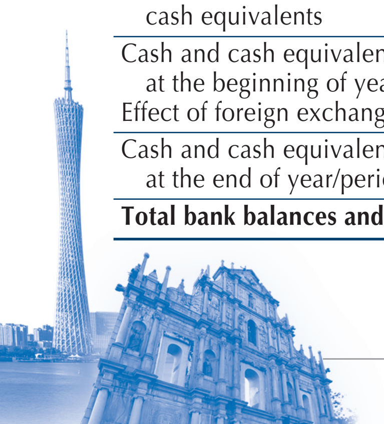
5-Year Financial Summary

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

	As at 30 June 2015	2016	2017	2018	As at 31 December 2018
Interests in joint ventures	6,203	6,176	5,172	4,852	**4,798**
Loans to a joint venture	788	–	–	–	**–**
Bank balances and cash	574	652	469	691	**140**
Dividend receivable from a joint venture	86	19	0	74	**–**
Equity instrument at fair value through other comprehensive income	–	–	–	–	**11**
Investment	5	5	5	5	**–**
Property and equipment	0	0	0	0	**1**
Other current assets	29	2	3	4	**0**
Total assets	**7,685**	**6,854**	**5,649**	**5,626**	**4,950**
Bank loans	237	–	–	–	**–**
PRC withholding tax liabilities	137	127	80	70	**70**
Other current liabilities	12	8	12	10	**11**
Interim dividend payable	–	–	–	371	**–**
Total liabilities	**386**	**135**	**92**	**451**	**81**
Non-controlling interests	52	46	31	27	**30**
Equity attributable to owners of the Company	**7,247**	**6,673**	**5,526**	**5,148**	**4,839**

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

	Year ended 30 June 2015	2016	2017	2018	Six months ended 31 December 2018
Net cash used in operating activities	(38)	(42)	(37)	(36)	**(14)**
Net cash from (used in) investing activities					
– Registered capital contribution to a joint venture	(106)	(212)	–	–	**–**
– Repayment of loans from a joint venture	212	788	–	–	**–**
– Net dividends received	630	823	1,619	911	**449**
– Others	813	57	22	19	**8**
Net cash from (used in) financing activities					
– New bank loans raised	278	369	–	–	**266**
– Repayment of bank loans	(740)	(619)	–	–	**(266)**
– Dividends paid	(518)	(1,084)	(1,824)	(674)	**(1,001)**
– Others	(21)	(2)	–	–	**(1)**
Net increase (decrease) in cash and cash equivalents	510	78	(219)	220	**(559)**
Cash and cash equivalents at the beginning of year/period	64	574	652	469	**691**
Effect of foreign exchange rate changes	0	0	36	2	**8**
Cash and cash equivalents at the end of year/period	574	652	469	691	**140**
Total bank balances and cash	**574**	**652**	**469**	**691**	**140**



5-Year Financial Summary

Per Share Basis

	Year ended 30 June				Six months ended 31 December
	2015	2016	2017	2018	**2018**
Basic earnings per share (RMB cents)	16.9	16.6	20.2	21.3	**9.87**
Dividend per share (RMB cents)					
– Interim	8.4	8.4	8.6	11.6	**–**
– Final	8.4	8.2	11.6	9.7	**9.9**
– Special final	18.0	40.0	10.0	10.0	**–**
Net asset value per share (RMB)	2.4	2.2	1.8	1.7	**1.6**
Dividend payout ratio[4]	100%	100 %	100%	100%	**100%**

Financial Ratios

	As at 30 June				As at 31 December
	2015	2016	2017	2018	**2018**
Return on equity attributable to owners of the Company	7%	8%	11%	13%	**12%**[7]
Prepared under Equity Method					
Total debt[5] to total assets	3%	–	–	–	**–**
Gearing ratio (Net debt[5] to equity attributable to owners of the Company)	–	–	–	–	**–**
Prepared under Proportionate Consolidation Method					
Total debt[6] to total assets	42%	43%	50%	47%	**48%**
Gearing ratio (Net debt[6] to equity attributable to owners of the Company)	71%	73%	99%	92%	**104%**

Notes:

(1) Excluding exchange differences and related income tax.

(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 special final dividend.

(5) Under equity method, total debt include bank loans of the Group. Net debt is defined as total debt less the bank balances and cash of the Group as at the reporting date.

(6) Under proportionate consolidation method, total debt include bank loans of the Group, bank and other loans of joint ventures, and balance with a joint venture partner. 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.

(7) Annualised figure.

Chairman's Statement

Financial Results and Dividend Proposal

It is my honour to report on behalf of the Board to Shareholders the Group's performance for the first financial year (covering six months between 1 July 2018 and 31 December 2018) following the change of the Company's financial year end date. The Group's net profit of the toll expressway projects was RMB355 million, profit attributable to owners of the Company was RMB304 million, and basic earnings per share stood at RMB9.87 cents.

The Board has proposed a final dividend of RMB9.9 cents per share for the six months ended 31 December 2018, equivalent to 100% of profit attributable to owners of the Company. Payment of the final dividend is subject to approval at the 2019 Annual General Meeting.

Operating Environment

In 2018, the global economy was weakened due to a couple of adverse factors. This included, to name a few, Sino-US trade disputes that impaired international trade and industrial production, rising global interest rate trend that resulted in financial market volatility and a decrease in risk appetite, political disturbances in Europe and the US that, combined with international diplomatic crisis, dampened market confidence, and fluctuating international crude oil prices that pushed up the production cost of businesses. These factors have intensified enterprises' operating pressure and difficulties, thus increasing the risk of economic downturn. In the face of the international headwind, Mainland China's GDP was still managed to meet its 2018 growth target. Nonetheless, in order to cope with potential slowdown in economic growth and maintain a stable economic development, the Chinese government planned to roll out in 2019 stimulus policies to support its domestic demand. This would involve, among others, accelerating approval and implementation of investment projects, expanding the scope of tax reduction for enterprises and individuals, and facilitating financing channels available on the market. These measures aimed at mitigating adverse effects caused by unstable external environment. Moreover, to create a sustainable operating environment, China continued to carry out reforms creating a relaxed and fair business environment, and encouraged researches and technological innovation to enhance marketization and improve its economy's quality.

Chairman's Statement

The Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area has been officially promulgated and it becomes an important guideline for future development of including Guangdong, Hong Kong and Macao. Featuring a large population in a vast territory, as well as a burgeoning economy with high potential for development, the Bay Area has been actively rolling out a number of key projects, including the "Guangzhou-Shenzhen-Hong Kong-Macao" Corridor of Science, Technology and Innovation, the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, and the Hengqin New Zone projects. With support from the Central Government of the PRC, cities in the Bay Area are going to strengthen their ties and deepen their cooperation. These projects will magnify the cities' comparative advantages, facilitate an industrial upgrade and stimulate the regions' economic development. Connecting Guangzhou Ring Road in the north, the Group's expressway projects run through the core of the Bay Area linking Shenzhen, Dongguan, Guangzhou, Foshan, Zhongshan and Zhuhai together. Combined with the newly commissioned HZM Bridge and its related feeder roads, the Bay Area has basically formed a network of ring expressways. Such incredible geographical advantages will certainly make the projects benefit from huge transport demand to be stimulated by a burgeoning Bay Area.

The much-hyped revision of the Regulation on the Administration of Toll Roads is still in progress. The Ministry of Transport of the PRC published in December 2018 the latest revised draft for public consultation. Provided that the revised draft Regulation on the Administration of Toll Roads will be adopted and published, the toll road sector will be benefited from a long-term healthy growth.

Business Review and Prospects

The Group's two expressway projects basically achieved stable performance in 2018. Both traffic volume and toll revenue of the GS Superhighway recorded a lower single-digit decline due to short-term diversion impacts caused by newly opened highways in the adjacent areas; whereas the traffic volume and toll revenue of the Western Delta Route recorded a double-digit growth because of truck restrictions imposed on Foshan Ring Road. The traffic volume of our expressways will remain stable, driven by robustness of the cities along the two projects. In addition, following the opening of the HZM Bridge in October 2018, passenger and cargo transportation on road between western PRD and Hong Kong will certainly be expedited through its connection with the Western Delta Route by feeder highways. In the long run, this helps improve the performance of the Western Delta Route.

In response to urban development needs, a local government has proposed to revise the land use planning on land plots of Xintang interchange on the GS Superhighway, and change the land usage to Type II residential. If the proposed plan is implemented, Xintang interchange will be reconstructed and vacate partial land plots for residential development. The government will resume the vacated land plots in accordance with relevant laws and regulations before putting them up for bidding and auction. Since GS Superhighway JV holds the land rights of Xintang interchange, according to relevant policies, it is entitled to cash compensation from the government when the land is resumed, whereas the cost of reconstruction of Xintang interchange will also be borne by the bidder who wins the rights of vacated residential land plots. The Group continues study to come up with a plan to further enhance and realize the land value of Xintang interchange. Moreover, there are several interchanges with similar design and land scope as Xintang interchange along the GS Superhighway. As the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area has been promulgated, local governments are expected to further optimize the land use planning for infrastructure and city development. The Group will actively engage in the process and coordinate with the local governments to explore and arrive at a win-win solution on the implementation of land use plan.

As a major overseas-listed platform under Shenzhen Investment Holdings Company Limited, our ultimate holding company, the Group's development strategy will focus on the infrastructure and correlated businesses within the Bay Area in the future. To better reflect our future business development direction and corporate identity, the Board proposed to change company name to "Shenzhen Investment Holdings Bay Area Development Company Limited". The proposal is pending approval at the 2019 Annual General Meeting.

The US Federal Reserve continued to normalize interest rates during 2018, raising the rates four times in total. As a result, the global financial environment was further tightened and the US dollar was remarkably strong, while the RMB exchange rate dramatically weakened in the second half of the year. The Group will continue to keep a close eye on market changes and strengthen its fund management. We will promptly adopt possible measures to save financial costs by mitigating impacts of rising interest rates and fluctuating exchange rates.

Chairman's Statement

Appreciation

Here I would like to extend my heartfelt gratitude to the Directors, senior management and all staff members of the Group for their hard work in the past year. At the same time, I also thank all our Shareholders for their support, as well as enduring trust and support from our banks and business partners. Looking forward, the Group will continue to enhance its management and seize opportunities to further grow our business!

Zhengyu Liu*
Chairman

Hong Kong, 28 February 2019

* *For identification purpose only*

Dividend and Closure of Register

Final Dividend

The Board has proposed a final dividend of RMB9.9 cents per share (equivalent to HK11.615472 cents per share at the exchange rate of RMB1:HK$1.17328) for the six months ended 31 December 2018. The dividend represents a regular dividend payout ratio of 100% of the profit attributable to owners of the Company and will be the same as that of the previous financial year.

Subject to Shareholders' approval at the 2019 Annual General Meeting to be held on Tuesday, 30 April 2019, the proposed final dividend will be paid on Thursday, 6 June 2019 to Shareholders registered at the close of business on Tuesday, 7 May 2019.

If the proposed final dividend is approved by the Shareholders at the 2019 Annual General Meeting, it will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Thursday, 28 February 2019 and Shareholders will be given the option of electing to receive the final dividend in either RMB or 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 Tuesday, 28 May 2019. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend in HK Dollars.**

Closure of Register

To ascertain shareholders' eligibility to attend and vote at the 2019 Annual General Meeting to be held on Tuesday, 30 April 2019, the Register of Members of the Company will be closed from Wednesday, 24 April 2019 to Tuesday, 30 April 2019, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the 2019 Annual General Meeting, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 April 2019.

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Tuesday, 7 May 2019, if and only if the proposed final dividend is approved by the shareholders at the 2019 Annual General Meeting. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the proposed final dividend, all transfers of share ownership, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 6 May 2019.

Profile of Directors

Mr. Zhengyu LIU*

Aged 48, Mr. LIU was appointed as a Non-executive Director and the Chairman of the Board of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor's degree in Economics from the Hunan College of Finance and Economics* (湖南財經學院) (now known as the Hunan University) in July 1992 and an MBA degree from the Xiamen University in July 2001. He has also obtained the qualification as a Senior Accountant in 2002. Mr. LIU was the Business Manager of the audit department of Shenzhen Investment Management Co., Ltd.* (深圳市投資管理公司) in 2002 and has served as a director at Shenzhen Metro Group Company Limited* (深圳市地鐵集團有限公司) in 2005. In 2009, Mr. LIU has served as Supervisor of the Supervisory Board and Financial Controller of Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), which is a controlling Shareholder of the Company, and became the Chief Accountant of such company in 2013 and its Deputy General Manager in 2017. Mr. LIU has also been a director of China State-owned Capital Risk Investment Fund Company Limited* (中國國有資本風險投資基金股份有限公司) in 2016.

Mr. Tianliang ZHANG*

Aged 56, Mr. ZHANG was appointed as an Executive Director and the General Manager of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor of Laws degree at the Hubei University in July 1985, a Master of Laws degree from the Central China Normal University in July 1987. Mr. ZHANG has obtained the qualification as a Senior Economist in 2001. In December 1991, he was as a Director Staff Member of the Three Divisions of the Policy Research Office of Hubei Provincial Government* (湖北省政府政策研究室). In February 1993, Mr. ZHANG was a Director Staff Member of the Policy Research and Political Reform Office of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革辦公室) and later became a Deputy Director General of the Policy Research and Political Reform Division of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革處). He was as a Director Staff Member of Shenzhen Construction Investment Holdings Ltd.* (深圳市建設投資控股公司) from December 1998 to October 2002. In November 2002, Mr. ZHANG was the Deputy General Manager of Shenzhen Shahe Industry (Group) Co., Ltd.* (深圳市沙河實業(集團)有限公司) and became the Chairman of the Supervisory Board in November 2004. In March 2006, he was the Deputy General Manager of Shenzhen Nongke Group Limited* (深圳市農科集團有限公司). In February 2011, Mr. ZHANG was the director and the Secretary of the Disciplinary Committee of Shenzhen Changcheng Investment Holdings Company Limited* (深圳市長城投資控股股份有限公司). Mr. ZHANG was transferred to Shenzhen Wuzhou Guesthouse Company Limited* (深圳市五洲賓館有限責任公司) in April 2014 as the Chairman and Secretary of the Party Committee.

* *For identification purpose only*

Profile of Directors

Mr. Cheng WU*

Aged 49, Mr. WU was appointed as an Executive Director and the Deputy General Manager of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor's degree in Transportation Management* (交通運輸管理工程專業) from the Changsha Jiaotong College* (長沙交通學院) (now known as Changsha University of Science and Technology) in July 1995. Mr. WU worked as the Deputy General Manager and General Manager at the Luohu Station of Shenzhen Transportation Services Corporation* (深圳市交通運輸服務公司羅湖汽車站) since October 1997, and became the Deputy General Manager of the Management Office of Shenzhen Kuaiyibu Logistics Company Limited* (深圳市快一步物流有限公司) in February 2002. He was the head of the Business Department of Shenzhen Highway Passenger and Freight Transport Service Centre* (深圳市公路客貨運輸服務中心) in February 2009. Mr. WU joined Shenzhen Highway Passenger and Freight Transport Service Center Company Limited* (深圳市公路客貨運輸服務中心有限公司) in June 2012 as a Deputy General Manager, and has also held an additional post of the Chairman of the Board of Directors of Shenzhen Transportation Service Company Limited* (深圳市客運服務有限公司) since November 2014.

Mr. Ji LIU*

Aged 43, Mr. LIU was appointed as an Executive Director, the Deputy General Manager of the Company and secretary to the Board, and a director of various subsidiaries of the Company on 11 April 2018. Mr. LIU obtained a bachelor's degree in Economics from Zhongnan University of Finance and Economics and a Master of Science degree from the Hong Kong Polytechnic University in 1998 and 2004 respectively, and obtained an EMBA degree from Xiamen University in September 2018. He has obtained the qualification as an Economist in 2002.

Mr. LIU has many years of experience on investment and mergers of listed companies, stateowned property management, and corporate governance of listed companies. He joined Shenzhen Shenhua Group Corporation* (深圳市深華集團公司) in 1998 and joined the Property Management Office of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal* (深圳市國有資產監督管理委員會產權管理處) in 2005. Mr. LIU joined Shenzhen International Holdings Limited (深圳國際控股有限公司), which is a subsidiary of the controlling shareholder of the Company and its shares are listed on the Main Board of the Stock Exchange (stock code: 152), since August 2006. He successively held the posts of the Secretary of the Board of Executive Directors, the General Manager of the Information Technology Department, the General Manager of the Administration Department, the General Manager of the Corporation Management Department and the General Manager of the Investment Management Department, etc. Mr. LIU is currently a mediator of Shenzhen Court of International Arbitration* (Shenzhen Arbitration Commission*) (深圳國際仲裁院(深圳仲裁委員會)) and the Supervisor of Shenzhen Cereals Holdings Co., Ltd. (深圳市深糧控股股份有限公司) (it is listed on the Shenzhen Stock Exchange (stock codes: A000019 and B200019)). From November 2016 to May 2018, he was a non-executive director of Shenzhen Expressway Company Limited (it is listed on the Main Board of the Stock Exchange (stock code: 548) and the Shanghai Stock Exchange (stock code: 600548)).

* *For identification purpose only*

Profile of Directors

Mr. Qingyong GU*

Aged 41, Mr. GU was appointed as a Non-executive Director of the Company on 27 August 2018. He graduated from Nanchang University in 1999 with a major in Accounting and Statistics and obtained a bachelor's degree in Marketing from Renmin University of China in 2008. In February 2001, Mr. GU joined China Vanke Co., Ltd.* (萬科企業股份有限公司) ("Vanke"), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: A000002) and on the Main Board of the Stock Exchange (stock code: 2202). He had previously worked in Foshan Vanke Property Co., Ltd.* (佛山市萬科房地產有限公司) and the head office of Vanke group, and served as the managing partner of Shenzhen Vanke Real Estate Co., Ltd.* (深圳市萬科房地產有限公司) and was responsible for the overall management of the company's investment and marketing functions. Mr. GU currently is a General Manager of Guangxi Vanke Co., Ltd.* (廣西萬科企業管理有限公司).

Mr. Junye CAI*

Aged 35, Mr. CAI was appointed as a Non-executive Director of the Company on 1 December 2018. He graduated from Shenzhen University in 2006 with a bachelor's degree in e-commerce, and graduated from Xiamen University in 2013 with a master's degree in public administration. Having served at various government authorities after graduation, including the Shenzhen Guangming New District Urban Development Bureau* (深圳市光明新區城市建設局), the Shenzhen Traffic and Transportation Committee* (深圳市交通運輸委員會) and the Shenzhen Rail Transport Construction Command Office* (深圳市軌道交通建設指揮部辦公室), Mr. CAI has extensive experience in the management of municipal public buildings and transport infrastructure. In October 2016, he joined Taiping Investment Holdings Company Limited as Managing Director of the Debt Investment Division, where he was in charge of insurance fund investment. During his tenure of office, Mr. CAI participated in a number of large fund and real estate investment projects, including, among others, the China Insurance Investment OCT Tourism Culture and Urban Renewal Industry Fund* (中保投華僑城旅遊文化及城市更新產業基金), Guangdong Guangye Green Industry Development Fund* (廣東省廣業綠色產業發展基金), Jiangxi Rail Industry Investment Fund* (江西省鐵路產業投資基金) and the Taiping Financial Tower projects in Guangzhou and Qianhai Shenzhen.

* *For identification purpose only*

Profile of Directors

Mr. Brian David Man Bun LI JP

Aged 44, Mr. LI was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company on 1 July 2011. He was further appointed as a member of the Remuneration Committee of the Company on 26 August 2015 and was appointed as the chairman of the Remuneration Committee on 11 April 2018. Mr. LI is an Executive Director & Deputy Chief Executive of The Bank of East Asia, Limited ("BEA"), a company listed on the Stock Exchange. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009, and was appointed Deputy Chief Executive in April 2009. He was further appointed Executive Director of BEA in August 2014. Mr. LI is currently an Independent Non-executive Director of Towngas China Company Limited and China Overseas Land & Investment Limited, both of which are listed on the Stock Exchange.

Mr. LI holds a number of public and honorary positions, including being a member of the National Committee of the Chinese People's Political Consultative Conference, a member of the Chief Executive's Council of Advisers on Innovation & Strategic Development of the Government of the Hong Kong Special Administrative Region, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council, Chairman of the Traffic Accident Victims Assistance Advisory Committee, and a member of the Aviation Development and Three-runway System Advisory Committee.

Mr. LI is a member of the Hong Kong-Europe Business Council, a member of the Hongkong-Japan Business Co-operation Committee and a member of the Asian Financial Forum Steering Committee. He is also a Vice Chairman of the Asian Financial Cooperation Association and a member of the Financial Consulting Committee for the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen.

Mr. LI is a fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a full member of the Treasury Markets Association. Mr. LI holds an MBA degree from Stanford University and a BA degree from the University of Cambridge.

Mr. Yu Lung CHING

Aged 49, Mr. CHING was appointed as an Independent Non-executive Director, a member and the chairman of the Audit Committee and a member of the Remuneration Committee of the Company on 11 April 2018. He has more than 26 years of experience in auditing, corporate finance and accounting. Mr. CHING is currently the chief financial officer of a listed company on the Main Board of the Stock Exchange. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master's degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. CHING is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. CHING is an Independent Non-executive Director of Hopson Development Holdings Limited (Stock Code: 754), Ngai Hing Hong Company Limited (Stock Code: 1047) and Termbray Industries International (Holdings) Limited (Stock Code: 93), all of which are listed on the Main Board of the Stock Exchange.

Profile of Directors

Mr. Tony Chung Nin KAN SBS, JP

Aged 68, Mr. KAN was appointed as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company on 11 April 2018. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. KAN is currently a Committee Member of the National Committee of the Chinese People's Political Consultative Conference and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. KAN had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999.

Since 1988, Mr. KAN has served as a Councillor of Heung Yee Kuk in the New Territories and is currently an Ex Officio Member and Executive Committee Member of Heung Yee Kuk. Mr. KAN is serving and has served on various advisory committees for the government, including Town Planning Board Member as well as the Building Committee Member of the Housing Authority. He is currently a Member of the Election Committee of the Chief Executive of Hong Kong Special Administrative Region. Mr. KAN has been appointed as an Independent Non-executive Director of Man Wah Holdings Limited (Stock Code: 1999) since May 2013, a company listed in Hong Kong. Mr. KAN has been appointed as an Independent Non-executive Director of Nameson Holdings Limited (Stock Code: 1982) since 29 January 2016, which has been listed on the Stock Exchange on 12 April 2016. He has been appointed as a Vice Chairman of the Board of Directors of DBG Technology Co., Ltd. (Stock Code: 300735) which has been listed on Shenzhen Stock Exchange ChiNext on 29 December 2017.

He was the Non-executive director of Midland Holdings Limited ("Midland Holdings") (Stock Code: 1200), and subsequently became the Independent Non-executive Director of Midland Holdings during the period from October 1994 to September 2004. Mr. KAN has also served as a Non-executive director of Midland Holdings during the period from March 2014 to October 2016 and became the Non-executive Director as well as the chairman of the board of Midland IC&I Limited (Stock Code: 459) since October 2016.

Change of Financial Year End Date

As announced by the Company on 27 August 2018, the Board had resolved to change the financial year end date of the Company from 30 June to 31 December following the publication of the audited consolidated financial statements of the Group for the year ended 30 June 2018 (the "Change of Financial Year End Date"). The Change of Financial Year End Date is to align the financial year end date of the Company with that of the Company's principal operating joint ventures established in the PRC (the "PRC joint ventures"). The PRC joint ventures are statutorily required to prepare their accounts with the financial year end date of 31 December. The Board considered that the Change of Financial Year End Date would facilitate the preparation of the consolidated financial statements of the Group. The change also aligns the Company's financial year end date with that of its ultimate holding company, Shenzhen Investments Holdings Co., Ltd.* (深圳市投資控股有限公司), a company established in the PRC.

Subsequent to Change of Financial Year End Date, the Group's new financial year will cover the period of twelve months from 1 January to 31 December. Since this is the first financial year following the change of the financial year end date, it only covers six months from 1 July 2018 to 31 December 2018 (the "Second half of 2018"). For the benefit of better understanding about the Group's operating performance after the adoption of the new financial year end date, the business analysis described below compares figures for the twelve months ended 31 December 2018 ("2018") with those for the twelve months ended 31 December 2017 ("2017").

General Business Performance

Total toll revenue generated by the GS Superhighway and the Western Delta Route in the Second half of 2018 was RMB2.477 billion, whereas the total toll revenue in 2018 was RMB4.784 billion with the aggregate average daily toll revenue grew 1% YoY to RMB13.11 million.

Impacted by traffic diversion brought forth by newly opened highways in adjacent areas and changes in the economic environment, the average daily toll revenue of the GS Superhighway in 2018 declined 3% YoY to RMB9.15 million, and the average daily full-length equivalent traffic fell 1% YoY to 102,000 vehicles. As the overall traffic volume in the region continues to increase, the negative impact from the diversion is expected to gradually decrease.

* *For identification purpose only*

The Western Delta Route performed well in 2018, with its average daily toll revenue and average daily full-length equivalent traffic amounting to RMB3.95 million and 54,000 vehicles, up 10% and 10% YoY respectively. The traffic volume of trucks grew faster during the period because of truck restrictions imposed on the main alignment of Foshan Ring Road, so that some of the trucks were diverted to other routes. After the restriction ended by the end of 2018, the positive impact on the traffic volume of the Western Delta Route is expected to gradually wane. On the other hand, following the commissioning of the HZM Bridge on 24 October 2018, vehicles can travel between major cities on the west bank of the PRD and Hong Kong via the HZM Bridge and the Western Delta Route. Hence, the commissioning of the HZM Bridge slightly spurred the traffic volume of the Western Delta Route. Also, the utilization rate of the HZM Bridge is expected to gradually increase and benefit the Western Delta Route, after cross-boundary private cars in Guangdong and Hong Kong that are permitted to use other land border crossings were allowed to travel on the HZM Bridge starting 25 February 2019.

As the Group's profit-sharing ratio in the GS Superhighway JV was adjusted from 48% to 45% on 1 July 2017, the Group's shared aggregate net toll revenue fell 1% YoY in 2018 to RMB2.16 billion. Contribution from the GS Superhighway and the Western Delta Route were 68% and 32% respectively, compared to 71% and 29% respectively in 2017.

Year	*2017*	***2018***	*% Change*	***Second half of 2018***
At JV level				
GS Superhighway				
Average daily toll revenue# (RMB '000)	9,419	**9,154**	–3%	**9,242**
Average daily full-length equivalent traffic* (No. of vehicles '000)	103	**102**	–1%	**103**
Western Delta Route				
Average daily toll revenue# (RMB '000)	3,593	**3,952**	+10%	**4,222**
Average daily full-length equivalent traffic* (No. of vehicles '000)	49	**54**	+10%	**58**

Including tax

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

Operating Environment

Stable economic growth in Mainland China

In 2018, global political and economic situations remained turbulent. With spillover from the looming Sino-US trade war under the backdrop of rising US dollar interest rates, the international situation was complicated and severe, weighing gravely on Mainland China's economic growth. The Chinese government has launched effective macro-economic policies and implemented tax reduction measures to cope with the uncertain external environment while ensuring a healthy economic growth. As a result, the GDP of Mainland China and Guangdong Province grew 6.6% and 6.8% respectively in 2018, close to the official targets set in early 2018. According to a forecast by the Chinese Academy of Social Sciences, Mainland China's GDP growth in 2019 will slow down to 6.3%, while the expected GDP growth rate for the year in Guangdong Province will be between 6.0% and 6.5%. Given that the scale of economy in Mainland China keeps on growing, the growth rate will gradually slow down. Yet, the economy will continue to grow steadily, since the government will maintain its growth of fixed asset investment and that it will promote domestic consumption demand.

Growth opportunities generated by the Bay Area

With the official promulgation of the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area by the State Council of the PRC on 18 February 2019, the strategic positioning and development objectives for the Bay Area have been confirmed. It is planned that a fundamental framework will have been established for developing an international first-class bay area and a world-class city cluster by 2022. Going forward, the Bay Area aims to build an innovation-driven economy and development model, strengthen the efficiency for an inter-area connection between manufacturing resources and the marketplace, as well as improve life quality and ecological environment, with a view to driving regional economic development and contributing to national growth. Hong Kong, Macao, Guangzhou and Shenzhen are designated as the four core cities within the plan, serving as key engines for regional development. Building on their distinctive strengths and characteristics, these cities will increase their competitiveness and drive the development of nearby regions, so as to play a positive role in building the Bay Area.

Comprising nine cities (namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing) in the PRD, as well as two special administrative regions (that is, Hong Kong and Macao), the Bay Area is measured about 56,000 square km in total area. Its population totalled about 70 million in 2017. Both figures have ranked the Bay Area higher than other world-known peers such as New York bay area, Tokyo bay area and San Francisco bay area. These facts have also hinted its enormous growth potential. According to the figures, the Bay Area achieved in 2017 a GDP of more than RMB10 trillion, accounting for more than 12% of Mainland China's GDP. Being one of the most dynamic regions in China, it undoubtedly has high growth potential.

Guangdong-Hong Kong-Macao Greater Bay Area

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

Remark: Gross domestic product of Hong Kong and Macao are calculated based on annual average exchange rates

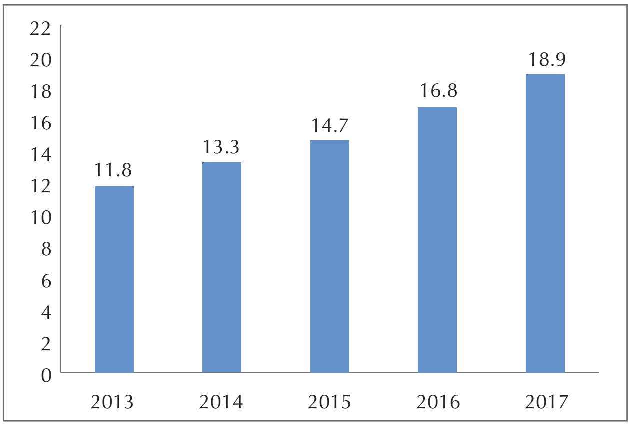
The network of expressways in the Bay Area is gradually improving to better serve the cities in the region. Being one of the key infrastructure projects, the HZM Bridge, measured about 42 km in length, was opened to traffic on 24 October 2018. It has significantly shortened the distance of land traffic from Zhuhai and Macao to Hong Kong, and has reduced the travel time between Zhuhai and Hong Kong International Airport to about 45 minutes from about 4 hours. Vehicles from Guangzhou, Foshan, Zhongshan and Zhuhai can quickly reach the HZM Bridge via the Western Delta Route and its feeder highways. Expected to be commissioned in mid-2019, the 13 km-long Humen Second Bridge will be another important cross-river passage in the Bay Area, connecting Nansha District of Guangzhou to Dongguan City. The Humen Second Bridge will also link to Houjienan interchange of the GS Superhighway via the Dongguan-Panyu Expressway. As the economies in the Bay Area keeps growing, its traffic volume will also increase, adding that the expansion of the GS Superhighway has been mentioned in the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area and will be pushed ahead gradually, the operating performance of the GS Superhighway and the Western Delta Route are thus expected to benefit in the years to come, since they are located at the centre of the Bay Area Expressway Network.

The Guangdong Government formulated the Guangzhou-Shenzhen Corridor of Science, Technology and Innovation Plan by the end of 2017, initiating plans to build a 180 km innovation corridor in an axis area of 11,836 square km spanning Guangzhou, Dongguan and Shenzhen by making the best use of the region's various highly efficient traffic networks. Institutions along the Corridor will pool together talents, technological achievements and innovative enterprises to incubate and develop more core technologies, and to build a multi-layered system of science and technology research institutions. Meanwhile, the Corridor will help improve substantially the living environment, establish an innovative model and build China's own "Silicon Valley". According to the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, the Corridor will be further extended to cover Hong Kong and Macao, the objective of which is to attract innovative resources around the globe through the synergy among Guangdong Province, Hong Kong and Macao in terms of scientific achievements and sector strengths, so that they will be built into the main carriers for developing an international innovation and technology hub in the Bay Area.

Registered car population in Guangdong continues to grow

Registered car population in Guangdong Province rose 13% in 2017 to a record high of about 19 million, with the nine cities in the PRD accounted for about 75%. Among them, those from Guangzhou, Foshan, Shenzhen and Dongguan totalled about 2.4 million, 2.3 million, 3.2 million and 2.6 million respectively. According to media reports, registered car population in Dongguan grew further in 2018 to about 3 million. Also in 2018, the number of vehicles sold in Mainland China was about 28 million, ranking top of the world's auto sales market for the tenth consecutive year. Consequently, registered car population continued to grow in Guangdong Province. As the number of road users has grown tremendously, the traffic volume of the GS Superhighway and the Western Delta Route will also rise in the long run.

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



Revision to the Regulation on the Administration of Toll Roads to be released

The revised drafts of the Regulation on the Administration of Toll Roads were published in 2013 and 2015 for public consultation. On 20 December 2018, the Ministry of Transport of the PRC published the latest revised draft for another round of public consultation. Provisions of the latest draft that may have significant impact on toll roads in operation mainly include: (1) the operation period of toll expressways can be subject to reassessment if renovation and expansion projects are undertaken to increase the number of traffic lanes; (2) toll road charges may vary subject to a number of factors; and (3) should the government terminate an operating contract before expiry or implement policies that will waive toll charges or lower the tariff rates for the sake of public interests, undermining the legitimate rights and interests of toll road operators concerned and leading to any loss of revenue, the toll road operators concerned may be compensated by way of an extension of operation period or financial subsidies. The revised draft of the Regulation on the Administration of Toll Roads will further promote the healthy development of the toll road sector. In particular, it has put in place the principle of investment recovery in terms of renovation and expansion projects of expressways, thus favouring the sustainable development of the industry.

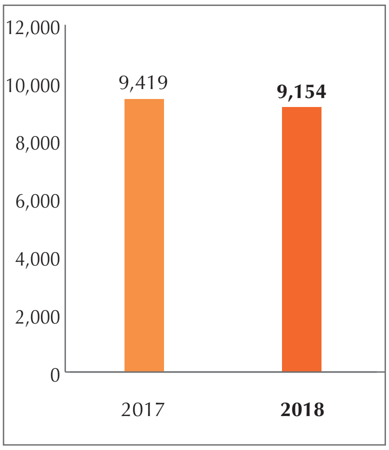
Guangzhou-Shenzhen Superhighway

Project Summary

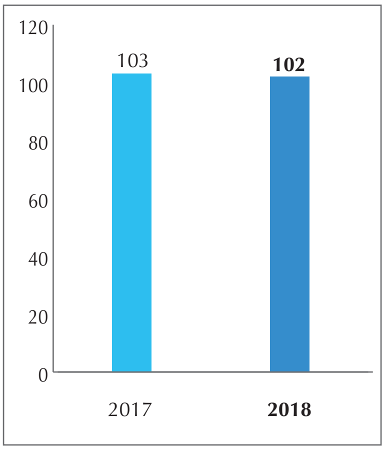
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997–June 2027
Profit Sharing Ratio	Year 1–10: 50% Year 11–20: 48% Year 21–30: 45%

The GS Superhighway is a main expressway connecting the three major cities — Guangzhou, Dongguan and Shenzhen in the PRD region to Hong Kong. The economies of cities along the expressway are well developed and growing steadily. The GDP of Guangzhou, Dongguan and Shenzhen rose 6.2%, 7.4% and 7.6% respectively in 2018, providing solid support for traffic volume growth of the GS Superhighway. The average daily toll revenue of the GS Superhighway fell 3% YoY in 2018 to RMB9.15 million. Its total toll revenue for the year was RMB3.341 billion. Its average daily full-length equivalent traffic fell 1% YoY to 102,000 vehicles. Passenger vehicles were the major contributors to toll revenue and traffic volume, accounting for 71.2% and 83.4% of the toll revenue and full-length equivalent traffic of the GS Superhighway respectively.

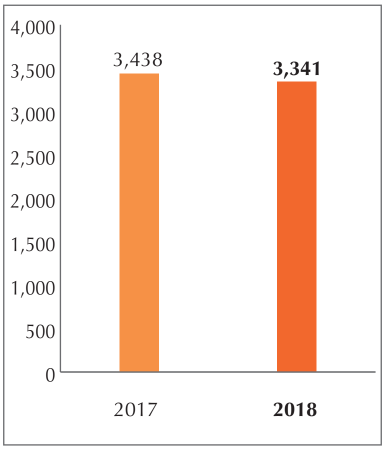
Average Daily Toll Revenue#
(RMB thousand)



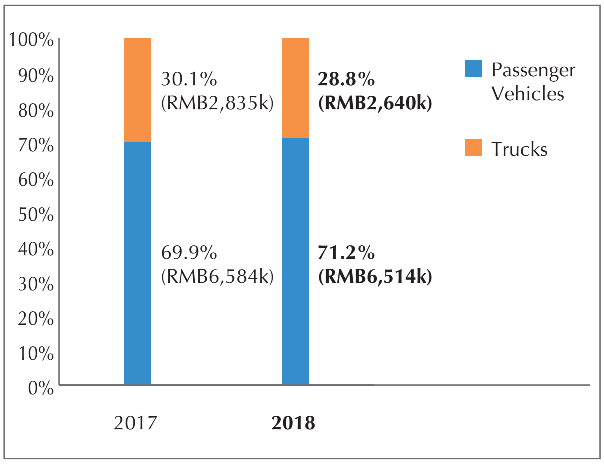
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



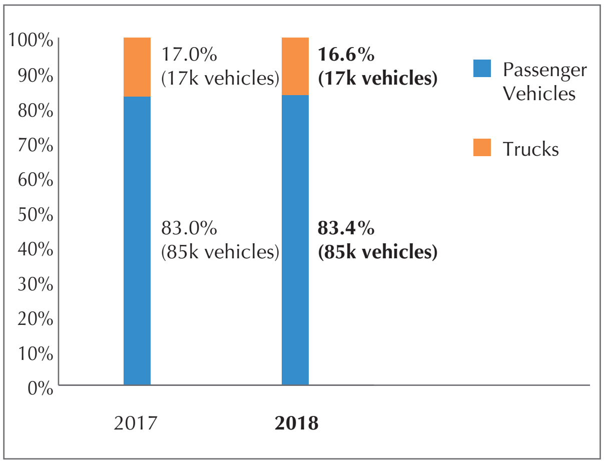
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

The GS Superhighway saw a decline in its toll revenue and traffic volume mainly due to impacts brought by newly operated highways near its Guangzhou section and Dongguan section. Among them, Guangzhou Northern Third Ring Road was fully opened to traffic on 29 January 2018. The expressway runs through Zengcheng, Conghua, Baiyun and Huadu districts of Guangzhou, connecting Dongguan-Shenzhen Expressway in the south, and offering an alternative route for vehicles travelling between Dongguan and Northern Guangdong. The west extension of Guangzhou-Huizhou Expressway was opened to traffic on 16 October 2018, further extending the Guangzhou-Huizhou Expressway to the Huanan Expressway, providing a convenient access to Guangzhou city centre. In addition, two local roads in Dongguan, which run parallel to Dongguan section of the GS Superhighway, were opened to traffic in November 2017 and February 2018 respectively, thus forming new competition. Following the commissioning of the above highways, the traffic volume of the GS Superhighway was affected by traffic diversion, since road users now have more options when selecting routes. Based on our past experience, the YoY impact of traffic diversion will gradually diminish, as the overall traffic in the area continues to grow. From 1 March 2018 to 31 December 2020, the Shenzhen section of the Coastal Expressway, which runs parallel to the Xinqiao-Nantou section of the GS Superhighway, offers a 50% toll discount to all types of trucks using this section, and its implementation poses a negative impact onto the GS Superhighway's truck traffic.

On 29 May and 20 July 2018 respectively, the Land Resources and Planning Bureau of Zengcheng District of Guangzhou issued a public consultation on the change to the use of the mandatory planned land located at Xintang interchange in the Guangzhou section of the GS Superhighway. It was proposed to change the land use from for roads only to for both roads and Type II residential. If the proposed plan is implemented, Xintang interchange will be reconstructed and vacate partial land plots for residential development. The government will resume the vacated land plots in accordance with relevant laws and regulations before putting them up for bidding and auction. Since the GS Superhighway JV holds the land rights of Xintang interchange, it has worked out an initial plan for Xintang interchange reconstruction so as to be entitled to cash compensation from the government, whereas the cost of reconstruction will be borne by the bidder who wins the rights to redevelop the vacated land plots.

The GS Superhighway JV has been actively applying automation technology to improve its service quality and operational efficiency. Its percentage of installed automated equipment, including Electronic Toll Collection ("ETC") devices or automatic card issuing machines, at entry lanes has reached 77%. In 2018, the GS Superhighway JV shortened the duration required for toll collection, and made payment more convenient for drivers and attendants, by installing mobile payment toll devices at exit lanes, which accept tolls paid through mobile phone applications such as WeChat Pay and Alipay. Moreover, the expansion of the GS Superhighway is mentioned in the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area, the GS Superhighway JV has already carried out a feasibility study on road expansion, so as to improve traffic efficiency by increasing the number of traffic lanes on the main alignment.

Western Delta Route

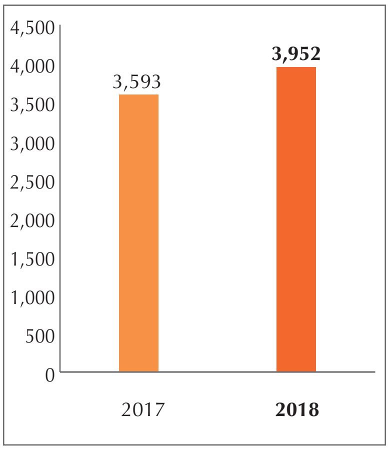
Project Summary

Location	Guangzhou to Zhuhai, Guangdong, PRC
Length	97.9 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Phase I West (September 2003 to September 2033)
	Phase II West (June 2010 to June 2035)
	Phase III West (January 2013 to January 2038)
Profit Sharing Ratio	50%

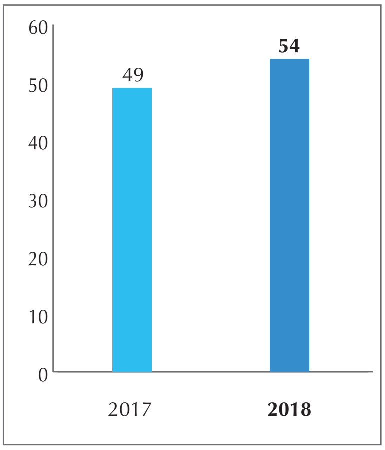
The Western Delta Route, measured 97.9 km in length, is a closed expressway with a total of 6 lanes in dual directions. It runs from north to south along the central axis of western PRD and connects four major cities, namely Guangzhou, Foshan, Zhongshan and Zhuhai. Being built and opened in three phases, the Western Delta Route is the only main expressway artery between the city centres of Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong through its connection with Second Hengqin Bridge, the Zhuhai Link Road and the HZM Bridge respectively.

In 2018, its average daily toll revenue and average daily full-length equivalent traffic rose 10% and 10% YoY respectively to RMB3.95 million and 54,000 vehicles. Meanwhile, its total toll revenue for the year amounted to RMB1.443 billion. Passenger vehicles were the major contributors to toll revenue and traffic volume, accounting for 67.6% and 79.8% of the Western Delta Route's toll revenue and full-length equivalent traffic respectively. While the Western Delta Route runs through four major cities on the west bank of the Pearl River, namely Guangzhou, Foshan, Zhongshan and Zhuhai, its traffic continued to grow with the support from the economic development in these cities, which remained robust with GDP up by 6.2%, 6.3%, 5.9% and 8.0% respectively in 2018.

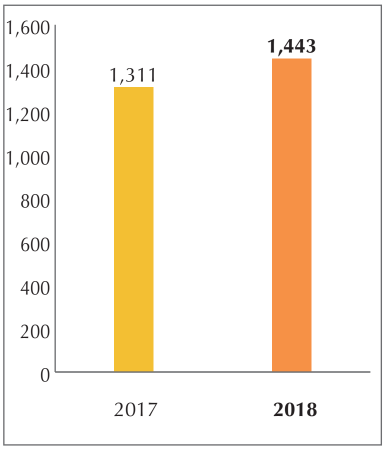
Average Daily Toll Revenue#
(RMB thousand)



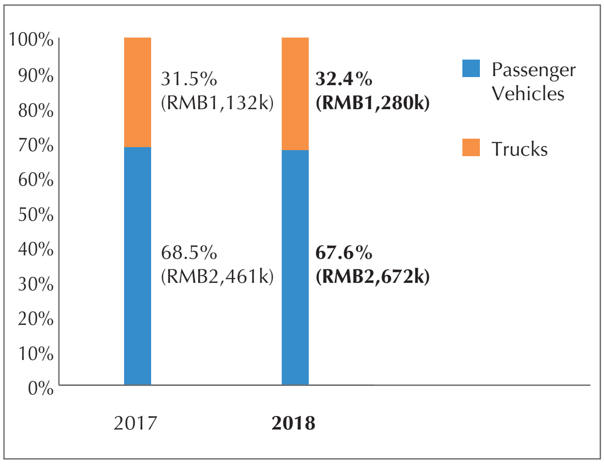
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



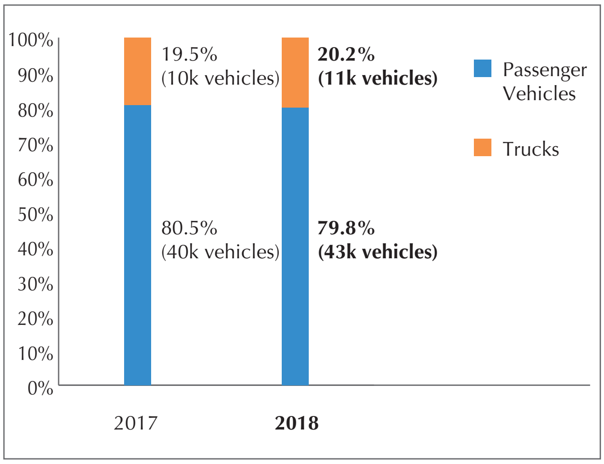
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Full-Length Equivalent Traffic Breakdown by Vehicle Type



Including tax

Foshan Ring Road, a major local road of Foshan city and close to the northern end of the Western Delta Route, was undergoing upgrade works starting late June 2017 to be developed into toll expressways. Between 1 August 2017 and 30 December 2018, it imposed restrictions banning all trucks from going through the main alignment. The traffic control measures brought a positive impact to the traffic of the Western Delta Route in 2018 and have currently been lifted. Some trucks are expected to gradually return to the Foshan Ring Road, and the impetus given to the Western Delta Route's traffic will gradually diminish. Further, Foshan Ring Road is expected to be converted from a local road into a toll expressway in the second quarter of 2019 and connects with Guangzhou-Zhongshan-Jiangmen Expressway and Jiangmen-Zhuhai Expressway. Thus it will form an expressway corridor that runs mostly parallel to the Western Delta Route, linking up Foshan, Jiangmen and western Zhuhai. Following its commission, road users will have more options of selecting expressway routes and the Group will pay close attention to its impact on the Western Delta Route after opening to traffic.

Guangzhou Municipal Public Security Bureau issued a notice on 25 May 2018, announcing three adjustments to the traffic restriction measures on trucks carrying load of 15 tonnes or above already implemented on the Guangzhou Ring Road, including: (1) extending the restriction on non-Guangzhou-registered trucks to all trucks; (2) extending the restrictive area to cover the entire Guangzhou Northern Ring Road; and (3) extending the daily restriction period from between 7:00 a.m. and 8:00 p.m. to between 7:00 a.m. and 10:00 p.m. The above adjustments took effect from 1 July 2018, for a term of 5 years. The overall truck traffic on the Western Delta Route was unaffected by the traffic restriction measures, as it only caused certain trucks to run on the road during non-control periods rather than the control period.

The Western Delta Route is the main expressway artery between Guangzhou and Zhuhai, and offers an effective access to the Hengqin New Zone and the HZM Bridge through its connection with the expressway networks in Zhuhai. The committed total project investments in Hengqin New Zone have reached over RMB500 billion in 2018 and an international leisure tourist island will be built with support from the government. A number of major projects, including the Chimelong International Ocean Tourist Resort, Novotown and projects invested by Macao companies have been completed or are under development in the region. Tourism, sports events and exhibition activities are also actively organized, which have made contributions to the local economy, as well as promotion of economic and trade activities. Moreover, the Zhuhai Government approved on 6 September 2018 the Hengqin New Zone and Free Trade Zone, Hongwan, Wanzai Regional Integration Development Plan. Under the plan, the Hengqin New Zone and its adjacent northern area will be incorporated as part of the development plan, so that the total area under development will be expanded to about 161 square km. The plan aims at developing the territory into a new city centre in Zhuhai, while building an important economic zone that will drive regional development through strengthened cooperation among Guangdong, Hong Kong and Macao. A robust Hengqin New Zone will stimulate transport demands, and hence the growth prospects of the Western Delta Route.

Commissioned on 24 October 2018, the HZM Bridge is about 42 km in length measured from its border crossings at Zhuhai and Macao to that at Hong Kong. It has significantly shortened the distance of land traffic from Zhuhai and Macao to Hong Kong, and has substantially reduced the travel time between Zhuhai and Hong Kong International Airport to about 45 minutes from about 4 hours. It is a 24-hour land border crossing other than Lok Ma Chau (Huanggang) border crossing. At present, the quotas for Guangdong-Hong Kong cross-boundary private cars and buses are 11,000 and 150 respectively, while no quota or application arrangements are required for cross-boundary trucks. Initially, the average daily cross-boundary traffic volume of the HZM Bridge exceeded 2,000 vehicles. Given that it is just a short time after the HZM Bridge opening, it has brought provisionally a slight positive impact on the traffic volume of the Western Delta Route. According to an announcement from Hong Kong Transport Department, cross-boundary private cars with regular quotas for Lok Ma Chau (Huanggang), Sha Tau Kok and Man Kam To border crossings will be allowed to travel on the HZM Bridge without going through relevant procedures during a two-year period starting 25 February 2019; and that cross-boundary private cars with regular quotas for Shenzhen Bay border crossing will also be allowed to travel on the HZM Bridge without going through relevant procedures during a two-year period starting 29 April 2019. These measures are equivalent to boost about 30,000 cross-boundary private cars quotas using the HZM Bridge. Following its commissioning, cities in western PRD have been integrated into a 3-hour commuting radius from Hong Kong. This thus helps promote economic and trade exchanges between Hong Kong and Guangdong and generate higher demand for transportation, especially related feeder transportation. As the utilization of the HZM Bridge is expected to grow further, the traffic volume of the Western Delta Route will thus be benefited.

The West Route JV is actively making trial runs of and applying automation technology to improve its operational efficiency and to mitigate traffic pressure on the toll plazas. Its percentage of installed automation equipment, including ETC devices or automatic card issuing machines, at entry lanes has reached 55%. In 2018, the West Route JV shortened the duration required for toll collection, and made payment more convenient for drivers and attendants, by installing mobile payment toll devices at exit lanes, which accept tolls paid through mobile phone applications such as WeChat Pay and Alipay. Moreover, the West Route JV installed in August 2018 China's first free-flow ETC equipment on the main alignment of the expressway near Nanya Toll Plaza. The purpose was to effectively enhance traffic efficiency of the toll plaza by allowing vehicles to pay tolls through ETC prior to reaching the exit points.

This is the first financial year after the Change of Financial Year End Date. Accordingly, the financial reporting period as presented in the financial statements covers the period of six months from 1 July 2018 to 31 December 2018 (the "Second half of 2018"), while relevant comparative figures cover the period of twelve months from 1 July 2017 to 30 June 2018.

Subsequent to the Change of Financial Year End Date, the Group's new financial year will cover the period of twelve months from 1 January to 31 December. For the benefit of better understanding on the Group's operating performance for the twelve months ended 31 December after adoption of the new financial year end date, the Group has also presented the unaudited financial results for the period of twelve months ended 31 December 2018 ("2018"), while relevant comparative figures cover the period of twelve months ended 31 December 2017.

Second half of 2018

The Group's performance for the year ended 30 June 2018 and the six months ended 31 December 2018 were as follows:

	2018									
	Year ended 30 June					***Six months ended 31 December***				
RMB million	*Net toll revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*	***Net toll revenue***	***EBITDA***	***Depreciation and amortisation***	***Interest and tax***	***Results***
Group's share of project contributions:										
GS Superhighway [Note 1]	1,499	1,309	(463)	(325)	521	**743**	**663**	**(232)**	**(164)**	**267**
Western Delta Route	663	580	(229)	(213)	138	**377**	**320**	**(126)**	**(106)**	**88**
Total	2,162	1,889	(692)	(538)	659	**1,120**	**983**	**(358)**	**(270)**	**355**
Corporate level:										
Bank deposits interest income					18					**7**
Other income					1					**1**
General and administrative expenses and depreciation					(34)					**(17)**
Finance cost					(0)					**(1)**
Income tax expenses					(0)					**(0)**
Sub-total					(15)					**(10)**
Profit before net exchange gain/(loss) (after deduction of related income tax)					644					**345**
Net exchange gain/(loss) (after deduction of related income tax)					22					**(37)**
Profit for the year/period					666					**308**
Profit attributable to non-controlling interests					(10)					**(4)**
Profit attributable to owners of the Company					656					**304**

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

In the Second half of 2018, the Group's share of the net toll revenue of the two projects (i.e. the GS Superhighway and the Western Delta Route) totalled RMB1.12 billion, of which, 66% was contributed by the GS Superhighway and 34% was contributed by the Western Delta Route. The total net profit of the two expressway projects (excluding the exchange differences arisen from the US Dollar and HK Dollar loans of the GS Superhighway JV, net of related income tax) was RMB355 million.

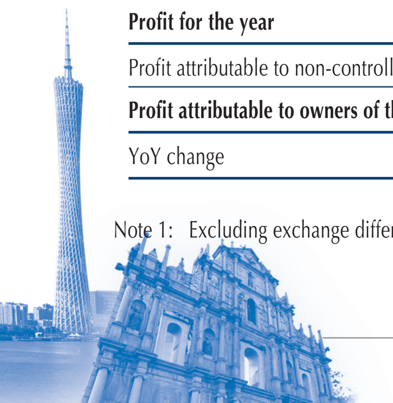
At the corporate level, a loss of RMB10 million was recorded for the Second half of 2018, mainly due to general and administrative expenses, which was partially offset by interest income. The Group's profit before net exchange loss (net of related income tax) was RMB345 million. In the Second half of 2018, the Group's share of the exchange losses of the US Dollar and HK Dollar loans was approximately RMB37 million, and the profit attributable to owners of the Company was RMB304 million.

2018

The Group's unaudited results for the twelve months ended 31 December 2018 and 2017 were as follows:

	Twelve months ended 31 December									
	2017					***2018***				
RMB million	*Net toll revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*	***Net toll revenue***	***EBITDA***	***Depreciation and amortisation***	***Interest and tax***	***Results***
Group's share of project contributions:										
GS Superhighway Note 1	1,551	1,342	(469)	(329)	544	**1,460**	**1,310**	**(459)**	**(324)**	**527**
Western Delta Route	637	553	(221)	(211)	121	**700**	**611**	**(238)**	**(211)**	**162**
Total	2,188	1,895	(690)	(540)	665	**2,160**	**1,921**	**(697)**	**(535)**	**689**
YoY change						**–1%**	**+1%**	**+1%**	**–1%**	**4%**
Corporate level:										
Bank deposits interest income					20					**15**
Other income					1					**1**
General and administrative expenses and depreciation					(41)					**(32)**
Finance cost					(0)					**(1)**
Income tax expenses					(0)					**(0)**
Sub-total					(20)					**(17)**
Profit before net exchange gain/(loss) (after deduction of related income tax)					645					**672**
YoY change										**4%**
Net exchange gain/(loss) (after deduction of related income tax)					79					**(62)**
Profit for the year					724					**610**
Profit attributable to non-controlling interests					(10)					**(9)**
Profit attributable to owners of the Company					714					**601**
YoY change										**–16%**

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



Pursuant to the GS Superhighway joint venture agreement, the Group's profit-sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period of the GS Superhighway JV, i.e. 30 June 2027. In addition, due to the impact of traffic diversion from roads newly opened near the GS Superhighway, the Group's share of the net toll revenue of GS Superhighway decreased by 6% from RMB1.551 billion last year to RMB1.46 billion in 2018. In contrast, the Western Delta Route continued to record growth. The Group's share of net toll revenue increased to RMB700 million, an increase of 10% compared with RMB637 million for the corresponding period of last year. The Group's share of the net toll revenue of the two expressway projects totalled RMB2.16 billion, a slight decrease of 1% compared with the corresponding period of last year, of which, 68% was contributed by GS Superhighway and 32% was contributed by the Western Delta Route.

The Group's share of the aggregate EBITDA of its two toll expressways (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans, net of related income tax) increased by 1% from RMB1,895 million for last year to RMB1,921 million for 2018. The rise in the Western Delta Route's toll revenue led to a 10% growth in the Group's share of its EBITDA from RMB553 million for last year to RMB611 million for 2018, which offset the impact of the decrease in the Group's share of the EBITDA of the GS Superhighway JV due to its profit-sharing ratio adjustment and the decrease in toll revenue.

The Group's share of depreciation and amortisation charges of the GS Superhighway JV decreased by 2% from RMB469 million for last year to RMB459 million for 2018 primarily as a result of the Group's profit-sharing ratio adjustment in the GS Superhighway JV and the decrease in full-length equivalent traffic of the GS Superhighway. With healthy growth in full-length equivalent traffic of the Western Delta Route, its depreciation and amortisation charges also increased. Driven by these two factors, the Group's share of aggregate depreciation and amortisation charges increased to RMB697 million, an increase of 1% as compared to RMB690 million for the corresponding period of last year.

Despite the adjustment to the Group's profit-sharing ratio in the GS Superhighway JV, such adjustment was offset by the impact of the sustained interest rate hike in the United States, resulting in an increase in the Group's share of interest expenses of the GS Superhighway JV. The applicable EIT rate for the GS Superhighway JV maintained at 25%. The Group's share of tax expenses of the GS Superhighway JV decreased due to the effect of the adjustment to the Group's profit-sharing ratio. Overall, the Group's share of the interest and tax expenses of the GS Superhighway JV was RMB324 million, as compared with RMB329 million for the corresponding period of last year. During 2018, the interest expenses of the West Route JV further decreased as a result of further prepayment of bank loan principals of RMB820 million (JV level) by surplus cash of West Route JV. As income tax provision was started to make at the applicable EIT rate of 25% after the West Route JV turned profitable in 2015/16, the Group's share of interest and tax expenses of the West Route JV remained at RMB211 million. The Group's share of the aggregate interest and tax of its two expressway projects amounted to RMB535 million during 2018, a decrease of 1% as compared to RMB540 million for the corresponding period of last year.

Due to the impact of the Group's profit-sharing ratio adjustment in the GS Superhighway JV, coupled with the impact of traffic diversion from roads newly opened near the GS Superhighway, its net profit decreased to RMB527 million, a decrease of 3% as compared to RMB544 million for the corresponding period of last year. However, driven by the continuous growth in toll revenue and traffic of the Western Delta Route, the Group's share of its net profit increased by 34% from RMB121 million for last year to RMB162 million for 2018. The total net profit of two expressway projects (excluding exchange differences on the GS Superhighway JV's US Dollar and HK Dollar loans, net of related income tax) increased by 4% to RMB689 million, as compared to RMB665 million for the corresponding period of last year.

Interest income at the corporate level decreased from RMB20 million for last year to RMB15 million for 2018. However, the directors' remuneration costs decreased during the year as a result of change in Board members following the completion of the disposal of the entire 66.69% equity interest in the Group held by Hopewell Holdings Limited on 4 April 2018. As a result, the general and administrative expenses decreased from RMB41 million for last year to RMB32 million for 2018, and loss at the corporate level also decreased from RMB20 million for last year to RMB17 million in 2018.

The Group's profit before net exchange gain/loss (net of related income tax) increased by 4% from RMB645 million for last year to RMB672 million in 2018. However, net exchange loss mainly arising from the GS Superhighway JV's US Dollar and HK Dollar loans shared by the Group for 2018 amounted to RMB62 million, as compared to net exchange gain of RMB79 million recorded for the corresponding period of last year. As a result, profit attributable to owners of the Company decreased by 16% from RMB714 million for last year to RMB601 million (or RMB19.5 cents per share) for 2018.

Pursuant to the GS Superhighway joint venture agreement, the Group's profit-sharing ratio in the GS Superhighway JV has been adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period of the GS Superhighway JV, i.e. 30 June 2027. Such adjustment has an impact on the Group's results, and the Group's share of results of the GS Superhighway JV in the future will be compared on the same basis. The Group believes that our results for the coming year will continue to be supported by the healthy core operations of the GS Superhighway and the Western Delta Route, as well as the fall in the latter's interest expenses. However, the potential of continued depreciation of RMB and the interest rate hike in the United States may have a negative impact on the GS Superhighway JV's US Dollar and HK Dollar loans. For every 1% depreciation in RMB or every 1% increase in the interest rate of the US Dollar and HK Dollar loans, the Group's net profit will drop by approximately RMB9 million. Overall, the Group remains cautiously optimistic about its future performance: (i) the Western Delta Route has been achieving healthy growth since opening and will continue to benefit from the prosperous economic and road network developments, including the HZM Bridge which opened in October 2018 and the economic development in the Guangdong-Hong Kong-Macao Greater Bay Area; and (ii) the West Route JV utilised its surplus cash to prepay bank loan principals before their maturity, which is expected to result in a continuous decrease in its interest expense.

In light of our healthy financial position, the Board believes that the Group's target payout ratio of 100% on a full-year basis is sustainable. Net cash at the corporate level of approximately RMB140 million as at 31 December 2018 and steady dividend from the GS Superhighway JV, from which the Group expects to receive net dividend after tax of approximately RMB600 million in the year 2019, provide solid bases for the Group's dividend payment. Moreover, in view of the healthy growth in toll revenue of the Western Delta Route, it is expected that the West Route JV will be able to distribute dividend to the Group starting from 2020 the earliest.

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

Corporate level

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
Bank balances and cash	691	**140**	Other liabilities	79	**81**
Other assets	8	**13**	Interim dividend payable	371	**–**
	699	**153**		450	**81**
			Net asset value of corporate level	249	**72**

Two JVs shared by the Group

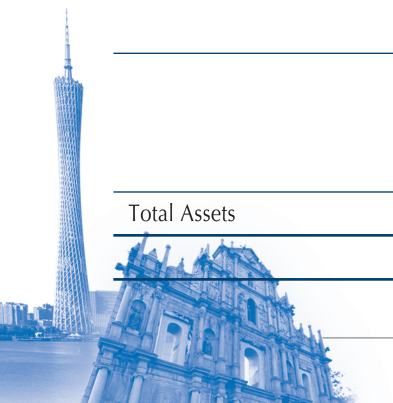
GS Superhighway JV (The Group's shared portion: 45%)

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
Bank balances and cash	219	**203**	Bank loans		
Concession intangible assets	4,274	**4,080**	– USD	1,103	**1,128**
Property and equipment	182	**190**	– HKD	113	**109**
Other assets	26	**24**	– RMB	731	**675**
			Other loans	9	**9**
			Other liabilities	505	**559**
	4,701	**4,497**		2,461	**2,480**
			Net asset value of GS Superhighway JV	2,240	**2,017**

West Route JV (The Group's shared portion: 50%)

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
Bank balances and cash	44	**76**	Bank loans	3,303	**3,078**
Concession intangible assets	6,050	**5,940**	Balances with a JV partner	418	**430**
Property and equipment	190	**183**	Other liabilities	314	**355**
Balances with a JV	418	**430**			
Other assets	19	**14**			
	6,721	**6,643**		4,035	**3,863**
			Net asset value of West Route JV	2,686	**2,780**

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
			Total liabilities	6,946	**6,424**
			Equity attributable to owners of the Company	5,148	**4,839**
			Non-controlling interests	27	**30**
Total Assets	12,121	**11,293**	**Total Equity & Liabilities**	12,121	**11,293**
			Total net assets	5,175	**4,869**



Liquidity and Financial Resources

The Group has no debt at the corporate level, whereas the Group's bank balances and cash at the corporate level (excluding JVs) amounted to RMB140 million. The Group's debt balance represents its share of the non-recourse bank loans of its two JVs.

Corporate level

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
Bank balances and cash	691	**140**	**Bank loan**	–	**–**
	691	**140**		–	**–**
Net cash on hand: RMB140 million (30 June 2018: RMB691 million)					

Two JVs shared by the Group

(including GS Superhighway JV and West Route JV)

	30 June 2018 RMB million	**31 December 2018 RMB million**		30 June 2018 RMB million	**31 December 2018 RMB million**
Bank balances and cash	263	**279**	**Bank loans**		
			– GS Superhighway	1,947	**1,912**
			– Western Delta Route	3,303	**3,078**
	263	**279**		5,250	**4,990**
Net debt[Note 1]: RMB4,711 million (30 June 2018: RMB4,987 million)					

Note 1: Bank loans less bank balances and cash.

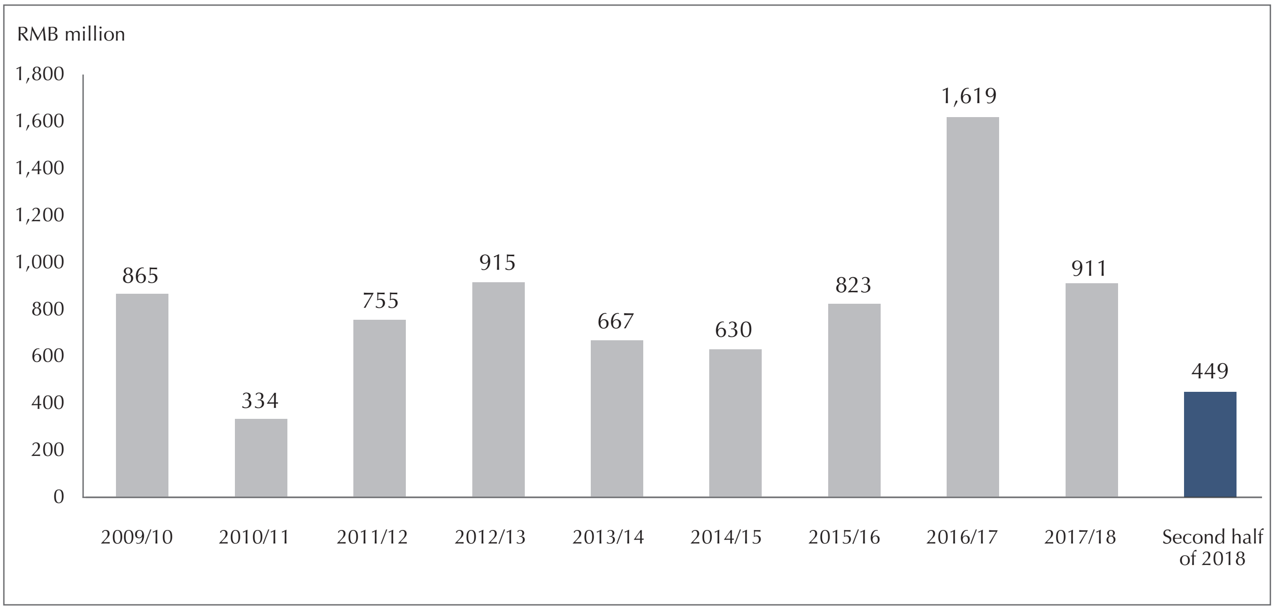
Given no debt at the corporate level, the Group enjoys a solid financial position. As at 31 December 2018, bank balances and cash at the corporate level (excluding JVs) amounted to RMB140 million (30 June 2018: RMB691 million), or RMB0.05 per share (30 June 2018: RMB0.22 per share).

	30 June 2018 RMB million	**31 December 2018 RMB million**
Total debt		
– Corporate level	–	**–**
– Share of JV companies [Note 1]	5,677	**5,429**
Net debt [Note 2]	4,723	**5,010**
Total assets (including share of JVs' total assets)	12,121	**11,293**
Equity attributable to owners of the Company	5,148	**4,839**
Total debt/total assets ratio	47%	**48%**
Gearing ratio	92%	**104%**

Note 1: The Group's share of JVs' 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 JVs) less total bank balances and cash (including share of JVs).

The major source of the Group's cash inflow during 2018 was dividend received from the GS Superhighway JV. On the other hand, its major cash outflow was the payment of dividends to the shareholders of the Company. The Group will continue to optimise its asset and liability structure, improve its cash flow and strengthen its financial position.

Cash Dividends (Net of Tax) from GS Superhighway JV to the Group



The reduction in the cash dividend received from the GS Superhighway JV during 2010/11 was mainly due to the fact that funds were used to provide borrowings to the West Route JV. Cash dividend received during 2012/13 increased as a result of the full repayment of borrowings by the West Route JV 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 such receipts. In August 2016, the GS Superhighway JV obtained an additional 8-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure funded by its shareholders. Subsequently, the GS Superhighway JV distributed post-tax dividend of RMB912 million to the Group out of this loan.

Bank and Other Borrowings

As at 31 December 2018, the Group had no debt at the corporate level, whereas the total bank and other borrowings of the JVs shared by the Group (mainly including US Dollar bank loans of equivalent to RMB1,128 million, HK Dollar bank loan of equivalent to RMB109 million and RMB bank and other loans of RMB3,762 million) amounted to approximately RMB4,999 million (30 June 2018: RMB5,259 million) with the following profile:

(a) 99.8% (30 June 2018: 99.8%) consisted of bank loans and 0.2% (30 June 2018: 0.2%) of other loan; and

(b) 75% (30 June 2018: 77%) was denominated in RMB; 23% (30 June 2018: 21%) was denominated in US Dollar and 2% (30 June 2018: 2%) was denominated in HK Dollar.

Debt Maturity Profile

As at 31 December 2018, the Group had no debt at the corporate level, whereas the maturity profile of the bank and other borrowings of two JVs shared by the Group were shown below, together with the corresponding comparatives as at 30 June 2018:

Two JVs shared by the Group

	30 June 2018		**31 December 2018**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	166	3%	**175**	**3%**
Repayable between 1 and 5 years	2,673	51%	**2,791**	**56%**
Repayable beyond 5 years	2,420	46%	**2,033**	**41%**
	5,259	100%	**4,999**	**100%**

As at 31 December 2018, 41% (30 June 2018: 46%) of the bank loans and other borrowings of two JVs shared by the Group were repayable beyond 5 years.

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 two JVs has employed any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources and the exchange rate movements, with a view to minimise its funding costs and enhance return on its financial assets. As at 31 December 2018, 97.1% of the bank balances and cash at the corporate level (excluding JVs) were denominated in HK Dollar and the remaining 2.9% were denominated in RMB. The overall treasury yield on bank deposits at the corporate level was 2.66% during the Second half of 2018 whereas 3.22% during 2017/18.

Contingent Liabilities

During 2007/08, a subsidiary of the Company recovered the registered capital of HK$702 million (equivalent to RMB471 million) previously injected to the GS Superhighway JV. According to the Law of the PRC on Chinese-foreign Contractual Joint Venture, in relation to the early repayment of registered capital to the foreign joint venture partner by the GS Superhighway JV before the expiry of the operation period, the subsidiary of the Company, as the foreign joint venture partner, is required to undertake the financial obligations of the GS Superhighway JV to the extent of HK$702 million when the GS Superhighway JV fails to meet its financial obligations during the joint venture operation period.

Except for the above, the Group had no other material contingent liability as at 31 December 2018.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the Second half of 2018.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2018, the Group (excluding JV companies) had 30 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity.

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.

Sustainability Report Highlights

The Company will publish a sustainability report (the "Report"), containing discussion about its performance in each of the economic, environmental and social areas during the period from 1 July 2018 to 31 December 2018. This highlight report summarises the key findings of the Report.

Creating Green Environment

Guided by its environmental policy that emphasises on "Green Power & Energy Saving", the Group motivates its employees, as well as suppliers and road users to jointly protect the environment through its daily management processes. Not only have its two JVs introduced additional green space at their staff living quarters based on specific circumstances, they have also established growing areas for agricultural plant, providing staff members with the opportunity to get hands-on experience on how to grow plants supplied to the staff canteens. In addition to allowing employees to experience green living in their spare times, this has also created an ambience that helps reduce food waste at staff canteens.

Moreover, the Group made further investment in reducing emissions. During the reporting period, as four additional electronic toll collection (ETC) lanes were commissioned in the toll plazas of two expressways, road users could now reduce exhaust produced when queueing. Further, to help promote the use of electric vehicles, charging-pole services for electric vehicles have also been offered at Houjie service Area of the GS Superhighway JV, as well as Shunde and Shaxi service areas of the West Route JV.

Maintaining Road Safety and Service Efficiency

The Group has always managed road safety and service quality following the principles of "safe journey, quality experience and smooth operation", honouring its commitment to providing road users with satisfactory services.

In line with the wider application of mobile payment, mobile payment devices have been installed at 293 exit lanes in the two expressways. As a number of mobile apps (including WeChat and Alipay) have now been accepted for toll payment, not only can road users save valuable time, drivers and attendants also enjoy greater convenience en route.

As a testimony to its performance in delivering outstanding service quality, the West Route JV took the first place among 101 entries assessed in the "2017–2018 Annual Quality Assessment for Operational Services of Expressways in Guangdong Province", which was hosted by the Department of Transportation of Guangdong Province. In addition, Shunde service area and Shaxi service area of the West Route JV ranked 10th and 13th respectively among 153 service areas operating within the province.

In order to ensure safety, all expressways operating in Guangdong Province were required to be closed when Super Typhoon Mangkhut hit the province on 16 September 2018. The two JVs organised immediate post-typhoon clean-ups afterwards, managing to clear away over 15,000 fallen trees and other items overnight. As a result, they re-opened expressways after 20 hours, restoring the former order of transportation.

Co-developing with Employees

In addition to doing its best to create a sound working environment for employees, the Group also organises a diversified range of activities to promote work-life balance among its employees, while providing multidimensional training to help them grow and improve at various stages of their works.

Set out below are some of the activities organised by the two JVs during the reporting period:

GS Superhighway JV	West Route JV
Organised its 4th mini marathon competition at Huayang Lake National Wetland Park, involving over 400 employees.	Organised four walking tours with over 300 employees.
Organised a staff swimming competition that attracted more than 60 employees.	Organised the 4th fun sports competition, involving 260 employees.
Organised a parent-child campaign with 98 employees and their families.	Organised a parent-child campaign with over 120 employees and their families.

Set out below are some of the training classes organised by the two JVs during the reporting period:

GS Superhighway JV	West Route JV
Organised an elite training course involving 40 employees who served at supervising or higher posts.	Organised a training course aimed at improving overall capabilities, in which 59 employees who served at supervising or higher posts participated.
A themed training on grooming was hosted by a renowned stylist from Guangzhou Broadcasting Network, involving 99 employees.	48 employees were granted admission to a government-subsidised programme operated by Shandong University.

Customer and Building Inclusive Community

The Group continues to play an actively role in supporting its employees to engage in community activities and charity services. Set out below are some of the activities that the Group participated in or organised during the reporting period:

- the Company participated in "The Community Chest Green Day" and "Love Teeth Day" organised by The Community Chest of Hong Kong.
- The Company participated in "GOrun Together 2018" organised by St. James' Settlement.
- The West Route JV organised a community visit where over 60 employees participated in volunteer works at Jiugang Primary School in Mashui Town, Yangchun City.

Undertaking regular volunteer works since its inception in 2017, the GS Superhighway Volunteer Team now comprises a total of 1,746 volunteers. It has organised 92 volunteer events, with an aggregate of 5,877 service hours. Set out below are some of the activities that the GS Superhighway Volunteer Team volunteer organised its volunteers to participate in during the reporting period:

- it organised 60 team members to participate in the 7th major charity walking tour for volunteers in Dongguan.
- it organised a voluntary blood donation involving 76 participants.

Corporate Governance Report

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. In July 2018, the Stock Exchange published its consultation conclusions and guidance for boards and directors setting out the amendments to CG code (the "Revised CG Code") and related Listing Rules (the "Revised Listing Rules") to be effective on 1 January 2019. The Board has reviewed the Revised CG Code and the Revised Listing Rules and their impact to the Company and taken measures to comply with the Revised CG Code and the Revised Listing Rules.

Throughout the six months ended 31 December 2018, the Company complied with all the code provisions as set out in the CG Code except for the deviation from code provisions A.5.1 and A.5.6 of the CG Code which are explained below.

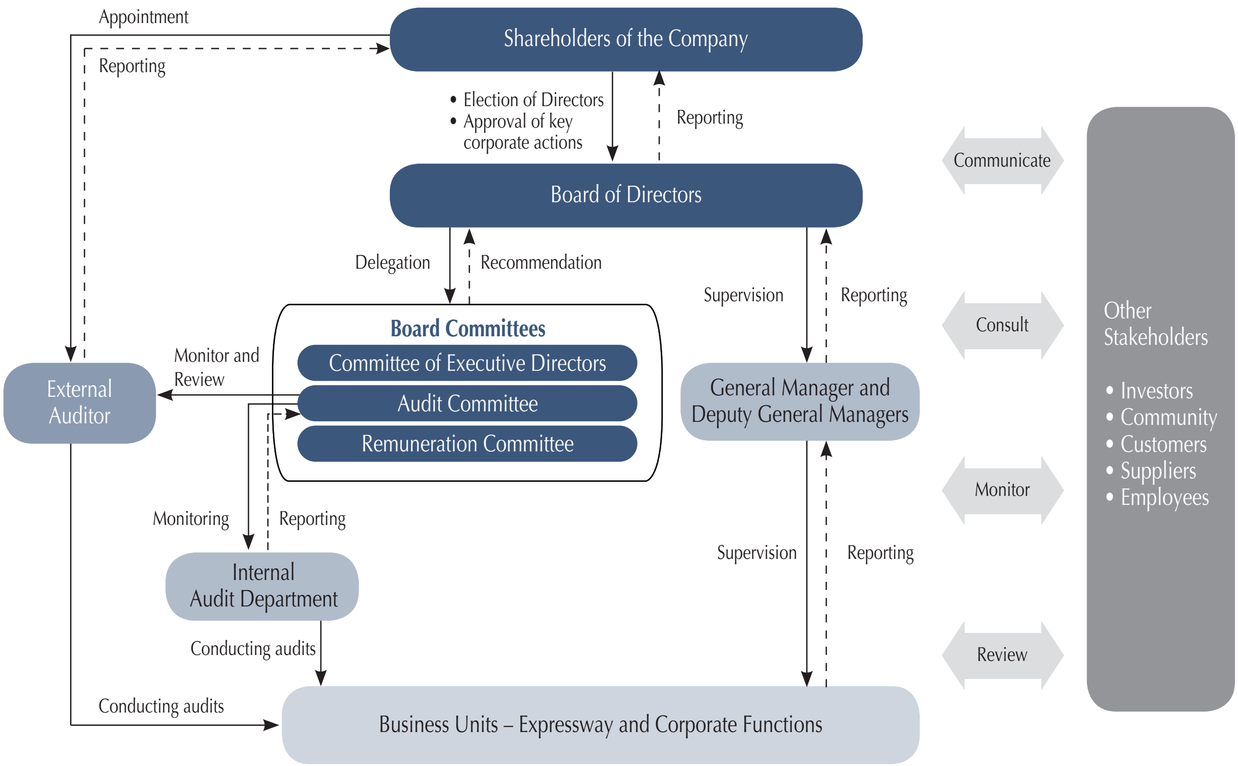
Code Provision A.5.1

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

During the period under review, the Company did not have any policy concerning diversity of board members. Board appointments were based on merit, in the context of the skills, experience and expertise that the selected candidates will bring to the Board. The Company was committed to equality of opportunity in all aspects of its business and endeavoured to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives. During the period under review, the Board resolved to adopt the board diversity policy on 1 January 2019 to comply with the requirement of the Revised CG Code and the Revised Listing Rules to be effective on 1 January 2019.

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which currently comprises three Executive Directors, three Non-executive Directors (including the Chairman) and three Independent Non-executive Directors. One third of the Board are Independent Non-executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 11 to 16 of this Annual Report. The remuneration of the Executive Directors, who are regarded as senior management of the Company, are disclosed in note 11 to the consolidated financial statements.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results, other disclosures to the public or regulators and the risk management and internal control systems are reserved by the Board and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the General Manager.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense.

Independent Non-executive Directors are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgement. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director a written annual confirmation of independence. All the Independent Non-executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

All Directors have given sufficient time and attention to the affairs of the Company during the period and have disclosed to the Company the major offices they held in public companies or organizations and other significant commitments.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Chairman and General Manager

Mr. Zhengyu LIU served as the Chairman of the Board throughout the period and is responsible for management of the Board. Mr. Tianliang ZHANG, the Executive Director and General Manager, is responsible for providing leadership and the day-to-day management of the business of the Company. The division of the responsibilities between the Chairman and the General Manager has been established and set out clearly in writing.

Board Diversity

The Board has a board diversity policy since January 2019 which aims to set out the approach of the Company to achieve diversity on the Board.

Policy Statement

To enhance decision-making capability and achieve a sustainable development, the Company is committed to maintain a Board with diversity of Directors. A number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service, have been considered during the selection process to ensure diversity and to be relevant to the Company's business. All appointment to the Board will be based on merit, having regard to the ability of candidates to complement and expand the skills, knowledge and experience of the Board as a whole.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service. The Board also includes a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is element of independence in the Board.

Appointment, Re-election and Removal

The Board shall regularly consider and review the plans for orderly succession for appointments to the Board and its structure, size and composition to ensure it has a balance of skills and experience appropriate for the requirements of the business of the Company and has a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement, and the Non-executive Directors have sufficient caliber and number for their views to carry weight. New Director(s) will be nominated by the Chairman or other members of the Board and the appointment shall be subject to the Board's approval.

All Non-executive Directors (including Independent Non-executive Directors) are appointed for a specific term of three years and are subject to retirement from office and re-election at least once every three years.

In accordance with the Company's Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. Every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her (i) last appointment by the Board, (ii) last election or (iii) last re-election, and shall be eligible for re-election subject to the provisions of the Company's Articles of Association.

Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws.

Mr. Qingyong GU and Mr. Junye CAI were appointed by the Board as Non-executive Directors on 27 August 2018 and 1 December 2018 respectively. The Board has taken into consideration their background, experience and professional skills and considered that they could provide support towards the effective discharge of the duties and responsibilities of the Board. Mr. Junye CAI shall hold office until the 2019 Annual General Meeting after his appointment and, being eligible, offer himself for re-election.

Board Committees

The Board established the Committee of Executive Directors with delegated authority for reviewing and approving the day-to-day business operations and ordinary and usual course of business of the Company. This committee comprises all the Executive Directors.

The Company also established the Audit Committee and the Remuneration Committee to deal with the specific matters as set out below in the interest of all shareholders in an objective manner. These two committees currently comprise three Independent Non-executive Directors.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (Chairman), Mr. Brian David Man Bun LI and Mr. Tony Chung Nin KAN. The company secretary of the Company, or in his/her absence, his/her representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board has been delegated to the Audit Committee to monitor, procure and manage corporate compliance within the Group. In December 2018, the Board adopted a revised terms of reference of the Audit Committee reflecting the requirement of the Revised CG Code effective on 1 January 2019.

Major roles and functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor
- to approve the remuneration and terms of engagement of the external auditor
- to review and monitor the external auditor's independence and objectivity
- to review the Group's financial controls, risk management and internal control systems on on-going basis
- to review the interim and annual financial statements before submission to the Board
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of Directors and senior management
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct applicable to employees and Directors
- to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report
- to review arrangements for raising concerns about possible improprieties in financial reporting, internal control or other matters

Principal works performed during the period under review included:

- to consider and approve the remuneration and terms of engagement of the external auditor
- to review the annual financial statements for the year ended 30 June 2018
- to review the work performed by Internal Audit Department
- to review the Group's risk management and internal control systems and the adequacy of the financial/internal auditing resources and competency
- to review the Company's policies and practices on corporate governance

The terms of reference setting out the Audit Committee's authority and its duties are available on the Company's Website and the HKEx Website.

Remuneration Committee

The Remuneration Committee comprised three Independent Non-executive Directors namely, Mr. Brian David Man Bun LI (Chairman), Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN. The head of Human Resources Department of the Company, or in his/her absence, his/her representative, serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major roles and functions of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure of all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management
- to make recommendations to the Board on the remuneration of Independent Non-executive Directors

Principal works performed during the period under review included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the six months ended 31 December 2018

The terms of reference setting out the Remuneration Committee's authority and its duties are available on the Company's Website and on the HKEx Website.

Attendance at Meetings

During the six months ended 31 December 2018, the attendance records of the following Directors at Board Meeting, Audit Committee Meeting, Remuneration Committee Meeting and the 2018 Annual General Meeting are as follows:

	Number of meetings attended/held			
Name of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**2018 Annual General Meeting**
Non-executive Directors				
Mr. Zhengyu LIU				
Chairman	2/2	N/A	N/A	1/1
Mr. Qingyong GU				
(appointed on 27 August 2018)	1/1	N/A	N/A	1/1
Mr. Junye CAI				
(appointed on 1 December 2018)	1/1	N/A	N/A	N/A
Executive Directors				
Mr. Tianliang ZHANG				
General Manager	2/2	N/A	N/A	1/1
Mr. Cheng WU				
Deputy General Manager	2/2	N/A	N/A	1/1
Mr. Ji LIU				
Deputy General Manager and Secretary to the Board	2/2	N/A	N/A	1/1
Independent Non-executive Directors				
Mr. Brian David Man Bun LI JP	2/2	2/2	1/1	1/1
Mr. Yu Lung CHING	2/2	2/2	1/1	1/1
Mr. Tony Chung Nin KAN SBS, JP	2/2	2/2	1/1	1/1

Induction Programme and Training for Board Members

A comprehensive, formal and tailored induction programme on key areas of business operations and practices of the Company is given to newly appointed Board Members by the management of the Company. A Guide on Directors' Duties published by the Companies Registry of Hong Kong and/or a Guide for Independent Non-executive Directors published by The Hong Kong Institute of Directors (in case of Independent Non-executive Director(s)) has/have been sent to each Director for his/her information and ready reference.

During the period under review, Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities.

Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director.

To summarise, the Directors received trainings on the following areas to update and develop their skills and knowledge during the period under review:

Name of Directors	Corporate Governance	Legal and Regulatory	Group's Businesses
Non-Executive Directors			
Mr. Zhengyu LIU	✓	✓	✓
Mr. Qingyong GU (appointed on 27 August 2018)	✓	✓	✓
Mr. Junye CAI (appointed on 1 December 2018)	✓	✓	✓
Executive Directors			
Mr. Tianliang ZHANG	✓	✓	✓
Mr. Cheng WU	✓	✓	✓
Mr. Ji LIU	✓	✓	✓
Independent Non-executive Directors			
Mr. Brian David Man Bun LI JP	✓	✓	✓
Mr. Yu Lung CHING	✓	✓	✓
Mr. Tony Chung Nin KAN SBS, JP	✓	✓	✓

Company Secretary

The Company Secretary is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He/She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the General Manager, plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Ji LIU, the Deputy General Manager and Secretary to the Board. Ms. KOO attended no less than 15 hours of relevant professional training during 2018.

Accountability and Audit

Financial Reporting

The Directors recognise the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

During the period under review, all Directors have been provided, on a monthly basis, with the Group's updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

External Auditor and their Remuneration

The Company's external auditor is Deloitte. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 77 and 82 of this Annual Report. The independence of the external auditor is monitored by the Audit Committee which is also responsible for making recommendations to the Board on the appointment of the external auditor as well as approving their terms of engagement and remuneration.

During the six months ended 31 December 2018, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	**1,300**
Non-audit services:	
Others	**10**
Total	**1,310**

Risk Management and Internal Controls

The Board is of the opinion that sound risk management and internal control systems will help achieve the Group's business objectives, safeguard the Group's assets and contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations. To this end, the Group commits to implement the risk management and internal control systems compatible with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss.

Roles and Responsibilities

The Board acknowledges its overall responsibility for the Group's risk management and internal control systems and for overseeing its effectiveness on an on-going basis through the Audit Committee which reports to the Board, when necessary, during the quarterly regular board meetings. Executive Directors and management teams are delegated the roles of designing and maintaining an environment where managing risks forms the base of all activities.

Evaluation of the Group's risk management and internal control systems, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently and consistently conducted by the Internal Audit Department for principal operations.

Risk Management and Internal Control Framework

Under the Risk Management Policy approved by the Board, the Group strives to ensure that risk management and internal controls are integrated into the normal business processes and aligned with the strategic goals of the Group. This risk management and internal control framework, integrating the principles of the COSO model, is highlighted as follows:

Control Environment

The Group, committed to ethical values, believes that honesty, integrity and fair play are its important assets in doing business. Such belief is realized through the Group's Code of Conduct under which employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. To enhance the Group's internal control mechanism and the awareness of corporate justice, a Whistle-Blowing Policy has also been in force. The Policy provides a platform for employees raising serious concerns internally, without fear of reprisal or victimization, in a responsible and effective manner.

The Board, as the top strategy and policy setting body of the Group, provides oversight to the Group's management under the leadership of the General Manager. Clear corporate governance structure (as depicted on page 46 of our Corporate Governance Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

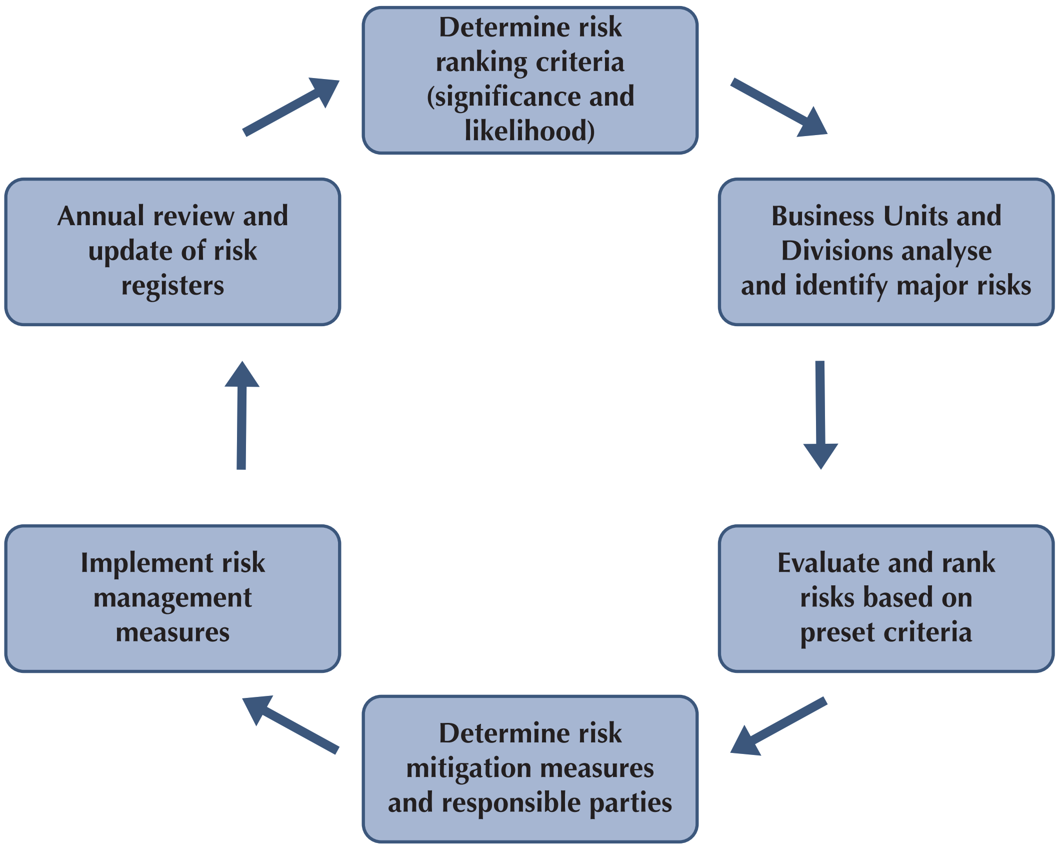
A holistic risk management framework is adopted across the Group for:

(i) Identifying, communicating, mitigating and escalating major risk issues;

(ii) Incorporating risk management principles and objectives into strategic, operational and resource planning activities; and

(iii) Designing and implementing an effective and efficient operation, enabling the Group to respond to a variety of risks.

The Group's ongoing risk assessment program encompasses the following key steps:



Control Activities/Information and Communication

Internal control procedures of the Group include a comprehensive budgeting, information reporting and performance monitoring system.

Business plans and budgets, taking into consideration significant business risks, are prepared annually by the management of each business unit for the review and approval by the Executive Directors. These plans and budgets are then reviewed periodically against actual performance for validity and adjustments. Various policies and procedures have been established for the approval and control of operating expenses, capital expenditures, project investments, unbudgeted items and acquisitions.

The Executive Directors review monthly management reports and hold periodical meetings with the senior operational and finance management to discuss business performance, budget variances, forecasts, market outlooks, and to address any operation and finance related matters.

Annually, senior management conducts a self-assessment on their compliance with the Group policies, relevant regulations and the fulfillment of their risk management and internal control duties. A confirmation is then completed and submitted to the Audit Committee and be reported to the Board.

Monitoring Activities

The Board, through the Audit Committee, oversee the risk management and internal controls of the Group, with assistance from external and internal auditors. External auditors inform management and the Audit Committee on the operation of financial controls reviewed as part of the statutory audits. Findings and risk concerns of internal auditors are raised to responsible management for rectification with significant items reported to the Audit Committee at least four times every year. Implementation status of audit findings would also be followed up by the Internal Audit Department and reported to the Audit Committee.

Risk Management and Internal Control Review

During the period under review, the Board, through the Audit Committee, has consistently reviewed the effectiveness and proper functioning of the Group's internal control and risk management systems, financial reporting and rules/regulations compliance. The review also covered the adequacy of the financial/internal auditing resources and competency. No major exception was noted.

Key Risk Profile of the Group

Based on the risk assessment conducted for the six months ended 31 December 2018, while the Group continued to face various operating risks such as toll escape cases, cost increases and technological challenges, impacts from the macro environment contributed to the most highly-ranked risks of the Group.

The key risks thus identified and their trends are further illustrated as follows:

Risk Category	Risk Description	Risk Change in the six months ended 31 December 2018
Regulatory and Political	Political instability, unfavourable government policies, regulations and legislative changes.	↔
Commercial	Market risks resulting from increasing local competition, government free roads, heightened customer requirement and price sensitivity, unfavourable changes in the demographics of surrounding communities and areas.	↔
Economic and Financial	Revenue/profit reduction due to economic downturn, negative developments in financial and vehicles markets, credit crunch and refinancing risks, currency fluctuations and interest rate increases (in particular RMB and USD).	↔

Remarks:

↔ Inherent risks (risks before mitigation measures) remain stable

Business Ethics

The Company considers ethical corporate culture and employees' honesty and integrity to be important assets and endeavours to comply with the laws and regulations of the countries in which we operate. All Directors and employees are required to act responsibly to ensure that the reputation of the Company is not tarnished. To uphold a high standard of integrity in all aspects of everyday activities, the Company adopts a Code of Conduct which provides employees with a set of defined ethical standards for adherence. The Code of Conduct is posted on the Company's intranet for observance by all staff. The Heads of Business Units, through the Human Resources Department, are charged with the responsibility of disseminating the Code of Conduct requirements to the employees concerned.

Remuneration Policy

The Company recognises the need to implement a competitive remuneration policy in order to attract, retain and motivate the Directors and senior management to achieve the corporate targets. The remuneration package of the Executive Directors comprises some fixed elements: basic salary, mandatory provident fund contribution and other benefits including medical cover, as well as discretionary bonus, share options and/or share awards which are performance-related elements. No Director is allowed to approve his/her own remuneration.

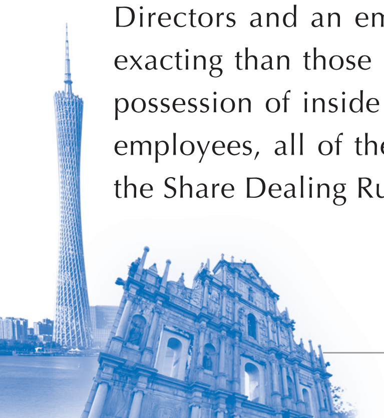
The fixed elements of the Executive Directors' remuneration are reviewed annually by reference to the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the period under review had been approved by the shareholders at the 2018 Annual General Meeting.

Inside Information Policy

The Board has adopted the Inside Information Policy setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

Model Code for Securities Transactions

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



Shareholders

Communication with Shareholders

The Company recognises the importance of communication with the shareholders of the Company, both individual and institutional as well as potential investors. The Board has adopted a Shareholders Communication Policy setting out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The Shareholders Communication Policy of the Company is posted on the Company's Website.

Disclosure of Information on the Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at www.hopewellhighway.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. The Company also discloses in a timely manner the traffic statistics and toll revenue of the GS Superhighway and Western Delta Route on monthly basis on the Company's Website. When announcements are made through the Stock Exchange, the same information is made available on the Company's Website.

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee and the Remuneration Committee together with the external auditor of the Company to attend the annual general meetings to answer shareholders' questions. The 2018 Annual General Meeting was held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 30 October 2018. The 2019 Annual General Meeting has been scheduled to be held on 30 April 2019.

Investor Relations

Committed to upholding sound corporate governance practices, the Company believes that good communications with the market and shareholders as well as transparency are of high priority.

As an important component to engage market participants, the Company's open and effective communications with the investment community is well-recognised. Proactive investor relations program was continued during the period under review. Subsequent to interim and annual results announcements, conference calls with investors, analysts and media were held with the attendance of senior management team to answer queries. To further facilitate exchange of opinions, the Company regularly attended investor meetings, roadshows, and conferences engaging both local and overseas investors and analysts. In addition, enquiries from investors and analysts were also handled in a timely manner.

Achieving a high level of transparency, the Company kept its website updated by publishing essential corporate information including company announcements, press releases and financial reports on a timely and accurate basis. As a result, investors could keep track of the latest updates of the Company's business and financial performance.

Going onward, the Company will continue to advocate its high level of corporate governance framework, aiming to enhance market confidence and maximise shareholders' value. Investors can direct any comment or enquiry to the Company's investor relations team at ir@hopewellhighway.com.

During the period under review, there was no significant change in the Company's constitutional documents.

Shareholders' Rights

The Company recognises the significance and importance of having a governance framework that protects shareholders' rights.

Voting by poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the Company's Website and on the HKEx Website on the same day of the poll.

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Article 68 of the Company's Articles of Association, (i) any two or more shareholders of the Company holding at the date of deposit of the written requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at the general meeting of the Company or (ii) any one shareholder of the Company which is a clearing house (or its nominee) holding at the date of deposit of the written requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, may require the Board to convene an extraordinary general meeting ("EGM") by written requisition. The written requisition must specify the objects of the meeting, and be signed by the shareholder(s) concerned and deposited at the principal place of business of the Company in Hong Kong at Room 63–02, 63rd Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the attention of the Company Secretary.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an EGM, the shareholder(s) concerned or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of deposit of the requisition.

The EGM convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Board.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department whose contact details are as follows:

Investor Relations Department
Hopewell Highway Infrastructure Limited
Room 63–02, 63rd Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Email: ir@hopewellhighway.com
Tel No.: (852) 2863 2502
Fax No.: (852) 2529 8602

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, shareholders are requested to follow Article 68 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

Pursuant to Article 116 of the Company's Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless (i) he/she is recommended by the Board for election; or (ii) a shareholder of the Company shall have given notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been given to the Company in the period commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as Director is posted on the Company's Website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the six months ended 31 December 2018.

Change of Financial Year End Date

As announced by the Company on 27 August 2018, the Board had resolved to change the financial year end date of the Company from 30 June to 31 December following the publication of the audited consolidated financial statement of the Group for the year ended 30 June 2018 (the "Change of Financial Year End Date"). The Change of Financial Year End Date is to align the financial year end date of the Company with that of the Company's principal operating joint ventures established in the PRC (the "PRC joint ventures"). The PRC joint ventures are statutorily required to prepare their accounts with the financial year end date of 31 December. The Board considered that the Change of Financial Year End Date would facilitate the preparation of the consolidated financial statements of the Group. The change also aligns the Company's financial year end date with that of its ultimate holding company, Shenzhen Investments Holdings Co., Ltd.* (深圳市投資控股有限公司), a company established in the PRC.

Principal Activities

The Company is an investment holding company. The Group focuses on initiation, promotion, development and operation of toll expressways and bridges in the PRC through its joint ventures established in the PRC. The principal activities of the Group's principal subsidiaries and the joint ventures are set out in notes 25 and 15 to the consolidated financial statements respectively.

Business Review

A review of the business of the Group during the period, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the Chairman's Statement on pages 6 to 9 and the Management Discussion and Analysis on pages 17 to 41 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 24 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the six months ended 31 December 2018, if applicable, are provided in the Chairman's Statement on pages 6 to 9, the Management Discussion and Analysis on pages 17 to 41 and this Report of the Directors on pages 65 to 76 of this Annual Report. An analysis of the Group's performance during the period using financial key performance indicators is provided in the Financial Highlights on page 2 and the 5-Year Financial Summary on pages 3 to 5 of this Annual Report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Management Discussion and Analysis, Sustainability Report Highlights, the Corporate Governance Report and this Report of the Directors on pages 6 to 9, pages 17 to 41, pages 42 to 44, pages 45 to 64 and pages 65 to 76 of this Annual Report respectively and in the full version of Sustainability Report to be available on the Company's website www.hopewellhighway.com. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the six months ended 31 December 2018 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 83.

Dividends

The Directors recommend the payment of a final dividend of RMB9.9 cents per share (equivalent to HK11.615472 cents per share at the exchange rate of RMB1:HK$1.17328) (year ended 30 June 2018: a final dividend of RMB9.7 cents per share (equivalent to HK11.114551 cents per share) and a special final dividend of RMB10 cents per share (equivalent to HK11.4583 cents per share)) in respect of the six months ended 31 December 2018.

Due to the Change of Financial Year End Date, the total dividend for the six months ended 31 December 2018 will be RMB9.9 cents per share (equivalent to HK11.615472 cents per share). The total dividends for the year ended 30 June 2018, together with the interim dividend of RMB11.6 cents per share (equivalent to HK14.24028 cents per share) paid on 3 September 2018, were RMB31.3 cents per share (equivalent to HK36.813131 cents per share).

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the period under review are incorporated under the section "Business Review" as set out on pages 17 to 30.

Share Capital

Details of the movements in share capital of the Company during the period are set out in note 20 to the consolidated financial statements.

Reserves and Distributable Reserve

Details of the movements in reserves of the Group during the period are set out in the Consolidated Statement of Changes in Equity on page 85.

Details of the distributable reserve of the Company during the period are set out in note 21 to the consolidated financial statements and the Company's distributable reserve at 31 December 2018 amounted to approximately RMB2,781 million (30 June 2018: RMB3,440 million) which represented retained profits and share premium of the Company as at that date.

Fixed Assets

Details of the movements in property and equipment of the Group during the period are set out in note 17 to the consolidated financial statements.

Major Customers and Suppliers

There are no major customers and suppliers in view of the nature of the Group's business.

Directors and Senior Management

The Directors and their profiles as at the date of this report are set out on pages 11 to 16. Changes of Directors during the period under review and up to date of this report are as follows:

Mr. Qingyong GU* (appointed as a Non-executive Director on 27 August 2018)

Mr. Junye CAI* (appointed as a Non-executive Director on 1 December 2018)

In accordance with the Company's Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his last election/re-election and shall be eligible for re-election subject to the provisions of the Company's Articles of Association.

Furthermore, in accordance with the Company's Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. Mr. Junye CAI, who was appointed as Non-executive Director on 1 December 2018, shall hold office until the 2019 Annual General Meeting after his appointment and, being eligible, offered himself for re-election.

The businesses of the Group are under the direct responsibility of the Executive Directors who are regarded as members of the Group's senior management.

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Directors' Material Interest in Transactions, Arrangements or Contracts

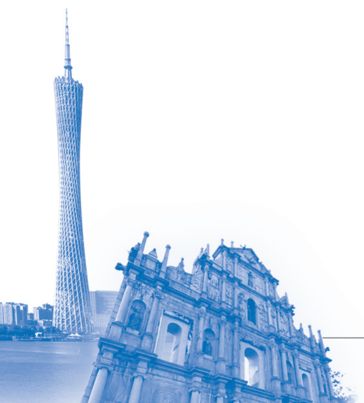
No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party or were parties and in which a Director or entities connected with him had a material interest, whether directly or indirectly, subsisted during or at the end of the period.

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

As at 31 December 2018, none of the Directors or the chief executives of the Company had any interests or short positions in 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 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 was approved by the shareholders of the Company effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the Share Option Scheme is set out in (B) below.



(B) The Share Option Scheme is designated to provide the Company with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

The maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding excluding options lapsed from time to time in accordance with the Share Option Scheme) under the Share Option Scheme and any other share option schemes of the Company will not exceed 10% in aggregate the total number of issued shares as at the date of adoption of the Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period must not exceed 1% of the total number of issued shares of the Company. As at the date of this report, no options were granted under the Share Option Scheme and 308,169,028 shares were issuable under the Share Option Scheme, representing approximately 10% of total number of issued shares of the Company.

The period within which an option may be exercised will be determined by the Board at its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for such time to be determined by the Board and specified in the offer letter. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

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. A summary of some of the principal terms of the Share Award Scheme is set out in (B) below.

(B) The purpose of the Share Award Scheme is to recognise the contributions by certain employees (including without limitation to employees who are also Directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Under the Share Award Scheme, the Board (or where the relevant selected employee is a Director, the Remuneration Committee) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the Share Award Scheme and determine the number of shares to be awarded. The Board shall not grant any award of shares which would result in the total number of issued shares which are the subject of awards granted by the Board under the Share Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of total number of issued shares of the Company as at the date of such grant.

(C) There were no awarded shares granted, forfeited, vested or outstanding during the six months ended 31 December 2018 and accordingly no dividend income was received in respect of shares held upon the trust for the Share Award Scheme (year ended 30 June 2018: Nil) during the period under review.

Equity-Linked Agreements

Save as disclosed in the sections headed "Share Options" and "Share Awards", no equity-linked agreements were entered into during the period or subsisted at the end of the period.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous sections headed "Share Options" and "Share Awards", at no time during the six months ended 31 December 2018 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

The Directors' fees are approved by shareholders at the annual general meeting of the Company and the other emoluments payable to Executive Directors are determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Directors' Service Contracts

No Director proposed for re-election at the 2019 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). All the Independent Non-executive Directors are appointed for a fixed period but subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The PRC employees employed by the Company are members of the state-managed retirement benefit schemes operated by the PRC government. The Company are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the six months ended 31 December 2018 are RMB420,000 (year ended 30 June 2018: RMB838,000).

Management Contracts

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company was entered into during the period or subsisted at the end of the period.

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

As at 31 December 2018, 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	Approximate % of total number of issued shares
Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd ("SIICHIC") (深圳投控國際資本控股基建有限公司) (i)	Beneficial owner	2,213,449,666 (L)	71.83
Shenzhen Investment International Capital Holdings Co., Limited (深圳投控國際資本控股有限公司) (i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen Investment Holdings Co., Ltd ("SIHC") (深圳市投資控股有限公司) (i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
CITIC Securities Co., Ltd. (ii)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Golden Baycrest (BVI) Limited (iii)	Beneficial owner	305,087,338 (L)	9.90
China Vanke Co., Limited (iii)	Interests of controlled corporation	305,087,338 (L)	9.90
CMF Global Quantitative Multi-Asset SPC — CMF Global Quantitative Stable SP (iv)	Trustee	291,207,411 (L)	9.45
China Taiping Life Insurance (Hong Kong) Company Limited (iv)	Beneficiary of a trust (other than a discretionary interest)	291,207,411 (L)	9.45
China Taiping Insurance Holdings Company Limited (iv)	Interests of controlled corporation	291,207,411 (L)	9.45

L: Long Position

Notes:

(i) The 2,213,449,666 Shares were held by SIICHIC, a wholly-owned subsidiary of Shenzhen Investment International Capital Holdings Co., Limited which in turn was a wholly-owned subsidiary of SIHC. The interests of SIICHIC, Shenzhen Investment International Capital Holdings Co., Limited and SIHC in the 2,213,449,666 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other. Interests in the said Shares had been provided indirectly to CITIC Securities Co., Ltd. as security.

(ii) The 2,213,449,666 Shares were held by CITIC Securities Finance 2013 Co., Ltd., which was a direct wholly-owned subsidiary of CITIC Securities International Company Ltd., which in turn was a direct wholly-owned subsidiary of CITIC Securities Co., Ltd. They had security interest in the said Shares.

(iii) The 305,087,338 Shares were held by Golden Baycrest (BVI) Limited, an indirect wholly-owned subsidiary of China Vanke Co., Limited. The interests of Golden Baycrest (BVI) Limited and China Vanke Co., Limited in the 305,087,338 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.

(iv) China Taiping Life Insurance (Hong Kong) Company Limited is a direct wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited which in turn is directly owned as to 50.71% by China Taiping Insurance Group (HK) Company Limited, 2.41% by Taiping Golden Win Investment Limited, 4.68% by Easiwell Limited and 1.84% by Manhold Limited. Taiping Golden Win Investment Limited, Easiwell Limited and Manhold Limited are wholly-owned by China Taiping Insurance Group (HK) Company Limited which in turn is a direct wholly-owned subsidiary of China Taiping Insurance Group Ltd. The interests of China Taiping Life Insurance (Hong Kong) Company Limited, China Taiping Insurance Holdings Company Limited and CMF Global Quantitative Multi-Asset SPC in the 291,207,411 Shares represented the same block of Shares.

Save as disclosed above, as at 31 December 2018, 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.

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 2018.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

Connected Transactions and Continuing Connected Transactions

During the period under review, there were no connected transactions and continuing connected transactions which are required to be disclosed in accordance with the requirements of the Listing Rules. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, none of the related party transactions as disclosed in note 29 to the consolidated financial statements constitutes a connected transaction under Chapter 14A of the Listing Rules.

Public Float

On 29 December 2017, Anber Investments Limited (an indirect wholly-owned subsidiary of Hopewell Holdings Limited, as vendor) and Hopewell Holdings Limited (as vendor's guarantor) entered into an agreement with SIICHIC (as purchaser) and SIHC (as the purchaser's guarantor), pursuant to which Anber Investments Limited agreed to sell and SIICHIC agreed to acquire 2,055,287,337 Shares (representing approximately 66.69% of the total number of issued Shares) at a cash consideration of HK$4.80 per Share (i.e. HK$9,865,379,217.60 in aggregate) (the "Sale and Purchase"). Following completion of the Sale and Purchase on 4 April 2018, SIICHIC became interested in 2,055,287,337 Shares. Accordingly, SIICHIC made an unconditional mandatory cash offer to acquire all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it at an offer price of HK$4.80 per Share (the "Offer"), pursuant to Rule 26.1 of The Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong. The Offer closed on 2 May 2018 and 754,457,078 Shares were tendered for acceptance. After completion of the Offer, SIICHIC was interested in 2,809,744,415 Shares (representing approximately 91.18% of the total number of issued Shares).

Following the close of the Offer on 2 May 2018, 271,945,868 Shares were held by the public (within the meanings of the Listing Rules), representing approximately 8.82% of the total number of issued Shares. Accordingly, less than 25% of the total number of issued Shares (being the minimum prescribed percentage applicable to the Company) were held by the public and the Company did not satisfy the minimum public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules. Trading in Shares on the Stock Exchange had been suspended since 3 May 2018 as the percentage of public float of the Company fell below 15% pursuant to Rule 8.08(1)(b) of the Listing Rules. An application was made by the Company to the Stock Exchange for a temporary waiver from the strict compliance with Rules 8.08(1)(a) of the Listing Rules. On 15 May 2018, the Stock Exchange had granted the waiver to the Company for a period from 2 May 2018 (i.e. closing date of the Offer) to 2 August 2018 (the "Waiver").

The Company had been informed by SIHC that on 24 July 2018, SIICHIC had completed a placement of its 305,087,338 Shares, representing approximately 9.90% of the total number of issued Shares, to a third party independent of and not a core connected person (as defined under the Listing Rules) of the Company. Immediately after completion of the aforementioned placement, a total of 577,033,206 Shares, representing approximately 18.72% of the total number of issued Shares, were held by the public. The Company was then informed by SIHC that additional time was required to place down further Shares in order to restore the public float of the Company as required under Rule 8.08(1)(a) of the Listing Rules. An application was made by the Company to the Stock Exchange for an extension of the Waiver. On 3 August 2018, the Stock Exchange had granted the Company an extension of the Waiver for the period from 3 August 2018 to 2 September 2018.

The Company had been further informed by SIICHIC that on 17 August 2018, SIICHIC had completed a placement of its 291,207,411 Shares, representing approximately 9.45% of the total number of issued Shares (the "Placing"), to another third party independent of and not a core connected person (as defined under the Listing Rules) of the Company. Immediately after completion of the Placing, a total of 868,240,617 Shares, representing approximately 28.17% of the total number of issued Shares, were held by the public. The Company had also been informed by SIICHIC that in connection with the Placing, there was an undertaking arrangement in relation to the Placing. However, the Company had been informed by the Stock Exchange that they were of the view that the Placing, together with the undertaking arrangement, was not an acceptable measure to restore the minimum public float of the Company. As the extension of Waiver would expire on 2 September 2018 and measures acceptable to the Stock Exchange to restore the minimum public float of the Company had not been put in place, the Company had applied to the Stock Exchange for a further extension of the Waiver. On 3 September 2018, the Stock Exchange had granted the Company a further extension of the Waiver for the period from 3 September 2018 to 30 September 2018.

To address the Stock Exchange's concern, the Company had been informed by SIHC and Shenzhen Investment International Capital Holdings Co., Limited that measures acceptable to the Stock Exchange to restore the minimum public float of the Company were put in place. The Company had fulfilled the minimum public float requirement under Rules 8.08(1)(a) of the Listing Rules. An application had been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange and the Shares were resumed trading with effect on 18 September 2018.

Further information in relation to restoration of public float of the Company mentioned above was set out in the joint announcement issued by SIICHIC and the Company dated 11 April 2018, the composite offer and response document jointly issued by SIICHIC and the Company dated 11 April 2018 and the joint announcement issued by SIICHIC and the Company dated 2 May 2018, and announcements issued by the Company dated 16 May 2018, 1 August 2018, 3 August 2018, 31 August 2018, 3 September 2018 and 17 September 2018.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Company's total number of issued Shares as required under the Listing Rules.

Subsequent Event to the Reporting Period

Proposed Change of Company Name

On 28 February 2019, the Board proposed to change the English name of the Company from "Hopewell Highway Infrastructure Limited" to "Shenzhen Investment Holdings Bay Area Development Company Limited", and to adopt the Chinese name of "深圳投控灣區發展有限公司" as the dual foreign name of the Company in place of its existing Chinese name "合和公路基建有限公司" ("Change of Company Name"). The proposed Change of Company Name is subject to the following conditions:

(i) the passing of a special resolution by the Shareholders at the 2019 Annual General Meeting to approve the Change of Company Name; and

(ii) the Registrar of Companies in the Cayman Islands approving the Change of Company Name.

The Board considers that the Change of Company Name will demonstrate the Group's future strategy and the new name will rebuild a new corporate image and identity which will better reflect the Group's business development and its direction of future development. The Board also believes that the Change of Company Name will benefit the Group in its future business development, and is in the interests of the Company and the Shareholders as a whole.

Details of Change of Company Name were set out in the announcement of the Company dated 28 February 2019.

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the 2019 Annual General Meeting.

On behalf of the Board

Zhengyu LIU*
Chairman

Hong Kong, 28 February 2019

Deloitte. 德勤

To the Members of Hopewell Highway Infrastructure Limited
合和公路基建有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hopewell Highway Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 83 to 134, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the six months ended 31 December 2018 in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter

Interests in joint ventures ("JVs") and share of results of JVs — Amortisation of concession intangible assets of the JVs

We identified the amortisation of concession intangible assets of the JVs as a key audit matter because significant judgements are required in determining the estimation of future traffic volume which has an impact on the carrying value of the concession intangible assets of the JVs as at year end and the amortisation charges for the current and future years. As set out in note 15 to the consolidated financial statements, the two JVs of the Group are engaged in the development, operation and management of expressways under service concession agreements with the right to collect tolls for operating two expressways in Guangdong Province of the People's Republic of China (the "PRC"), one of which runs between Shenzhen and Guangzhou and the other one links Guangzhou, Zhongshan and Zhuhai with the toll collection periods ranging from 25 years to 30 years. The Group has accounted for its interests in these JVs using the equity method of accounting.

As set out in note 5(i) to the consolidated financial statements, the interests in JVs as at 31 December 2018 amounted to RMB4,797,525,000 and the share of results of JVs for the six months ended 31 December 2018 amounted to RMB340,188,000. Included in the share of results of JVs, there was an amortisation of concession intangible assets of the JVs shared by the Group amounting to RMB326,003,000 for the six months ended 31 December 2018 which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreements.

The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in a prior year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

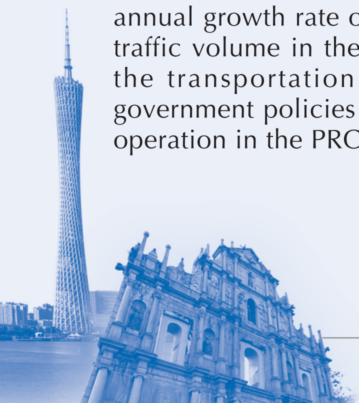
How our audit addressed the key audit matter

Our procedures in relation to the amortisation of concession intangible assets of the two JVs included:

- Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible assets and benchmarking with other companies in the same industry;

- Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and

- Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness, key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.



Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Interests in joint ventures ("JVs") and share of results of JVs — Resurfacing obligations of the JVs	
We identified the resurfacing obligation of the JVs as a key audit matter due to the management's judgement involved in determining the amount of provision by discounted cash flow method which is based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event and then discounted to the present value based on a pre-tax discount rate which could in turn affect the carrying amount of interests in joint ventures as at 31 December 2018 and share of results of joint ventures for the six months ended 31 December 2018 under the equity method of accounting for the reason stated in the above key audit matter. As disclosed in note 5(ii) to the consolidated financial statements, the JVs of the Group have contractual obligations under the contractual service concession arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised as resurfacing obligations in the financial statements of the JVs. As further disclosed in note 5(ii) to the consolidated financial statements, the interests in JVs as at 31 December 2018 amounted to RMB4,797,525,000 and share of results of JVs for the six months ended 31 December 2018 amounted to RMB340,188,000. Included in the interests in JVs, there was a provision of resurfacing obligations of the JVs shared by the Group amounting to RMB220,243,000 as at 31 December 2018. The expected costs for maintenance and resurfacing and the timing of such event to take place involve estimates made by the management of the Group, which were taken into consideration of the resurfacing plans of the JVs, historical costs incurred for similar activities and the latest quotations from the service provider. These expected costs were then discounted to the present value based on a discount rate determined by the management of the Group that reflected the time value of the money and the risk specific to the obligation.	Our procedures in relation to evaluate the resurfacing obligations of the JVs included: • Evaluating the appropriateness of the methodology, key bases and assumptions made by management in estimating the obligations; • Assessing the reasonableness of the expected costs of the resurfacing works and the number of major resurfacing works to be undertaken over the remaining concession period based on the technical report prepared by the engineering department of the JVs and the actual costs incurred for resurfacing works in recent periods; • Evaluating the appropriateness of the discount rate and the timing for discounting used by the management with reference to the borrowing rate of the JVs; and • Evaluating the projected traffic volume projection based on procedures performed in the key audit matter related to the amortisation on concession intangible assets of the JVs as mentioned above which is used for determining the amount of resurfacing expense to be charged to profit or loss in the respective reporting period.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

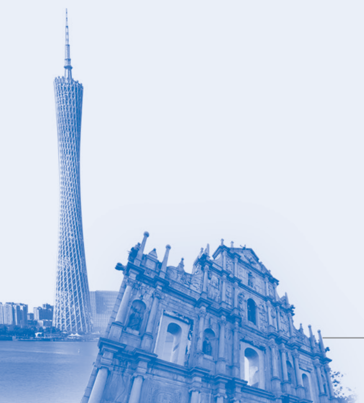
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

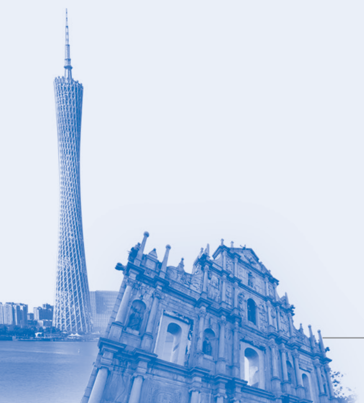
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Hung Suk Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 February 2019



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2018

	NOTES	Year ended 30 June 2018 RMB'000	Six months ended 31 December 2018 RMB'000
Other income and other expense	7	17,983	5,117
Depreciation		(108)	(154)
General and administrative expenses		(34,404)	(16,658)
Finance costs		(41)	(684)
Share of results of joint ventures	8	724,433	340,188
Profit before tax		707,863	327,809
Income tax expense	9	(41,835)	(19,650)
Profit for the year/period	10	666,028	308,159
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value gain on investment in equity instrument at fair value through other comprehensive income, net of tax		–	417
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain arising on translation of foreign operations		(7,281)	149
Total comprehensive income for the year/period		658,747	308,725
Profit for the year/period attributable to:			
Owners of the Company		656,197	304,046
Non-controlling interests		9,831	4,113
		666,028	308,159
Total comprehensive income attributable to:			
Owners of the Company		648,916	304,612
Non-controlling interests		9,831	4,113
		658,747	308,725
		RMB cents	RMB cents
Earnings per share	12		
Basic		21.29	9.87

Consolidated Statement of Financial Position

As at 31 December 2018

	NOTES	30 June 2018 RMB'000	31 December 2018 RMB'000
ASSETS			
Non-current Assets			
Interests in joint ventures	15	4,851,836	**4,797,525**
Equity instrument at fair value through other comprehensive income	16	–	**11,100**
Investment	16	4,785	**–**
Property and equipment	17	84	**1,291**
		4,856,705	**4,809,916**
Current Assets			
Deposits and prepayments		1,569	**678**
Dividend and other receivables	18	75,849	**14**
Bank balances and cash	19	691,461	**140,087**
		768,879	**140,779**
Total Assets		5,625,584	**4,950,695**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	20	270,603	**270,603**
Share premium and reserves		4,877,469	**4,568,631**
Equity attributable to owners of the Company		5,148,072	**4,839,234**
Non-controlling interests		27,219	**30,233**
Total Equity		5,175,291	**4,869,467**
Non-current Liability			
Deferred tax liability	22	69,310	**69,888**
Current Liabilities			
Payables and accruals		10,027	**11,340**
Dividend payable		370,956	**–**
		380,983	**11,340**
Total Liabilities		450,293	**81,228**
Total Equity and Liabilities		5,625,584	**4,950,695**
Cash and cash equivalents		691,461	**140,087**

Tianliang ZHANG
Director

Ji LIU
Director

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2018

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	People's Republic of China ("PRC") statutory reserves RMB'000	Investment revaluation reserves RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 July 2017	270,603	3,104,759	114,710	–	(499,337)	2,535,600	5,526,335	30,826	5,557,161
Exchange loss on translation of foreign operations	–	–	–	–	(7,281)	–	(7,281)	–	(7,281)
Profit for the year	–	–	–	–	–	656,197	656,197	9,831	666,028
Total comprehensive income for the year	–	–	–	–	(7,281)	656,197	648,916	9,831	658,747
Change in profit sharing of a joint venture	–	–	(7,121)	–	–	–	(7,121)	–	(7,121)
Dividends recognised as distribution during the year (Note 13)	–	(387,790)	–	–	80,724	(712,992)	(1,020,058)	–	(1,020,058)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(13,438)	(13,438)
As at 30 June 2018	270,603	2,716,969	107,589	–	(425,894)	2,478,805	5,148,072	27,219	5,175,291
Opening adjustments (Note 3)	–	–	–	4,856	–	–	4,856	–	4,856
As at 1 July 2018	270,603	2,716,969	107,589	4,856	(425,894)	2,478,805	5,152,928	27,219	5,180,147
Fair value gain on investment in equity instrument at fair value through other comprehensive income, net of tax	–	–	–	417	–	–	417	–	417
Exchange gain on translation of foreign operations	–	–	–	–	149	–	149	–	149
Profit for the period	–	–	–	–	–	304,046	304,046	4,113	308,159
Total comprehensive income for the period	–	–	–	417	149	304,046	304,612	4,113	308,725
Dividends recognised as distribution during the period (Note 13)	–	(379,280)	–	–	65,419	(304,445)	(618,306)	–	(618,306)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,099)	(1,099)
As at 31 December 2018	270,603	2,337,689	107,589	5,273	(360,326)	2,478,406	4,839,234	30,233	4,869,467

For the purpose of presenting the 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 2018 of RMB10 cents (year ended 30 June 2018: for the year ended 30 June 2017 of RMB10 cents) per share amounting to approximately RMB313,861,000 (year ended 30 June 2018: RMB307,066,000) 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 RMB379,280,000 (30 June 2018: RMB387,790,000) and credited by RMB65,419,000 (30 June 2018: RMB80,724,000) respectively.

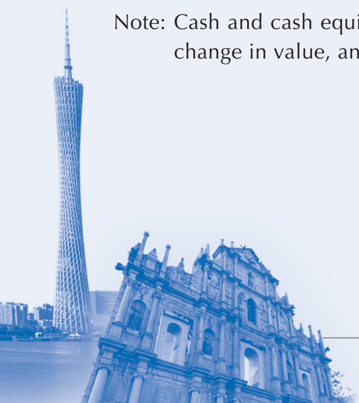
Pursuant to the joint venture agreement of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV"), the Group's profit sharing ratio in GS Superhighway JV adjusted from 48% to 45% from 1 July 2017 for the next ten years until the end of contractual operation period, i.e. 30 June 2027. Accordingly, the Group's share of the reserves attributable to the GS Superhighway JV had been adjusted.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2018

	Year ended 30 June 2018 RMB'000	**Six months ended 31 December 2018 RMB'000**
OPERATING ACTIVITIES		
Profit before tax	707,863	**327,809**
Adjustments for:		
Dividend income from investment/equity instrument at fair value through other comprehensive income	(600)	**(600)**
Interest income	(18,504)	**(7,128)**
Interest expense	–	**667**
Gain on disposal of property and equipment	(128)	**–**
Net exchange loss	1,389	**2,826**
Depreciation	108	**154**
Share of results of joint ventures	(724,433)	**(340,188)**
Operating cash flows before movements in working capital	(34,305)	**(16,460)**
(Increase) decrease in deposits and prepayments	(628)	**891**
Decrease in other receivables	10	**–**
(Decrease) increase in payables and accruals	(1,257)	**1,462**
NET CASH USED IN OPERATING ACTIVITIES	(36,180)	**(14,107)**
INVESTING ACTIVITIES		
Purchases of property and equipment	(100)	**(1,361)**
Proceeds on disposal of property and equipment	319	**–**
Dividends received (net of PRC withholding tax)	911,124	**449,120**
Interest received	18,441	**8,829**
NET CASH FROM INVESTING ACTIVITIES	929,784	**456,588**
FINANCING ACTIVITIES		
New bank loan raised	–	**265,957**
Bank loan repaid	–	**(265,957)**
Interest paid	–	**(667)**
Dividends paid to:		
– owners of the Company	(660,428)	**(1,000,143)**
– non-controlling interests of a subsidiary	(13,438)	**(1,099)**
NET CASH USED IN FINANCING ACTIVITIES	(673,866)	**(1,001,909)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	219,738	**(559,428)**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	469,067	**691,461**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,656	**8,054**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	691,461	**140,087**

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.



1. General Information

Hopewell Highway Infrastructure Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's immediate holding company is Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司), a company incorporated in the British Virgin Islands with limited liability. The Company's ultimate holding company is Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司), a company established in the PRC with limited liability.

The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information in the annual report.

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries and the joint ventures are set out in notes 25 and 15 respectively.

The Company's functional currency and presentation currency are RMB.

2. Basis of Preparation of Consolidated Financial Statements

During the current financial period, the reporting period end date of the Group was changed from 30 June to 31 December because the directors of the Company (the "Directors") determined to bring the annual reporting period end date of the Group in line with that of the Company's joint ventures established in the PRC and the ultimate holding company. Accordingly, the consolidated financial statements for the current period cover the six month period ended 31 December 2018. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 July 2017 to 30 June 2018 and therefore may not be comparable with amounts shown for the current period.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by International Accounting Standards Board for the first time in the current period:

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

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current period and prior year and/or on the disclosures set out in these consolidated financial statements.

IFRS 9 "Financial Instruments" and the related amendments

In the current period, the Group has applied IFRS 9 "Financial Instruments" and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and (iii) general hedge accounting.

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

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of IFRS 9 are disclosed in note 4.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs that are mandatorily effective for the current year (continued)

IFRS 9 "Financial Instruments" and the related amendments (continued)

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 July 2018.

	Note	***Available-for-sale*** *RMB'000*	***Equity instrument at FVTOCI*** *RMB'000*	***Deferred tax liability*** *RMB'000*	***Investment revaluation reserve*** *RMB'000*
Closing balance at 30 June 2018 – IAS 39		4,785	–	69,310	–
Effect arising from initial application of IFRS 9:					
Reclassification					
From available-for-sale	(i)	(4,785)	4,785	–	–
Remeasurement					
From cost less impairment to fair value	(i)	–	5,815	959	4,856
Opening balance at 1 July 2018		–	10,600	70,269	4,856

Note:

(i) Available-for-sale investment

From available-for-sale equity investment to equity instrument at fair value through other comprehensive income ("FVTOCI").

The Group elected to present in other comprehensive income for the fair value changes of all its equity investment previously classified as available-for-sale. This investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, an amount of RMB4,785,000 was reclassified from available-for-sale investment to equity instrument at FVTOCI, of which the entire amount related to unquoted equity investment previously measured at cost less impairment under IAS 39. The fair value gain net of tax of RMB4,856,000 relating to that unquoted equity investment previously carried at cost less impairment was adjusted to equity instrument at FVTOCI, deferred tax liability and investment revaluation reserve as at 1 July 2018.

3. Application of New and Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective

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

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
IFRS 3 (Amendments)	Definition of a Business[4]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
IAS 1 and IAS 8 (Amendments)	Definition of Material[5]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
IAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures[1]
IFRSs (Amendments)	Annual Improvements to IFRS Standards 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with IFRSs issued by International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Significant Accounting Policies (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. Significant Accounting Policies (continued)

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

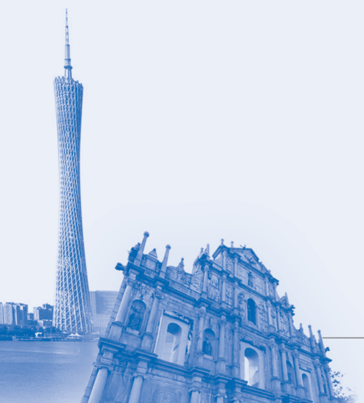
Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment recognised forms part of the carrying amount of the investment. Any reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.



4. Significant Accounting Policies (continued)

Interests in joint ventures (continued)

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the joint ventures, which were not accounted for by those entities. Such cost are included in additional cost of investments in joint ventures and are amortised over the joint venture period on the same basis as that adopted by the relevant joint ventures in respect of amortisation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a joint venture, the attributable amount of the unamortised additional cost of investments is included in the determination of the profit or loss on disposal.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Property and equipment

Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the rights to receive payment have been established.

4. Significant Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments is recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

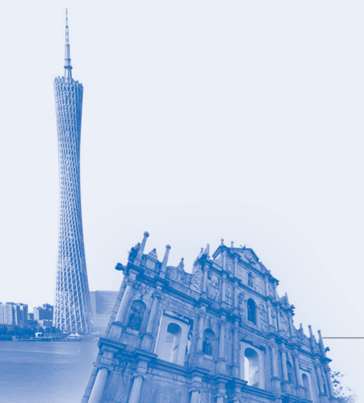
Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities of the Group's foreign operations are translated into RMB using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. that is a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.



4. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year/period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

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

All other financial assets are subsequently measured at fair value through profit and loss, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3) (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income and other expenses line item in profit or loss.

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including dividend and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3) (continued)

Impairment of financial assets (upon application IFRS 9 with transitions in accordance with note 3) (continued)

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

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3) (continued)

Significant increase in credit risk (continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in note 3) (continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's other receivables are each assessed as a separate group;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018)

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including dividend and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment at the end of each reporting period.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets (before application of IFRS 9 on 1 July 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018) (continued)

Impairment of financial assets (before application of IFRS 9 on 1 July 2018) (continued)

For financial assets carried at amortised cost, the amount of the impairment recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

For financial assets carried at cost, the amount of the impairment is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment directly for all financial assets with the exception of dividend and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the dividend and other receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets carried at amortised cost, if in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including payables and accruals and dividend payable are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any).

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. Significant Accounting Policies (continued)

Impairment on tangible assets (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. The amount of the impairment that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in profit or loss.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") and Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV") as joint ventures

Both GS Superhighway JV and West Route JV are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, GS Superhighway JV and West Route JV are classified as joint ventures of the Group. Details are set out in note 15.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Interests in joint ventures/share of results of joint ventures

(i) Amortisation of concession intangible assets of the joint ventures

Amortisation of concession intangible assets of the joint ventures of the Group is calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in a prior year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC. As part of the established policy of the Group, the management has reviewed the total expected traffic volume at the end of the reporting periods. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between the total expected traffic volume and the actual results.

As at 31 December 2018, the interests in joint ventures amounted to RMB4,797,525,000 (30 June 2018: RMB4,851,836,000) and the share of results of joint ventures for the six months ended 31 December 2018 amounted to RMB340,188,000 (year ended 30 June 2018: RMB724,433,000). Included in the share of results of joint ventures was an amount of RMB326,003,000 (year ended 30 June 2018: RMB618,494,000), which represented the share of amortisation of concession intangible assets of the joint ventures of the Group. The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in future. The current period amortisation of concession intangible assets is less (year ended 30 June 2018: more) than the amortisation estimated in the prior financial year based on the then expected traffic volumes for future financial years and the effect on share of results of joint ventures is approximate to RMB2,091,000 (year ended 30 June 2018: RMB12,228,000).

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Interests in joint ventures/share of results of joint ventures (continued)

(ii) Resurfacing obligations of the joint ventures

The joint ventures of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations. Resurfacing obligations had been made at the present value of expenditures expected to be incurred by the joint ventures to settle the obligations.

As at 31 December 2018, the interests in joint ventures amounted to RMB4,797,525,000 (30 June 2018: RMB4,851,836,000) and share of results of joint ventures for the six months ended 31 December 2018 amounted to RMB340,188,000 (year ended 30 June 2018: RMB724,433,000). Included in the interests in joint ventures was an amount of RMB220,243,000 (30 June 2018: RMB207,590,000), which represented the share of provision for the resurfacing obligations of the joint ventures of the Group.

The amount expected to be required to settle the obligations at the end of the reporting period is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

If the expected expenditures, resurfacing plans and discount rate were different from the management's current estimates, the change in resurfacing obligations is required to be accounted for prospectively.

The management are of the view that the discount rate currently used in the current estimate should reflect the time value of money and the risks specific to the obligations.

6. 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, the Group's share of joint ventures' earnings before interest, tax, depreciation and amortisation before net exchange gain/loss ("EBITDA"), the Group's share of joint ventures' depreciation and amortisation including amortisation of additional cost of investments in joint ventures ("depreciation and amortisation"), the Group's share of joint ventures' interest and tax before tax on exchange gain/loss and including withholding tax on earnings distributed by a joint venture ("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")
– Western Delta Route

Information regarding the above segments is reported below.

Segment revenue and results

	Year ended 30 June 2018					Six months ended 31 December 2018				
	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	1,498,636	1,308,583	(462,525)	(324,885)	521,173	742,973	663,212	(232,267)	(164,147)	266,798
Western Delta Route	663,013	580,436	(229,783)	(212,711)	137,942	377,122	320,004	(126,133)	(105,704)	88,167
Total	2,161,649	1,889,019	(692,308)	(537,596)	659,115	1,120,095	983,216	(358,400)	(269,851)	354,965
Corporate interest income from bank deposits					18,504					7,128
Other income					868					815
Corporate general and administrative expenses and depreciation					(34,512)					(16,812)
Corporate finance costs					(41)					(684)
Corporate income tax expense					(60)					(60)
Net exchange gain (loss) (net of related income tax) (Note)					22,154					(37,193)
Profit for the year/period					666,028					308,159
Profit for the year/period attributable to non-controlling interests					(9,831)					(4,113)
Profit for the year/period attributable to owners of the Company					656,197					304,046

Note: Net exchange gain (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 RMB34,367,000 (year ended 30 June 2018: net exchange gain (net of related income tax) of RMB23,543,000) and the net exchange loss of the Group of RMB2,826,000 (year ended 30 June 2018: RMB1,389,000).

6. Segment Information (continued)

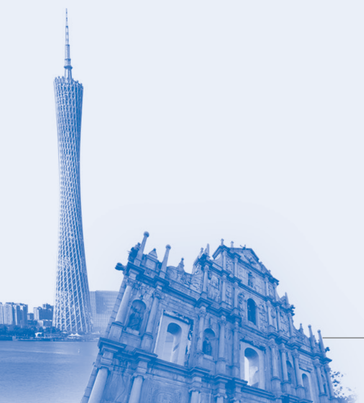
Segment revenue and results (continued)

The segment revenue represents the Group's share of joint ventures' toll revenue received and receivable (net of value-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 segment results represent the (i) 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 agreements, (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures; and (iii) amortisation of additional cost of investments 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 consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
Total segment results	659,115	**354,965**
Add:		
Net exchange gain (loss) (net of related income tax)	23,543	**(34,367)**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	41,775	**19,590**
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	724,433	**340,188**



6. Segment Information (continued)

Other segment information

The below other segment information, included in the measure of segment profit or loss, represents the Group's share of interest income of the joint ventures. Such amount relating to the joint ventures are eliminated under equity method of accounting to reconcile from "Segment total" to "Consolidated total".

	GS Superhighway RMB'000	Western Delta Route RMB'000	Segment total RMB'000	Elimination RMB'000	Unallocated RMB'000	Consolidated total RMB'000
Year ended 30 June 2018	4,036	769	4,805	(4,805)	18,504	18,504
Six months ended 31 December 2018	**3,247**	**502**	**3,749**	**(3,749)**	**7,128**	**7,128**

Geographical information

The operations of the Group's joint ventures are located in the PRC. All of the joint ventures' revenue from external customers was generated from the services provided in the PRC and the location of the non-current assets excluding interests in joint ventures and equity instrument at FVTOCI/investment amounting to RMB1,291,000 (30 June 2018: RMB84,000) are in Hong Kong.

Segment assets and liabilities

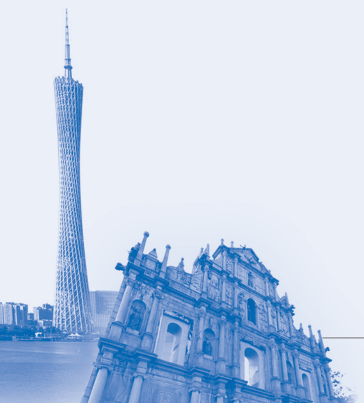
Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to chief operating decision maker for the purpose of resource allocation and performance assessment.

7. Other Income and Other Expense

	Year ended 30 June 2018 RMB'000	**Six months ended 31 December 2018 RMB'000**
Interest income from bank deposits	18,504	**7,128**
Net exchange loss	(1,389)	**(2,826)**
Dividend income from investment/equity instrument at FVTOCI	600	**600**
Gain on disposal of property and equipment	128	**–**
Others	140	**215**
	17,983	**5,117**

8. Share of Results of Joint Ventures

	Year ended 30 June 2018 RMB'000	**Six months ended 31 December 2018 RMB'000**
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 (Note 15)	816,975	**386,942**
Amortisation of additional cost of investments in joint ventures	(92,542)	**(46,754)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(47,912)	**(25,452)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	47,912	**25,452**
	724,433	**340,188**



9. Income Tax Expense

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")	52,740	**20,114**
Deferred tax (Note 22)	(10,905)	**(464)**
	41,835	**19,650**

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for the year/period.

The EIT charge of the Group for the six months ended 31 December 2018 included an amount of RMB20,054,000 (year ended 30 June 2018: RMB52,680,000) representing the 5% withholding tax imposed on dividends declared during the year/period by a joint venture of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

The income tax expense for the year/period can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
Profit before tax	707,863	**327,809**
Tax at normal PRC income tax rate of 25% (year ended 30 June 2018: 25%)	176,966	**81,952**
Effect of different tax rates on income tax expense	(90)	**(90)**
Tax effect of income not taxable for tax purposes	(4,693)	**(1,835)**
Tax effect of expenses not deductible for tax purposes	8,985	**5,080**
Tax effect of share of results of joint ventures	(181,108)	**(85,047)**
Withholding tax on earnings distributed by a joint venture	41,775	**19,590**
Income tax expense	41,835	**19,650**

10. Profit for the Year/Period

	Year ended 30 June 2018 RMB'000	**Six months ended 31 December 2018 RMB'000**
Profit for the year/period has been arrived at after charging:		
Auditor's remuneration	1,383	**1,141**
Directors' emoluments (Note 11)	10,193	**2,863**
Other staff costs	12,625	**7,073**
Total staff costs	22,818	**9,936**
Depreciation of property and equipment	108	**154**
Finance costs (Note)	41	**684**

Note: The amount represents the bank charges and bank loan interest for the year/period.

11. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to each of the 8 (year ended 30 June 2018: 13) Directors were as follows:

	Year ended 30 June 2018					**Six months ended 31 December 2018**				
	Directors' fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Contribution to retirement benefits plans RMB'000	Total RMB'000	**Directors' fees RMB'000**	**Other benefits RMB'000**	**Discretionary bonus RMB'000**	**Contribution to retirement benefits plans RMB'000**	**Total RMB'000**
Zhengyu LIU (Note a)	–	–	–	–	–	**–**	**–**	**–**	**–**	**–**
Tianliang ZHANG (Note b)	36	195	–	–	231	**87**	**656**	**–**	**–**	**743**
Cheng WU (Note c)	36	195	–	–	231	**87**	**637**	**–**	**–**	**724**
Ji LIU (Note d)	36	195	–	–	231	**87**	**637**	**–**	**–**	**724**
Qingyong GU (Note e)	–	–	–	–	–	**108**	**–**	**–**	**–**	**108**
Junye CAI (Note f)	–	–	–	–	–	**26**	**–**	**–**	**–**	**26**
Brian David Man Bun LI (Note g)	330	–	–	–	330	**184**	**–**	**–**	**–**	**184**
Yu Lung CHING (Note h)	75	–	–	–	75	**184**	**–**	**–**	**–**	**184**
Tony Chung Nin KAN (Note i)	70	–	–	–	70	**170**	**–**	**–**	**–**	**170**
Gordon Ying Sheung WU (Note j)	213	1,194	–	–	1,407	**–**	**–**	**–**	**–**	**–**
Eddie Ping Chang HO (Note k)	180	955	–	–	1,135	**–**	**–**	**–**	**–**	**–**
Thomas Jefferson WU (Note l)	148	2,881	–	13	3,042	**–**	**–**	**–**	**–**	**–**
Alan Chi Hung CHAN (Note m)	148	2,452	–	13	2,613	**–**	**–**	**–**	**–**	**–**
Chung Kwong POON (Note n)	291	–	–	–	291	**–**	**–**	**–**	**–**	**–**
Yuk Keung IP (Note o)	291	–	–	–	291	**–**	**–**	**–**	**–**	**–**
Alexander Lanson LIN (Note p)	246	–	–	–	246	**–**	**–**	**–**	**–**	**–**
	2,100	8,067	–	26	10,193	**933**	**1,930**	**–**	**–**	**2,863**

11. Directors' and Five Highest Paid Individuals' Emoluments (continued)

Directors' emoluments (continued)

The Executive Directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the Non-executive Directors and Independent Non-executive Directors shown above were paid for their services as Directors.

Notes:

(a) Mr. Zhengyu LIU was appointed as a Non-executive Director and the Chairman of the board of directors of the Company (the "Board") on 11 April 2018. He waived his director's fee for acting as a Non-executive Director and the Chairman of the Board for the period from 11 April 2018 to 31 December 2018.

(b) Mr. Tianliang ZHANG was appointed as an Executive Director and the General Manager of the Company on 11 April 2018.

(c) Mr. Cheng WU was appointed as an Executive Director and the Deputy General Manager of the Company on 11 April 2018.

(d) Mr. Ji LIU was appointed as an Executive Director, the Deputy General Manager of the Company and Secretary to the Board on 11 April 2018.

(e) Mr. Qingyong GU was appointed as a Non-executive Director of the Company on 27 August 2018.

(f) Mr. Junye CAI was appointed as a Non-executive Director of the Company on 1 December 2018.

(g) Mr. Brian David Man Bun LI was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee of the Company ("Remuneration Committee") on 11 April 2018.

(h) Mr. Yu Lung CHING was appointed as an Independent Non-executive Director, the chairman of the Audit Committee of the Company ("Audit Committee") and a member of the Remuneration Committee on 11 April 2018.

(i) Mr. Tony Chung Nin KAN was appointed as an Independent Non-executive Director, the member of the Audit Committee and the Remuneration Committee on 11 April 2018.

(j) Sir Gordon Ying Sheung WU was re-designated from an Executive Director and the Chairman of the Board to a Non-executive Director on 11 April 2018 and resigned as a Non-executive Director on 2 May 2018.

(k) Mr. Eddie Ping Chang HO was re-designated from an Executive Director and the Vice Chairman of the Board to a Non-executive Director on 11 April 2018 and resigned as a Non-executive Director on 2 May 2018.

(l) Mr. Thomas Jefferson WU was re-designated from an Executive Director and the Managing Director of the Company to a Non-executive Director on 11 April 2018 and resigned as a Non-executive Director on 2 May 2018.

(m) Mr. Alan Chi Hung CHAN was re-designated from an Executive Director and the Deputy Managing Director of the Company to a Non-executive Director on 11 April 2018 and resigned as a Non-executive Director on 2 May 2018.

(n) Mr. Chung Kwong POON ceased to be as a Chairman of the Remuneration Committee and a member of the Audit Committee on 11 April 2018 and resigned as an Independent Non-executive Director on 2 May 2018.

(o) Mr. Yuk Keung IP ceased to be as a Chairman of the Audit Committee and a member of the Remuneration Committee on 11 April 2018 and resigned as an Independent Non-executive Director on 2 May 2018.

(p) Mr. Alexander Lanson LIN resigned as an Independent Non-executive Director on 2 May 2018.

11. Directors' and Five Highest Paid Individuals' Emoluments (continued)

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 3 (year ended 30 June 2018: 4) were Directors whose details of their emoluments are disclosed above.

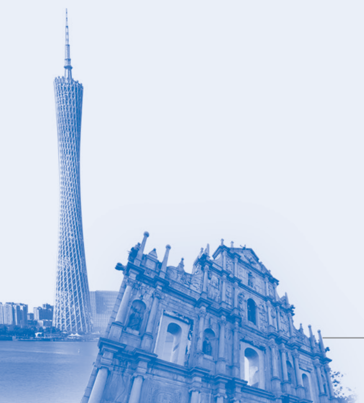
The emoluments of the remaining 2 (year ended 30 June 2018: 1) highest paid employees were as follows:

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
Salaries and other benefits	1,041	**1,146**
Discretionary bonus	127	**–**
Contribution to retirement benefits plans	15	**16**
	1,183	**1,162**

The number of the highest paid employees who are not Directors whose remuneration fell within the following bands is as follows:

	Year ended 30 June 2018 No. of employees	***Six months ended 31 December 2018 No. of employees***
Nil to HK$1,000,000	–	**2**
HK$1,000,001 to HK$1,500,000	1	**–**

During the year ended 30 June 2018 and the six months ended 31 December 2018, no emoluments were paid by the Group to any of the persons who are Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.



12. Earnings per Share

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

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
Earnings for the purpose of basic earnings per share	656,197	**304,046**

	Number of shares	
	Year ended 30 June 2018	***Six months ended 31 December 2018***
Number of ordinary shares for the purpose of basic earnings per share	3,081,690,283	**3,081,690,283**

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during the year/period.

13. Dividends

	Year ended 30 June 2018 RMB'000	***Six months ended 31 December 2018 RMB'000***
Dividends recognised as a distribution during the year/period:		
Interim dividend for the year ended 30 June 2018 of RMB11.6 cents (equivalent to HK14.24028 cents) per share	356,796	**–**
Final dividend for the year ended 30 June 2018 paid of RMB9.7 cents (equivalent to HK11.114551 cents) (year ended 30 June 2018: for the year ended 30 June 2017 paid of RMB11.6 cents (equivalent to HK13.58986 cents)) per share	356,196	**304,445**
Special final dividend for the year ended 30 June 2018 paid of RMB10 cents (equivalent to HK11.4583 cents) (year ended 30 June 2018: for the year ended 30 June 2017 paid of RMB10 cents (equivalent to HK11.71540 cents)) per share	307,066	**313,861**
	1,020,058	**618,306**

13. Dividends (continued)

	Year ended 30 June 2018 RMB'000	Six months ended 31 December 2018 RMB'000
Proposed dividends:		
Final dividend for the six months ended 31 December 2018 proposed of RMB9.9 cents (equivalent to HK11.615472 cents) (year ended 30 June 2018: for the year ended 30 June 2018 of RMB9.7 cents (equivalent to HK11.114551 cents)) per share	298,924	**305,087**
Special final dividend for the year ended 30 June 2018 of RMB10 cents (equivalent to HK11.4583 cents) per share	308,169	**–**
	607,093	**305,087**

A final dividend in respect of the six months ended 31 December 2018 of RMB9.9 cents (equivalent to HK11.615472 cents) per share is proposed by the Board. The dividend is subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the total number of issued shares at the date of approval of these consolidated financial statements.

14. Retirement Benefits Plans

The Group has established the Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 18% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 31 December 2018, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the six months ended 31 December 2018 are RMB420,000 (year ended 30 June 2018: RMB838,000).

15. Interests in Joint Ventures

	30 June 2018 RMB'000	**31 December 2018 RMB'000**
Unlisted investments:		
At cost		
Cost of investment in a joint venture	2,020,789	**2,020,789**
Additional cost of investments	2,520,218	**2,520,218**
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)	1,408,699	**1,401,142**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(405,944)	**(431,396)**
Less: Accumulated amortisation of additional cost of investments	(1,526,581)	**(1,573,335)**
	4,017,181	**3,937,418**
At amortised cost		
Registered capital contribution, at nominal amount	2,449,500	**2,449,500**
Fair value adjustment on initial recognition	(2,020,789)	**(2,020,789)**
Accumulated imputed interest income recognised by the Group	405,944	**431,396**
	834,655	**860,107**
	4,851,836	**4,797,525**

Particulars of the Group's joint ventures as at 30 June 2018 and 31 December 2018 are as follows:

Name of company	*Place of establishment and principal place of operation*	*Fully paid registered capital*	*Principal activity*	*Proportion of registered capital contribution*	*Proportion of voting rights held*
廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited	The PRC	Nil (Note i)	Development, operation and management of an expressway	Not applicable	50%
廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited	The PRC	RMB4,899,000,000 (Note ii)	Development, operation and management of an expressway	50%	50%

Both joint ventures are sino-foreign co-operative joint venture enterprises established to invest in toll expressways projects in the PRC.

15. Interests in Joint Ventures (continued)

The principal terms of the joint venture agreements entered into between the relevant subsidiaries and the corresponding joint venture partners under which the joint ventures operate are as follows:

(i) GS Superhighway JV

GS Superhighway JV is established to undertake the development, operation and management of the GS Superhighway, an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou. The operation period is 30 years from the official opening date 1 July 1997. At the end of the operation period, all the immovable assets and facilities of GS Superhighway JV will revert to the PRC joint venture partner without compensation.

The Group's entitlement to the profit of the toll operations of GS Superhighway JV is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period.

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by the Group to GS Superhighway JV had been repaid to the Group by GS Superhighway JV during the year ended 30 June 2008.

(ii) West Route JV

West Route JV is established to undertake the development, operation and management of Western Delta Route, an expressway linking Guangzhou, Zhongshan and Zhuhai and was built in three phases.

Phase I of the Western Delta Route ("Phase I West")

The total investment for the Phase I West is RMB1,680,000,000, 35% of which was funded by the registered capital of West Route JV amounting to RMB588,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294,000,000). The operation period for Phase I West is 30 years commencing from 17 September 2003.

Phase II of the Western Delta Route ("Phase II West")

The total investment for Phase II West is RMB6,715,000,000, 35% of which was funded by the registered capital of West Route JV amounting to RMB2,351,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB1,175,500,000). The toll collection period for Phase II West is 25 years commencing from 25 June 2010.

Phase III of the Western Delta Route ("Phase III West")

The total investment for the Phase III West is RMB5,600,000,000, 35% of which was funded by the registered capital of West Route JV amounting to RMB1,960,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980,000,000). The toll collection period for Phase III West is 25 years commencing from 25 January 2013.

As at 30 June 2018 and 31 December 2018, the fully paid registered capital of West Route JV was RMB4,899,000,000.

The Group is entitled to 50% of the distributable profits from operation of West Route JV. At the end of the respective operation/toll collection periods of Phase I West, Phase II West and Phase III West, all the immovable assets and facilities of each phase will be reverted to relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and the PRC joint venture partner. The repayments are required to be approved by the board of directors of West Route JV.

15. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint ventures and reconciliation of the summarised financial information to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements are set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

In respect of the year ended 30 June 2018 and the six months ended 31 December 2018:

	30 June 2018			31 December 2018		
	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000
Non-current Assets						
Property and equipment	400,152	380,621		418,117	366,346	
Concession intangible assets	7,384,044	12,026,226		7,056,333	11,806,442	
	7,784,196	12,406,847		7,474,450	12,172,788	
Current Assets						
Bank balance and cash						
– Cash and cash equivalents	436,463	88,212		400,345	151,943	
– Time deposits with original maturity over three months	50,000	–		50,000	–	
Others	53,335	35,774		54,339	27,781	
	539,798	123,986		504,684	179,724	
Non-current Liabilities						
Resurfacing obligations	(376,926)	(100,832)		(397,472)	(107,648)	
Non-current financial liabilities						
– Bank and other loans	(3,991,043)	(6,593,121)		(3,909,320)	(6,129,621)	
Balances of interest-free registered capital contributions made by joint venture partners	–	(1,669,310)		–	(1,720,214)	
Others	(233,631)	(234,577)		(203,958)	(291,117)	
	(4,601,600)	(8,597,840)		(4,510,750)	(8,248,600)	
Current Liabilities						
Current financial liabilities						
– Bank loans	(355,183)	(13,000)		(359,171)	(26,500)	
– Dividend payable	(158,742)	–		–	–	
– Interest payable	(4,813)	(8,090)		(5,748)	(8,293)	
Others	(518,447)	(281,503)		(642,097)	(303,282)	
	(1,037,185)	(302,593)		(1,007,016)	(338,075)	
Net assets of joint ventures	2,685,209	3,630,400		2,461,368	3,765,837	
Proportion of the Group's interest	45%	50%		45%	50%	
Net assets shared by the Group	1,208,344	1,815,200	3,023,544	1,107,616	1,882,919	2,990,535
Carrying amount of additional cost of investments	957,080	36,557	993,637	910,671	36,212	946,883
Interest-free registered capital contributions made by the Group at amortised cost	–	834,655	834,655	–	860,107	860,107
Carrying amount of the Group's interests in joint ventures	2,165,424	2,686,412	4,851,836	2,018,287	2,779,238	4,797,525

15. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

	Year ended 30 June 2018			Six months ended 31 December 2018		
	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000	GS Superhighway JV RMB'000	West Route JV RMB'000	Total RMB'000
Toll revenue (net of value-added tax)	3,330,301	1,326,026		1,651,051	754,243	
Construction revenue	60,718	16,286		51,708	1,171	
Total revenue	3,391,019	1,342,312		1,702,759	755,414	
Construction costs	(60,718)	(16,286)		(51,708)	(1,171)	
Other income and other expense	123,253	40,461		60,767	20,114	
Provision of resurfacing charges	(48,623)	(11,844)		(19,230)	(6,815)	
Toll expressway operation expenses	(348,912)	(142,343)		(258,282)	(100,262)	
General and administrative expenses	(78,298)	(51,428)		(62,330)	(27,272)	
Depreciation and amortisation charges	(823,478)	(458,402)		(413,018)	(251,576)	
Finance costs	(155,378)	(313,030)		(89,944)	(143,358)	
Income tax expense (Note i)	(508,223)	(97,069)		(216,189)	(58,733)	
Profit for the year/period (Note ii)	1,490,642	292,371		652,825	186,341	
Proportion of the Group's interest	45%	50%		45%	50%	
Profit shared by the Group	670,789	146,186	816,975	293,771	93,171	386,942

Notes:

(i) The amount of income tax expenses for West Route JV represent deferred tax expenses.

(ii) Profit for the period of GS Superhighway JV included the amount of RMB76,372,000 representing the exchange loss (net of related income tax) (year ended 30 June 2018: exchange gain (net of related income tax) of RMB52,318,000).

16. Equity Instrument at Fair Value Through Other Comprehensive Income/ Investment

The investment represents interest in unlisted limited company established in the PRC. As at 30 June 2018, it was classified as available-for-sale financial asset and measured at cost less impairment at the end of the reporting period because the Directors are of the opinion that the fair values cannot be measured reliably.

At the date of initial application of IFRS 9, RMB4,785,000 was reclassified from available-for-sale investment to equity instrument at FVTOCI. The Directors have elected to designate the investment in equity investment as at FVTOCI as they believe that the investment is not held for trading and not expected to be sold in the foreseeable future. The fair value gain net of tax of RMB4,856,000 relating to this unlisted equity investment previously carried at cost less impairment was adjusted to equity instrument at FVTOCI, deferred tax liability and investment revaluation reserve as at 1 July 2018.

17. Property and Equipment

	Motor vehicles *RMB'000*	*Furniture, fixtures and equipment* *RMB'000*	*Total* *RMB'000*
COST			
As at 1 July 2017	873	4,618	5,491
Additions	–	100	100
Disposals/written off	(536)	(127)	(663)
As at 30 June 2018	**337**	**4,591**	**4,928**
Additions	**1,273**	**88**	**1,361**
As at 31 December 2018	**1,610**	**4,679**	**6,289**
DEPRECIATION			
As at 1 July 2017	645	4,563	5,208
Charge for the year	38	70	108
Eliminated on disposals/written off	(346)	(126)	(472)
As at 30 June 2018	**337**	**4,507**	**4,844**
Charge for the period	**127**	**27**	**154**
As at 31 December 2018	**464**	**4,534**	**4,998**
CARRYING AMOUNTS			
As at 30 June 2018	–	84	84
As at 31 December 2018	**1,146**	**145**	**1,291**

The above items of property and equipment are depreciated over their estimated useful lives of 3 to 5 years from the date on which they became available for their intended use using the straight-line method.

18. Dividend and Other Receivables

The following is an analysis of the dividend and other receivables outstanding at the end of the reporting period:

	30 June 2018 *RMB'000*	***31 December 2018*** ***RMB'000***
Dividend receivable from a joint venture (Note)	74,134	**–**
Interest receivable	1,715	**14**
	75,849	**14**

Note: During the six months ended 31 December 2018, dividend declared by GS Superhighway JV to the Group amounting to RMB394,500,000 (year ended 30 June 2018: RMB1,037,398,000).

19. Bank Balances and Cash

As at 31 December 2018, bank balances and cash comprise cash held by the Group and bank balances which carry interest at market rates ranging from 0.01% to 4.39% (30 June 2018: 0.01% to 10.00%) per annum.

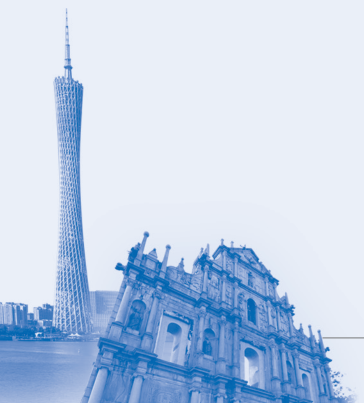
Analysis of the bank balances and cash of the Group by currency:

	30 June 2018 RMB'000	***31 December 2018 RMB'000***
RMB	690,548	**4,036**
HKD	908	**136,046**
United States dollars ("USD")	5	**5**
	691,461	**140,087**

20. Share Capital

	Number of shares	***Nominal amount*** *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 July 2017, 30 June 2018 and 31 December 2018	10,000,000,000	1,000,000

	Number of shares	***Nominal amount*** *HK$'000*	*Equivalent to RMB'000*
Issued and fully paid:			
As at 1 July 2017, 30 June 2018 and 31 December 2018	3,081,690,283	308,169	270,603



20. Share Capital (continued)

Share option scheme

A share option scheme was approved for adoption by the shareholders of the Company effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme shall be valid and effective for a period of ten years and the purpose of which is to provide the Company with an alternative means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to (i) any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (ii) any discretionary object of a discretionary trust established by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iii) a company beneficially owned by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iv) any consultant, professional and other adviser to any member of the Group or any consultant, professional and other adviser proposed to be appointed to any member of the Group (including any of their employees, partners, directors or executives); (v) any associates of any director, chief executive, or substantial shareholder of any member of the Group and for such other purposes as the Board may approve from time to time. No share options under the Share Option Scheme were granted, forfeited, vested or outstanding in the years/period presented.

Share award scheme

On 25 January 2007, an employees' share award scheme (the "Share Award Scheme") was adopted by the Company. The Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. Pursuant to the rules of the Share Award Scheme, the Company has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested. There were no awarded shares granted, forfeited, vested or outstanding in the years/period presented.

21. Company's Statement of Financial Position

	30 June 2018 RMB'000	31 December 2018 RMB'000
ASSETS		
Non-current Assets		
Investments in subsidiaries	1,570,678	**1,531,917**
Amount due from a subsidiary	1,609,532	**1,647,638**
	3,180,210	**3,179,555**
Current Assets		
Deposits and prepayments	189	**403**
Interest and other receivables	1,715	**–**
Amounts due from subsidiaries	81,964	**85,310**
Bank balances and cash	690,951	**114,778**
	774,819	**200,491**
Total Assets	3,955,029	**3,380,046**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	270,603	**270,603**
Share premium and reserves	3,003,730	**2,410,081**
	3,274,333	**2,680,684**
Current Liabilities		
Payables and accruals	2,980	**2,690**
Dividend payable	370,956	**–**
Amounts due to subsidiaries	306,760	**696,672**
Total Liabilities	680,696	**699,362**
Total Equity and Liabilities	3,955,029	**3,380,046**
Cash and cash equivalents	690,951	**114,778**

Tianliang ZHANG
Director

Ji LIU
Director

21. Company's Statement of Financial Position (continued)

Company's Share Premium and Reserves

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 31 December 2018, the Company's reserves available for distribution to its shareholders amounting to RMB2,780,681,000 (30 June 2018: RMB3,439,749,000), comprising retained profits of RMB442,992,000 (30 June 2018: RMB722,780,000) and share premium of RMB2,337,689,000 (30 June 2018: RMB2,716,969,000).

	Share premium *RMB'000*	***Translation reserve*** *RMB'000* *(Note)*	***Retained profits*** *RMB'000*	***Total*** *RMB'000*
As at 1 July 2017	3,104,759	(516,743)	933,826	3,521,842
Profit and total comprehensive income for the year	–	–	501,946	501,946
Dividends recognised as distribution during the year (Note 13)	(387,790)	80,724	(712,992)	(1,020,058)
As at 30 June 2018	**2,716,969**	**(436,019)**	**722,780**	**3,003,730**
Profit and total comprehensive income for the period	**–**	**–**	**24,657**	**24,657**
Dividends recognised as distribution during the period (Note 13)	**(379,280)**	**65,419**	**(304,445)**	**(618,306)**
As at 31 December 2018	**2,337,689**	**(370,600)**	**442,992**	**2,410,081**

Note:

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.

The special final dividend for the year ended 30 June 2018 of RMB10 cents (year ended 30 June 2018: for the year ended 30 June 2017 of RMB10 cents) per share amounting to approximately RMB313,861,000 (year ended 30 June 2018: RMB307,066,000) 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 RMB379,280,000 (30 June 2018: RMB387,790,000) and credited by RMB65,419,000 (30 June 2018: RMB80,724,000) respectively.

22. Deferred Tax Liability

The movement of deferred tax liability is as follows:

	Fair value change on investment in equity instrument at FVTOCI	***Tax on undistributed earnings of the joint ventures***	***Total***
	RMB'000	*RMB'000*	*RMB'000*
As at 1 July 2017	–	80,215	80,215
Charge to profit or loss	–	41,775	41,775
Release to profit or loss upon payment of withholding tax	–	(52,680)	(52,680)
As at 30 June 2018	**–**	**69,310**	**69,310**
Opening adjustments (Note 3)	**959**	**–**	**959**
As at 1 July 2018	**959**	**69,310**	**70,269**
Charge to profit or loss	**–**	**19,590**	**19,590**
Charge to other comprehensive income	**83**	**–**	**83**
Release to profit or loss upon payment of withholding tax	**–**	**(20,054)**	**(20,054)**
As at 31 December 2018	**1,042**	**68,846**	**69,888**

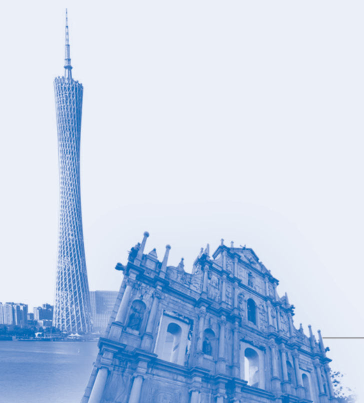
23. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior years.

The capital structure of the Group consist of equity attributable to owners of the Company, comprising share capital, share premium, retained profits and other reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new debt or the repayment of existing debt.

The Directors monitor the utilisation of bank loans and ensures full compliance with loan covenants during the year/period.



24. Financial Instruments

(a) Categories of financial instruments

	30 June 2018 RMB'000	***31 December 2018 RMB'000***
Financial assets		
Financial assets at amortised cost	–	**140,101**
Loans and receivables including cash and cash equivalents	767,310	**–**
Equity instrument at FVTOCI	–	**11,100**
Available-for-sales financial asset	4,785	**–**
	772,095	**151,201**
Financial liabilities		
Financial liabilities at amortised cost	376,344	**8,975**

(b) Financial risk management objectives and policies

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner.

The Group employs a conservative strategy regarding its risk management and does not engage in trading of any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

(i) Foreign currency risk

The Group undertake certain transactions denominated in foreign currencies, hence exposure to exchange fluctuation arise. Certain of the financial assets and financial liabilities of the Group are denominated in HKD or USD which are currencies other than their respective functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates.

24. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Assets		*Liabilities*	
	30 June 2018 RMB'000	***31 December 2018 RMB'000***	*30 June 2018 RMB'000*	***31 December 2018 RMB'000***
USD	5	**5**	–	**–**
HKD	908	**136,046**	375,166	**5,996**

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure.

Sensitivity analysis

The foreign currency risk of the Group and a joint venture is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and a joint venture as at 31 December 2018, against USD and HKD. The following sensitivity analysis includes currency risk related to USD and HKD denominated monetary items of respective group entities and the joint venture.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate and all other variables are held constant.

As at 31 December 2018, the Group (excluding the joint ventures) had monetary assets and monetary liabilities denominated in HKD that is not the functional currency of the relevant group entities (i.e. RMB). If exchange rate of RMB against HKD had been strengthened/weakened by 5%, the profit for the period attributable to owners of the Company for the current period would decrease/increase by RMB6,503,000 (year ended 30 June 2018: increase/decrease by RMB18,713,000).

As at 31 December 2018, a joint venture of the Group had outstanding bank loans and bank balances denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings and bank balances exposed by a joint venture is reflected in the share of results of joint ventures. If exchange rate of RMB against HKD and USD had been strengthened/weakened by 5%, the profit for the period attributable to owners of the Company for the current period would increase/decrease by RMB43,417,000 (year ended 30 June 2018: RMB42,667,000).

24. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The cash flows interest rate risk of the Group relates primarily to variable rate bank balances with details as set out in note 19 and the variable rate bank loans and bank balances of its joint ventures.

The Group is exposed to fair value interest risk in relation to certain bank balances, with details as set out in note 19. The management continues to monitor the fair value interest rate exposure of the Group.

Sensitivity analysis

The sensitivity analysis includes only variable financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 100 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2018, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank balances. If interest rate had been 100 (year ended 30 June 2018: 100) basis points higher/lower, the profit for the period attributable to owners of the Company for the current period would increase/decrease by RMB1,401,000 (year ended 30 June 2018: RMB6,915,000).

As at 31 December 2018, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank balances and bank loans. If interest rate had been 100 (year ended 30 June 2018: 100) basis points higher/lower, the profit for the period attributable to owners of the Company for the current period would decrease/increase by RMB42,006,000 (year ended 30 June 2018: RMB44,708,000).

(iii) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its dividend and other receivables and bank balances.

At 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk in its dividend receivable from a joint venture. The management is responsible to exercise the joint control on the relevant activities of the joint ventures with a PRC joint venture partner to ensure the joint ventures maintaining favourable financial position in order to reduce such credit risk.

24. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk and impairment assessment (continued)

In addition, the management and the respective joint ventures are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts, in order to minimise other credit risks. The management is also responsible for reviewing the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

Other than the above, the Group has no other significant concentration of credit risk.

The table below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

31 December 2018	***External credit rating***	***Internal credit rating***	***12-month or lifetime ECL***	***Gross carrying amount*** *RMB'000*
Financial assets at amortised cost:				
Bank balances and cash	A+	N/A	12-month ECL	140,087

(iv) Liquidity risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in bank deposits mostly denominated in RMB. The management aims to maintain a balance between continuity of adequate funding and the flexibility through the use of bank and other borrowings. The Group's liquidity and financing requirements are reviewed regularly to mitigate the effects of fluctuations in cash flows. The management will consider new financing while maintaining appropriate gearing ratio.

The carrying amounts of the financial liabilities represent the undiscounted cash flows that the Group is required to pay and are repayable on demand. All the financial liabilities are non-interest bearing.

24. Financial Instruments (continued)

(c) Fair value measurement of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	*30 June 2018*	*31 December 2018*	*Fair value hierarchy*	*Valuation technique and key inputs*	*Significant unobservable inputs*	*Relationship of unobservable inputs to fair value* (Note ii)
Equity instrument at FVTOCI	N/A (Note i)	**Unlisted equity investment: RMB11,100,000**	Level 3	Market Approach	Price-to-earnings multiples of several comparable companies	The higher the multiples, the higher the fair value
					Enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiples of several comparable companies	The higher the multiples, the higher the fair value
					Risk adjustment for a discount on lack of marketability	The higher the discount, the lower the fair value

Notes:

(i) Unlisted equity investment was reclassified from available-for-sale investment to equity instrument at FVTOCI at the date of initial application of IFRS 9, 1 July 2018.

(ii) If the price-to-earnings multiples to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would increase/decrease by approximately RMB183,000. If the risk adjustment for a discount on lack of marketability to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would decrease/increase by approximately RMB310,000.

24. Financial Instruments (continued)

(c) Fair value measurement of financial instruments (continued)

The fair values of financial assets and financial liabilities at amortised costs are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

25. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 30 June 2018 and 31 December 2018 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a full list of all the subsidiaries would be of excessive length. None of the subsidiaries had issued any debt securities during the period or at the end of the period.

Name of subsidiary	*Place of incorporation*	*Issued and fully paid share*	*Attributable equity interest held by the Company*	*Proportion of voting power held by the Company*	*Principal activity*
Kingnice (BVI) Limited	British Virgin Islands	Ordinary shares US$20,000	97.5%	100%	Investment holding
Hopewell China Development (Superhighway) Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$4	97.5% of issued ordinary shares	100%	Investment in expressway project
Hopewell Guangzhou-Zhuhai Superhighway Development Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$2	100% of issued ordinary shares	100%	Investment in expressway project
HHI Finance Limited	Hong Kong	Ordinary share HK$1	100%	100%	Loan finance

Except HHI Finance Limited, all the above subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year/period.

26. Operating Leases

The Group as lessee

	Year ended 30 June 2018 RMB'000	Six months ended 31 December 2018 RMB'000
Minimum lease payments paid under operating leases for premises during the year/period	1,271	**1,016**

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	30 June 2018 RMB'000	31 December 2018 RMB'000
Within one year	1,262	**1,052**

As at 30 June 2018 and 31 December 2018, leases were negotiated for a lease term of one year with fixed rentals.

27. Capital Commitments

As at 30 June 2018 and 31 December 2018, the Group has no outstanding capital commitment.

28. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loan RMB'000	Dividend payable RMB'000	Interest payable RMB'000	Total RMB'000
As at 1 July 2017	–	–	–	–
Financing cash flows	–	(673,866)	–	(673,866)
Dividend declared	–	1,033,496	–	1,033,496
Exchange difference	–	11,326	–	11,326
As at 30 June 2018	**–**	**370,956**	**–**	**370,956**
Financing cash flows	**–(Note)**	**(1,001,242)**	**(667)**	**(1,001,909)**
Dividend declared	**–**	**619,405**	**–**	**619,405**
Interest expense	**–**	**–**	**667**	**667**
Exchange difference	**–**	**10,881**	**–**	**10,881**
As at 31 December 2018	**–**	**–**	**–**	**–**

Note: The financing cash flows of bank loan including new bank loan raised of RMB265,957,000 and bank loan repaid of RMB265,957,000 during the period.

29. Related Party Transactions

During the period from 1 July 2017 to 3 April 2018, of which Hopewell Holding Limited ("HHL") ceased to be the ultimate holding company of the Company on 4 April 2018, the Group paid rentals, air-conditioning, management fee and car parking charges to fellow subsidiaries of HHL amounting to RMB1,101,000.

Compensation of key management personnel

The remuneration of key management personnel who are all Directors is disclosed in note 11.

30. Guarantee

As at 31 December 2018, the unutilised uncommitted banking facilities of the Company's wholly-owned subsidiary of RMB263,389,000 (30 June 2018: RMB253,593,000) are guaranteed by the Company. The Company is able to control the utilisation of the facilities.

31. Contingent Liability

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

32. Event after the Reporting Period

On 28 February 2019, the Board proposed to change the English name of the Company from "Hopewell Highway Infrastructure Limited" to "Shenzhen Investment Holdings Bay Area Development Company Limited", and to adopt the Chinese name of "深圳投控灣區發展有限公司" as the dual foreign name of the Company in place of its existing Chinese name "合和公路基建有限公司" ("Change of Company Name"). Details of Change of Company Name were set out in the announcement of the Company dated 28 February 2019.

33. Approval of Financial Statements

The consolidated financial statements on pages 83 to 134 were approved and authorised for issue by the Board of Directors on 28 February 2019.

Appendix — Consolidated Financial Information

Subsequent to the Change of Financial Year End Date, the Group's new financial year will cover the period of twelve months from 1 January to 31 December. For the benefit of better understanding on the Group's operating performance for the twelve months ended 31 December after adoption of the new financial year end date, the Group has also presented the unaudited financial results for the period of twelve months ended 31 December 2018 , while relevant comparative figures cover the period of twelve months ended 31 December 2017.

Consolidated Statement of Profit or Loss (Prepared under equity method)

For twelve months ended 31 December 2018
(FOR INFORMATION PURPOSE ONLY)

	2017 *RMB'000*	***2018*** ***RMB'000***
Other income and other expense (Note i)	39,727	**(1,063)**
Depreciation	(163)	**(190)**
General and administrative expenses	(41,204)	**(32,261)**
Finance costs	(18)	**(714)**
Share of results of joint ventures	770,588	**683,533**
Profit before tax	768,930	**649,305**
Income tax expense (Note ii)	(44,992)	**(39,332)**
Profit for the year	723,938	**609,973**
Profit for the year attributable to:		
Owners of the Company	714,066	**601,391**
Non-controlling interests	9,872	**8,582**
	723,938	**609,973**

Notes:

(i) OTHER INCOME AND OTHER EXPENSE

	2017 *RMB'000*	***2018*** ***RMB'000***
Interest income from bank deposits	20,253	**15,009**
Net exchange gain (loss)	18,606	**(16,887)**
Dividend income from investment/equity instrument at FVTOCI	600	**600**
Gain on disposal of property and equipment	128	**–**
Others	140	**215**
	39,727	**(1,063)**

(ii) INCOME TAX EXPENSE

	2017 *RMB'000*	***2018*** ***RMB'000***
The tax charge comprises:		
PRC Enterprise Income Tax	44,495	**40,167**
Deferred tax	497	**(835)**
	44,992	**39,332**

Appendix — Consolidated Financial Information

Consolidated Statement of Profit or Loss
(Prepared under proportionate consolidation method)

For Year Ended 31 December 2018

(FOR INFORMATION PURPOSE ONLY)

	2017 *RMB'000*	***2018*** ***RMB'000***	*2017* *HK$'000*	***2018*** ***HK$'000***
Toll revenue	2,187,861	**2,160,208**	2,532,954	**2,551,518**
Revenue on construction	60,393	**24,388**	72,658	**27,174**
Turnover	2,248,254	**2,184,596**	2,605,612	**2,578,692**
Other income and other expense (Note i)	197,259	**68,585**	229,013	**81,495**
Construction costs	(60,393)	**(24,388)**	(72,658)	**(27,174)**
Provision for resurfacing charges	(40,382)	**(19,463)**	(46,790)	**(39,391)**
Toll expressway operation expenses	(244,189)	**(259,735)**	(283,408)	**(289,187)**
General and administrative expenses	(103,280)	**(97,228)**	(119,644)	**(113,150)**
Depreciation and amortisation charges	(690,188)	**(696,969)**	(799,417)	**(822,996)**
Finance costs (Note ii)	(258,180)	**(248,966)**	(298,566)	**(294,385)**
Profit before tax	1,048,901	**906,432**	1,214,142	**1,073,904**
Income tax expense	(324,963)	**(296,459)**	(376,608)	**(351,502)**
Profit for the year	723,938	**609,973**	837,534	**722,402**
Profit for the year attributable to:				
Owners of the Company	714,066	**601,391**	826,072	**712,241**
Non-controlling interests	9,872	**8,582**	11,462	**10,161**
	723,938	**609,973**	837,534	**722,402**

Notes:

(i) OTHER INCOME AND OTHER EXPENSE

	2017 *RMB'000*	***2018*** ***RMB'000***	*2017* *HK$'000*	***2018*** ***HK$'000***
Interest income from bank deposits	24,345	**20,956**	28,049	**24,836**
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	23,253	**24,704**	26,916	**29,185**
Net exchange gain (loss)	99,005	**(77,133)**	115,573	**(88,599)**
Rental income	24,036	**18,396**	27,742	**21,906**
Others	26,620	**81,662**	30,733	**94,167**
	197,259	**68,585**	229,013	**81,495**

(ii) FINANCE COSTS

	2017 *RMB'000*	***2018*** ***RMB'000***	*2017* *HK$'000*	***2018*** ***HK$'000***
Interest on bank loans	234,231	**223,476**	270,844	**264,273**
Imputed interest on interest-free registered capital contributions made by a joint venture partner	23,253	**24,704**	26,916	**29,185**
Others	550	**570**	637	**672**
	258,034	**248,750**	298,397	**294,130**
Other financial expenses	146	**216**	169	**255**
	258,180	**248,966**	298,566	**294,385**

Consolidated Statement of Financial Position
(Prepared under proportionate consolidation method)

As at 31 December 2018

(FOR INFORMATION PURPOSE ONLY)

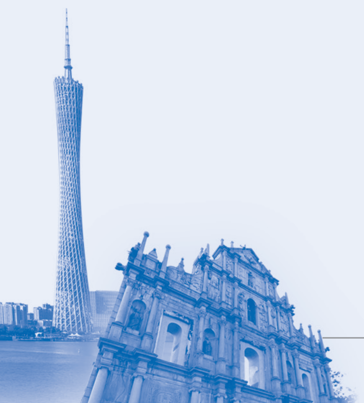
	30 June 2018 RMB'000	**31 December 2018 RMB'000**	30 June 2018 HK$'000	**31 December 2018 HK$'000**
ASSETS				
Non-current Assets				
Property and equipment	371,923	**374,077**	439,985	**426,073**
Concession intangible assets	10,324,590	**10,020,474**	12,213,990	**11,413,320**
Balance with a joint venture	417,328	**430,054**	493,698	**489,831**
Equity instrument at fair value through other comprehensive income	–	**11,100**	–	**12,642**
Investment	4,785	**–**	5,661	**–**
	11,118,626	**10,835,705**	13,153,334	**12,341,866**
Current Assets				
Inventories	731	**863**	865	**983**
Deposits and prepayments	2,210	**1,697**	2,614	**1,933**
Interest and other receivables	41,994	**36,239**	49,679	**41,276**
Other receivable from a joint venture	2,700	**–**	3,194	**–**
Pledged bank balances and deposits of joint ventures	253,563	**273,235**	299,965	**311,215**
Bank balances and cash				
– The Group	691,461	**140,087**	817,998	**159,559**
– Joint ventures	9,451	**5,392**	11,181	**6,141**
	1,002,110	**457,513**	1,185,496	**521,107**
Total Assets	12,120,736	**11,293,218**	14,338,830	**12,862,973**

Consolidated Statement of Financial Position (continued)
(Prepared under proportionate consolidation method)

As at 31 December 2018

(FOR INFORMATION PURPOSE ONLY)

	30 June 2018 RMB'000	**31 December 2018 RMB'000**	30 June 2018 HK$'000	**31 December 2018 HK$'000**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	4,877,469	**4,568,631**	5,782,001	**5,203,717**
Equity attributable to owners of the Company	5,148,072	**4,839,234**	6,090,170	**5,511,886**
Non-controlling interests	27,219	**30,234**	32,199	**34,436**
Total Equity	5,175,291	**4,869,468**	6,122,369	**5,546,322**
Non-current Liabilities				
Bank and other loans of joint ventures	5,092,566	**4,824,040**	6,024,505	**5,494,582**
Balance with a joint venture partner	417,277	**430,003**	493,639	**489,774**
Resurfacing obligations	207,590	**220,243**	245,579	**250,857**
Deferred tax liabilities	259,820	**276,413**	307,367	**314,833**
Other non-current liabilities	38,175	**37,078**	45,161	**42,232**
	6,015,428	**5,787,777**	7,116,251	**6,592,278**
Current Liabilities				
Provision, other payables, accruals and deposits received	343,097	**406,399**	405,884	**462,888**
Dividend payable	370,956	**–**	438,841	**–**
Bank loans of joint ventures	166,333	**174,877**	196,771	**199,185**
Other interest payable	6,211	**6,733**	7,347	**7,669**
Tax liabilities	43,420	**47,964**	51,367	**54,631**
	930,017	**635,973**	1,100,210	**724,373**
Total Liabilities	6,945,445	**6,423,750**	8,216,461	**7,316,651**
Total Equity and Liabilities	12,120,736	**11,293,218**	14,338,830	**12,862,973**



Glossary

"2007/08"	the year ended 30 June 2008
"2009/10"	the year ended 30 June 2010
"2010/11"	the year ended 30 June 2011
"2011/12"	the year ended 30 June 2012
"2012/13"	the year ended 30 June 2013
"2013/14"	the year ended 30 June 2014
"2014/15"	the year ended 30 June 2015
"2015/16"	the year ended 30 June 2016
"2016/17"	the year ended 30 June 2017
"2017"	the twelve months ended 31 December 2017
"2017/18"	the year ended 30 June 2018
"2018"	the twelve months ended 31 December 2018
"2018 Annual General Meeting"	the annual general meeting of the Company was held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Tuesday, 30 October 2018 at 11:00 a.m.
"2019 Annual General Meeting"	the annual general meeting of the Company to be held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on Tuesday, 30 April 2019 at 11:00 a.m.
"Bay Area"	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
"Board"	the board of Directors of the Company

Glossary

"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Company"	Hopewell Highway Infrastructure Limited
"Deloitte"	Deloitte Touche Tohmatsu
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
"EIT"	enterprise income tax
"full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway
"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 established for the GS Superhighway
"Guangzhou-Shenzhen Science and Technology Innovation Corridor" or "Corridor"	a major development strategy of Guangdong Province covers three cities including Guangzhou, Shenzhen and Dongguan
"Hengqin New Zone"	Hengqin State-level Strategic New Zone
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"HKEx Website"	the website of the Stock Exchange at www.hkexnews.hk
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong-Shenzhen Innovation and Technology Park"	an innovation and technology research project on the 87-hectare Lok Ma Chau Loop, jointly developed by Hong Kong and Shenzhen
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge

Glossary

"JV(s)"	joint venture(s)
"km"	kilometre(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macao SAR"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"MPF Scheme"	the mandatory provident fund scheme set up by the Group
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"net toll revenue"	toll revenue after related tax
"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
"Second half of 2018"	the six months ended 31 December 2018
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Board on 25 January 2007
"Shareholder(s)"	shareholder(s) of the Company

Glossary

"SIHC"	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), established in the PRC with limited liability, the ultimate holding company of the Company
"SIICHIC"	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
"Silicon Valley"	Santa Clara Valley in California of the United States
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"toll revenue"	toll revenue including tax
"United States"	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 established for the Western Delta Route
"Western Coastal Expressway Branch Line"	a project not owned by the Company but by Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司) (the joint venture partner for Western Delta Route) and Guangdong Communication Enterprise Investment Company Limited* (廣東交通實業投資有限公司)
"Western Delta Route"	the route for a network of toll expressways in the western PRD, linking Guangzhou to Zhuhai
"YoY"	year-on-year

* *For identification purpose only*

Corporate Information

Board of Directors

Mr. Zhengyu LIU*
(Non-executive Director and Chairman)
Mr. Tianliang ZHANG*
(Executive Director and General Manager)
Mr. Cheng WU* *(Executive Director and Deputy General Manager)*
Mr. Ji LIU* *(Executive Director, Deputy General Manager and secretary to the Board)*
Mr. Qingyong GU* *(Non-executive Director)*
Mr. Junye CAI* *(Non-executive Director)*
Mr. Brian David Man Bun LI JP
(Independent Non-executive Director)
Mr. Yu Lung CHING
(Independent Non-executive Director)
Mr. Tony Chung Nin KAN SBS, JP
(Independent Non-executive Director)

* For identification purpose only

Audit Committee

Mr. Yu Lung CHING *(Chairman)*
Mr. Brian David Man Bun LI JP
Mr. Tony Chung Nin KAN SBS, JP

Remuneration Committee

Mr. Brian David Man Bun LI JP *(Chairman)*
Mr. Yu Lung CHING
Mr. Tony Chung Nin KAN SBS, JP

Company Secretary

Ms. Ching Fan KOO

Solicitors

Woo Kwan Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business

Room 63–02, 63rd Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 0177

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 (Hong Kong) Limited
Bank of Communications Co., Limited
Chong Hing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

+ 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

Tel: (852) 2863 2502
Fax: (852) 2861 0177
Email: ir@hopewellhighway.com

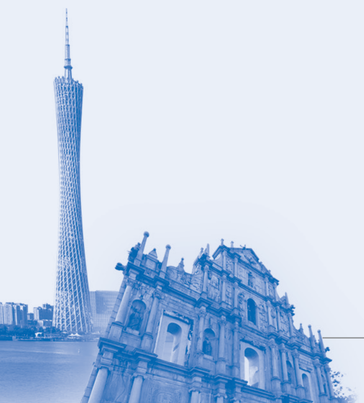
Website

www.hopewellhighway.com

Financial Calendar

Final results announcement for the six months ended 31 December 2018 and proposed final dividend payable	28 February 2019
Closure of Register of Members for eligibility to attend the 2019 Annual General Meeting	24 April 2019 to 30 April 2019 *(both days inclusive)*
2019 Annual General Meeting	30 April 2019
Ex-dividend date	3 May 2019
Closure of Register of Members for entitlement of proposed final dividend	7 May 2019
Deadline for submission of dividend election form	28 May 2019
Proposed final dividend payable# ***Final dividend: RMB9.9 cents or HK11.615472 cents per share***	6 June 2019

Subject to approval by shareholders at the 2019 Annual General Meeting to be held on 30 April 2019.



HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

Room 63-02, 63rd Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 0177
www.hopewellhighway.com

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