HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

Stock Code: 737

We focus on SAFETY FIRST

Annual Report 2010/11

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

Whatever you do, wherever you go, whenever the time, we target on your SAFETY

Our strategically located expressways have been serving as the major artery in the Pearl River Delta ("PRD") highway network over the years. Looking ahead, the Western Delta Route will become the only expressway linking up Guangzhou, Foshan, Zhongshan and Zhuhai as well as the most direct expressway leading to Macau upon the completion of Phase III West. Its full operation will therefore not only expand our toll expressways to around 220 km, but also significantly strengthen the competitive position of our expressway network.

Transportation Infrastructure

- Guangzhou-Shenzhen Superhighway
- Phase I of the Western Delta Route
- Phase II of the Western Delta Route
- Phase III of the Western Delta Route (under construction)

CONTENTS

WE

focus on SUSTAINED ROAD SAFETY

06:15

@ GS SUPERHIGHWAY

A 122.8-kilometre closed expressway with a total of 6 lanes in dual directions. It is the main expressway that connects the three major cities - Guangzhou, Dongguan and Shenzhen in the PRD region and Hong Kong, and also one of the busiest expressways in the PRC.

12:26

@ PHASE I WEST

A 14.7-kilometre closed expressway with a total of 6 lanes in dual directions. It connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south.

WE

focus on ENHANCED OPERATIONAL EFFICIENCY

WE

focus on IMPROVED MOBILITY

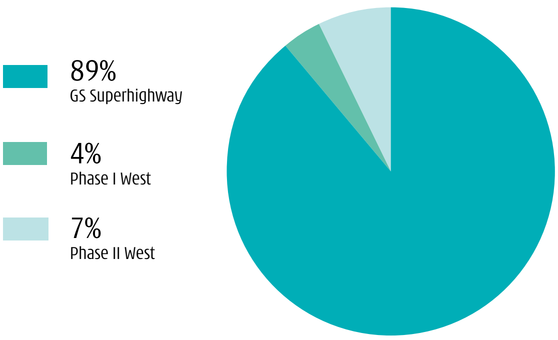
18:30

@ PHASE II WEST

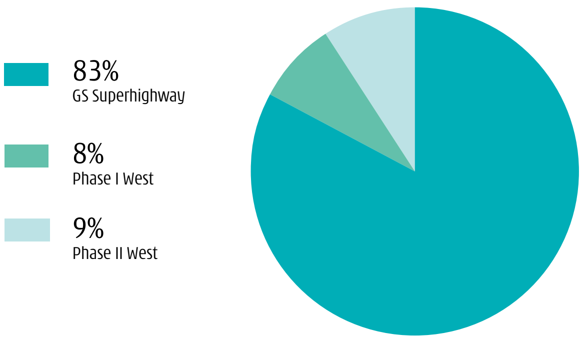
A 45.5-kilometre closed expressway with a total of 6 lanes in dual directions. It is connected to Phase I West in Shunde to the north and Shaxi in Zhongshan to the south.

Financial Highlights

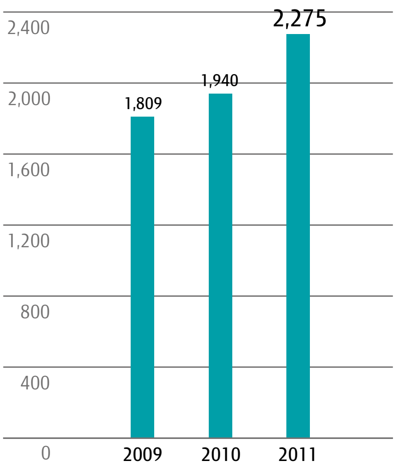
Turnover by Expressway



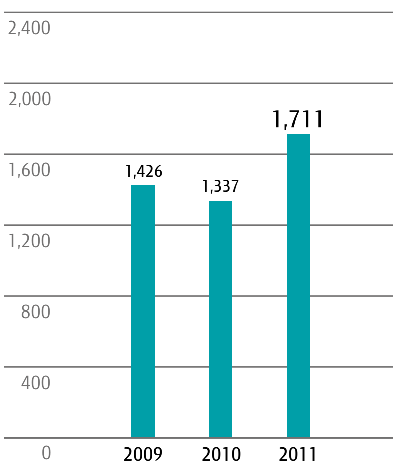
Total Traffic by Expressway



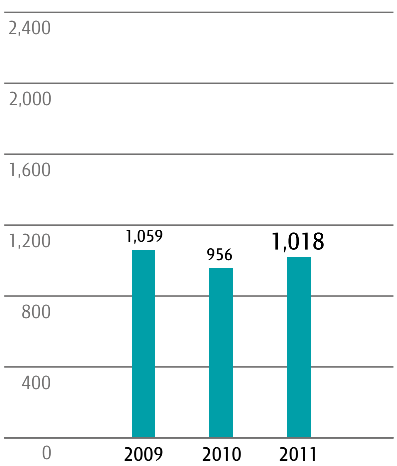
Net Toll Revenue
(HK$ million)



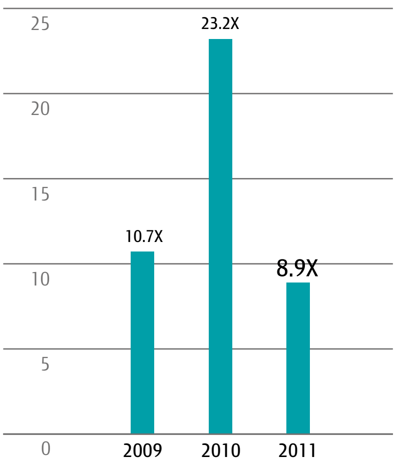
Earnings before Interest and Tax
(HK$ million)



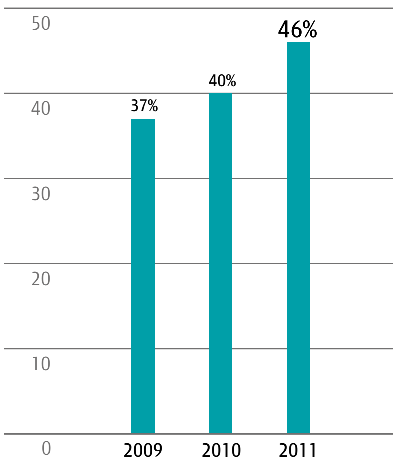
Profit Attributable to Owners of the Company
(HK$ million)



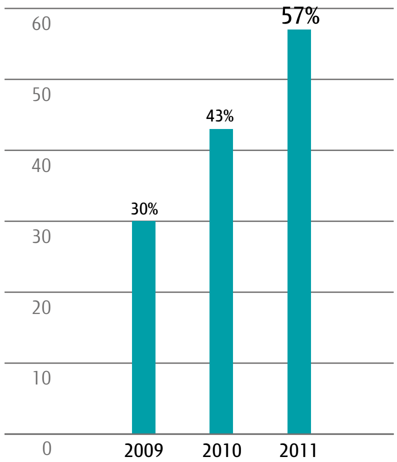
Interest Coverage
(EBITDA/Interest)



Total Debt to Total Assets



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



Note: Total debt less bank balances and cash, pledged bank balances and deposits.

5-Year Financial Summary

Consolidated Results (in HK$ million)	Year ended 30 June 2007	2008	2009	2010	2011
Net toll revenue	2,026	1,717	1,809	1,940	**2,275**
Profit before tax	1,552	2,485	1,264	1,264	**1,471**
Income tax expenses	(162)	(452)	(187)	(291)	**(434)**
Profit for the year	1,390	2,033	1,077	973	**1,037**
Profit for the year attributable to:					
Owners of the Company	**1,365**	**2,014**	**1,059**	**956**	**1,018**
Non-controlling interests	25	19	18	17	**19**
Profit for the year	**1,390**	**2,033**	**1,077**	**973**	**1,037**

Consolidated Statement of Financial Position (in HK$ million)	As at 30 June 2007	2008	2009	2010	2011
Property and equipment	157	184	189	307	**326**
Concession intangible assets	11,767	10,362	11,280	12,574	**14,337**
Balances with jointly controlled entities	806	530	141	177	**232**
Bank deposits	-	-	-	-	**590**
Current assets	4,550	6,347	2,978	3,035	**3,637**
Total assets	**17,280**	**17,423**	**14,588**	**16,093**	**19,122**
Current liabilities	(632)	(686)	(796)	(1,945)	**(1,309)**
Non-current liabilities	(5,848)	(5,137)	(5,403)	(5,796)	**(8,939)**
Total liabilities	**(6,480)**	**(5,823)**	**(6,199)**	**(7,741)**	**(10,248)**
Non-controlling interests	(44)	(50)	(48)	(52)	**(60)**
Equity attributable to owners of the Company	**10,756**	**11,550**	**8,341**	**8,300**	**8,814**

Per Share Basis	2007	2008	2009	2010	2011
Basic earnings per share (HK cents)	45.98	67.81	35.72	32.28	**34.39**
Dividend per share (HK cents)					
– Interim	15.0	17.0	17.0	17.0	**16.0**
– Final	20.0	13.0	18.0	15.0	**18.0**
– Special	–	35.0	84.0	-	**-**
Net asset value per share (HK$)	3.6	3.9	2.8	2.8	**3.0**

Financial Ratios	2007	2008	2009	2010	2011
Gearing ratio (Net debt(1) to equity attributable to owners of the Company)	14%	0%	30%	43%	**57%**
Return on equity attributable to owners of the Company	13%	17%	13%	12%	**12%**
Dividend payout ratio	77%	97%	98%(2)	99%	**99%**

Notes: (1) Net debt is defined as total debt (including bank and other loans of jointly controlled entities, balances with joint venture partners and RMB corporate bonds) less the bank balances and cash together with pledged bank balances and deposits exceeded total debt as at the reporting date.
(2) Excluding extraordinary special dividend of HK84 cents per share.

"During the past year, a number of expansion and improvement projects had been completed, which helped raise the operational efficiency and the standard of service quality. The Group will endeavour to expedite the completion of Phase III West, in order to develop a more comprehensive expressway network in the region."

I am pleased to report the results of Hopewell Highway Infrastructure Limited and its subsidiaries for the financial year ended 30 June 2011. The Group's net toll revenue rose by 17% to HK$2,275 million compared to the previous year, while the net profit from toll road projects decreased by 5%, from HK$1,017 million to HK$967 million. This was mainly attributable to a significant rise in the amount of tax payable as the result of a step-up in the Enterprise Income Tax rate applicable to GS Superhighway, plus a loss incurred by Phase II West during its first full-year of operation. Profit attributable to owners of the Company increased by 6%, from HK$956 million to HK$1,018 million, owing partly to a net exchange gain resulting from the appreciation of the Renminbi and an increase in interest income. Basic earnings per share for the year increased by about 7% from the previous year's HK32.28 cents to HK34.39 cents.

Final Dividend

The Board has proposed a final dividend of HK18 cents per share for the year ended 30 June 2011. Together with an interim dividend of HK16 cents per share that has already been paid, the total dividends for the year will amount to HK34 cents per share. This represents an 6% increase on the last financial year's total dividends of HK32 cents per share and a payout ratio of 99% of the Company's profit attributable to owners of the Company.

Subject to shareholders' approval at the Annual General Meeting on 20 October 2011, the proposed final dividend will be paid on 2 November 2011 to shareholders who are registered at the close of business on 26 October 2011. The Group will adhere to an approximately 100% dividend payout policy, taking into account its steady earnings and cash flow, as well as the cash surplus on hand.

Closure of Register

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Wednesday, 26 October 2011 if and only if the proposed final dividend is approved by the shareholders at the 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 the 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, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 October 2011.

To ascertain shareholders' eligibility to attend and vote at the Annual General Meeting to be held on 20 October 2011, the Register of Members of the Company will be closed from Thursday, 13 October 2011 to Thursday, 20 October 2011, 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 Annual General Meeting, all transfers of share ownership, accompanied by the 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, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 12 October 2011.

Financial Status

The Group maintained a strong financial position throughout the year. Its proportionate share of the net toll revenue for the year ended 30 June 2011 increased by 17% year-on-year, from HK$1,940 million to HK$2,275 million.

In accordance with the Group's financing strategy and against the backdrop of credit-tightening in the PRC, a total of RMB1.98 billion was raised by issuing RMB bonds twice during the year; the first tranche of RMB1.38 billion in July 2010 and the second tranche of RMB600 million in May 2011. The proceeds from these will be applied mainly to finance the development of Phase III West in the form of equity investment and shareholder's loans. Up to 30 June 2011, the Group had injected a total of RMB496 million into the West

Financial Year	2010	2011	% Change
GS Superhighway (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	352	**392**	11%
Average Daily Toll Revenue (RMB '000)	9,576	**10,114**	6%
Phase I West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	31	**37**	18%
Average Daily Toll Revenue (RMB '000)	436	**463**	6%
Phase II West (at JV company level)			
Average Daily Traffic (No. of vehicles '000)	20*	**44**	122%
Average Daily Toll Revenue (RMB '000)	333*	**756**	127%

* Phase II West opened on 25 June 2010

Route JV as registered capital for the development of Phase III West. It had also advanced shareholder's loans in the total amount of RMB500 million to the West Route JV for the same purpose. These shareholder's loans helped to broaden the JV's financing sources. It is planned that further shareholder's loans amounting to RMB600 million will be advanced to the West Route JV for the same purpose, subject to approval by the relevant authorities.

The Group's cash and bank balances, which were nearly all in RMB, amounted to HK$3,439 million as at 30 June 2011, including the yet-to-be-utilised proceeds from RMB bond issues. Net cash on hand at HHI corporate level (excluding JV companies) was HK$1,030 million. The Group will continue to keep most of its cash in RMB in the future, in line with its policy to adopt RMB as its functional currency. Interest income for the year increased significantly, owing to the leap in the average cash balance and an increase in bank deposit interest rates. The Group will continue to reinforce its treasury management and evaluate the available options with the aim of improving the yields on its ample cash deposit portfolio in the future.

The Group's project debts are well covered by project cash flows. Expressed in terms of project interest coverage – the ratio of the Group's proportionately shared project EBITDA for FY11 to the corresponding project's interest expenses – it is approximately 10.9 times.

The Group's cash inflow for the year was mainly derived from dividends declared by the GS Superhighway JV and proceeds from RMB bond issues. Following approval by the relevant PRC authorities, the Group has been able to remit its share of the profits from the GS Superhighway JV and West Route JV to Hong Kong directly in RMB since April 2010, without having to convert them into HK or US Dollars first.

Business Review

During the year under review, the global economy remained fragile with the pace of economic recovery being uneven in different regions, and stagnant in some. Despite various "quantitative easing" measures, the United States economy has not yet started to rebound. The contagious sovereign debt crisis among member countries of the European Union has put intense pressure on the interest rate spreads of sovereign debt. Although substantial steps have been taken to address this crisis, the successful implementation of long-term plans to reform tax and fiscal policies in the region still has a long way to go. In Asia, efforts to curb inflation – which is being driven by the strength of emerging economies and abundant global liquidity – have hampered growth to a certain extent.

The PRC's economic and financial strength, its increasing share of global GDP and its rising credit quality and currency have combined to create a strong case for long-term investment in its assets. Increasing investment in fixed assets and burgeoning domestic consumption continue to drive China's property and financial markets. Despite various measures to curb soaring inflation and tighten credit, the GDP of Guangdong Province in the first half of 2011 increased by 10.2% while the import and export trades maintained a strong growth of 26.0%, boosting the PRD region's transportation industry and benefiting the Group's toll road business.

Reflecting the growth in car ownership, the number of Class 1 small cars using our toll roads in the PRD and the toll revenue derived from them continued to increase. On the other hand, the number of Class 4 and 5 commercial trucks and the toll revenue from those vehicles continued to recover as the PRD region's import and export traffic rebounded.

As a consequence of the aforementioned growth in traffic of the GS Superhighway and the opening of Phase II West in June 2010, the aggregate average daily traffic rose by 23% to 473,000 vehicles year-on-year. Meanwhile, the aggregate average daily toll revenue climbed by 13% to RMB11.3 million and the average daily toll revenue of the GS Superhighway exceeded RMB10 million on a yearly basis. The average daily toll revenue of Phase II West jumped by over 70% from July 2010 (its first full-month of operation) to June 2011. The combined revenue for the year from Phase I West and Phase II West accounted for about 11% of the total revenue from the Group's toll roads.

Construction work on Phase III West is making good progress, and it is now planned for completion during the first half of 2013, earlier than originally scheduled. The total investment in this project is currently planned to be approximately RMB5.6 billion. HHI's 50% share of the registered capital of this investment and a certain amount of shareholder's loans therefor have been and will continue to be funded by proceeds raised through its RMB bond issues.

Prospects

Traffic on Phase II West has grown steadily since it opened in June 2010. Its average daily traffic volume rose by 89%, up from 29,000 vehicles in July 2010 to 55,000 vehicles in July 2011. Meanwhile, its average daily toll revenue surged by 85%, from RMB500,000 in July 2010 to RMB925,000 in July 2011. The synergy between Phase I West and Phase II West and the development of the highway network is expected to continue to generate growth in the traffic volume and toll revenue of both.

In respect of the maintenance works being done at the Yajisha Bridge of the Guangzhou East-South-West Ring Road since January 2010, intensified measures have been put in place since mid-July 2011 to prohibit heavy trucks weighing over 15 tons from entering and exiting the east-south section of the Guangzhou East-South-West Ring Road via the Nanya interchange of Phase I West. As the maintenance works are expected to be completed by January 2012, the impact from such arrangement on Phase I west is short-term. Its impact on the Group's total traffic and toll revenue should be immaterial.

Following the completion of widening work on the 3.5-kilometre section between the Wudianmei and Taiping interchanges of the GS Superhighway in June 2011, the JV company will further expand the approximately 2-kilometre busy section between the Hezhou and Fuyong interchanges to 10 lanes in dual directions in the coming months. The Group believes the GS Superhighway will maintain its leading position as Guangdong Province's main artery, despite anticipated competition from the Coastal Expressway from 2012 onwards.

The broader financing sources now available for Phase III West have secured the project's progress. Its completion in first half of 2013 earlier than scheduled and the target completion of the Hong Kong-Zhuhai-Macau Bridge in 2016 will further enhance the PRD region's highway network. The opening of all three phases of the Western Delta Route will serve as a platform for the long-term growth of the Group's toll road business.

Appreciation

I would like to take this opportunity to thank the Group's Managing Director, my fellow Directors, the management team and all staff members for their hard work, dedication and commitment during the past year. I would also like to thank all our shareholders, financiers and business partners for their continuous support and confidence in the Group, which contributed greatly towards the Group's success during the past year.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 25 August 2011

Sir Gordon Ying Sheung WU *Mr. Eddie Ping Chang HO* *Mr. Thomas Jefferson WU*

Executive Directors

Sir Gordon Ying Sheung WU *GBS, KCMG, FICE*

Aged 75, he has been the Chairman of the Board of the Company since July 2003 and is a director of various subsidiaries of the Company. He is also a director of Anber Investments Limited, Delta Roads Limited, Dover Hills Investments Limited and Supreme Choice Investments Limited and the Chairman of HHL, all of them are substantial shareholders of the Company within the meaning of Part XV of the SFO. He graduated from Princeton University with a Bachelor of Science degree in Engineering in 1958. He was responsible for the Company's infrastructure projects in the PRC and has been involved in the design and construction of numerous buildings and development projects of HHL and its subsidiaries in Hong Kong, the PRC and overseas, including the Shajiao B power plant which received the British Construction Industry Award and setting a world record of completion within 22 months. He is the father of Mr. Thomas Jefferson WU, the Managing Director of the Company.

Sir Gordon WU is very active in civic activities and community service, his civic and community duties include:

In the PRC

Member National Committee of the Chinese People's Political Consultative Conference ("CPPCC")
Vice Chairman Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese (Special committee of CPPCC)
Council Member United Nations Association of China
Advisor China Development Bank

In Hong Kong

Vice President The Real Estate Developers Association of Hong Kong
Patron Hong Kong Logistics Association
Honorary Vice President Hong Kong Football Association Limited

Sir Gordon WU received Honorary Doctorate Degrees from The Hong Kong Polytechnic University, University of Strathclyde, UK, University of Edinburgh, UK, Lingnan University, Hong Kong and City University of Hong Kong. He is a Fellow of The Institution of Civil Engineers, UK, The Chartered Institute of Logistics and Transport in Hong Kong and Hong Kong Academy of

Mr. Alan Chi Hung CHAN

Mr. Cheng Hui JIA

Mr. Alan Ming Fai TAM

Engineering Sciences. He is also an Honorary Fellow of Australian Society of Certified Practising Accountants. He has been appointed the Honorary Consul of The Republic of Croatia in the Hong Kong SAR. His other awards include:

Honorary Citizen

- The City of New Orleans, USA
- The City of Guangzhou, PRC
- The City of Foshan, PRC
- The City of Shenzhen, PRC
- The District of Shunde, PRC
- The District of Nanhai, PRC
- The District of Huadu, PRC
- The Province of Quezon, the Philippines

Awards and Honours

2010
- The Lifetime Achievement Award of the 9th Asia Business Leaders Award by CNBC

2007
- Officer de L'Ordre de la Couronne by HM Albert II, the King of Belgium

2007
- The Order of Croatian Danica with figure of Blaz Lorkovic by the Republic of Croatia

2004
- Gold Bauhinia Star (G.B.S.) by the Hong Kong SAR

Awards and Honours (continued)

2004
- Leader of the Year 2003 (Business/Finance) by Sing Tao Newspaper Group

2003
- Personality of the Year 2003 by the Asian Freight & Supply Chain Awards

1997
- Knight Commander of the Order of St. Michael and St. George for Services to British Exports by the Queen of England

1996
- Industry All-Star by Independent Energy, USA

1996
- International CEO of the Year by George Washington University, USA

1994
- Among "the Best Entrepreneurs" by Business Week

1994
- Man of the Year by the International Road Federation, USA

1991
- Business Man of the Year by the South China Morning Post and DHL

1991
- Asia Corporate Leader by Asia Finance Magazine, HK

1985
- Chevalier de L'Ordre de la Couronne by the King of Belgium

Mr. Eddie Ping Chang HO

Aged 78, he has been the Vice Chairman of the Company since July 2003 and is a director of various subsidiaries of the Company. He is also a director of Anber Investments Limited, Delta Roads Limited, Dover Hills Investments Limited and Supreme Choice Investments Limited and the Vice Chairman of HHL, all of them are substantial shareholders of the Company within the meaning of Part XV of the SFO. He has extensive experience in implementation of property development and major infrastructure strategic development projects and has been involved in developing all the projects of HHL and the Company in the PRC, including highway, hotel and power station projects. He is an Honorary Citizen of the cities of Guangzhou, Foshan and Shenzhen, and the Shunde District in the PRC.

Mr. Thomas Jefferson WU

Aged 38, an Executive Director of the Company since January 2003, he was appointed the Managing Director in July 2003 and is a director of various subsidiaries of the Company. He is also a director of Anber Investments Limited, Delta Roads Limited, Dover Hills Investments Limited and Supreme Choice Investments Limited and the Managing Director of HHL, all of them are substantial shareholders of the Company within the meaning of Part XV of the SFO. He is responsible for strategic planning, corporate policy and overall management of the Company and has upgraded its financial and management accounting systems. He holds a Master of Business Administration degree from Stanford University and a Bachelor of Science degree in Mechanical and Aerospace Engineering from Princeton University.

In 2006, the World Economic Forum selected Mr. WU as a "Young Global Leader". He was also awarded the Director of the Year Award 2010 by The Hong Kong Institute of Directors in November 2010 and the Asian Corporate Director Recognition Award by Corporate Governence Asia in June 2011. He is a member of the Heilongjiang Provincial Committee of the 10th Chinese People's Political Consultative Conference, a Standing Committee member and a member of the Huadu District Committee of The Chinese People's Political Consultative Conference, a member of the 11th National Committee of the All-China Youth Federation, a member of Executive Committee of All-China Federation of Industry & Commerce and an Honorary Citizen of the City of Guangzhou in the PRC. Mr. WU is also a member of the Advisory Committee of the Securities and Futures Commission, a member of the Hongkong Japan Business Co-operation Committee of Hong Kong Trade Development Council, a member of the Hong Kong SAR Government Steering Committee on the Promotion of Electric Vehicles, a council member of The Hong Kong Polytechnic University, a member of the Court of The Hong Kong University of Science and Technology, a member of the General Committee of The Chamber of Hong Kong Listed Companies, a member of the board of directors of The Community Chest of Hong Kong and The Hong Kong Sports Institute Limited, Honorary Consultant of the Institute of Accountants Exchange, Honorary President of the Association of Property Agents and Realty Developers of Macau, Honorary President of the Association of Huadu in Macau, Vice Chairman of the Chinese Ice Hockey Association, Honorary President of the Macau Ice Sports Federation, Co-Founder and Chairman of Hong Kong Amateur Hockey Club Limited, Founder and Chairman of Hong Kong Academy of Ice Hockey Limited, Honorary Chairman of Ice Hockey Association of Taipei Municipal Athletics Federation and an independent director of Melco Crown Entertainment Limited.

Mr. WU is a son of Sir Gordon WU, the Chairman of the Board.

Mr. Alan Chi Hung CHAN

Aged 52, he has been an Executive Director of the Company since January 2003 and was appointed the Deputy Managing Director in July 2003. He has also been appointed as a member of the Remuneration Committee of the Company since 3 May 2011 and is a director of various subsidiaries of the Company. He was awarded a Bachelor of Science degree from the Chinese University of Hong Kong in 1983 and a Postgraduate Diploma in Management Studies from the City University of Hong Kong in 1989. He is responsible for project coordination, project finance, management and administration of the expressway infrastructure and other projects of the Company in the PRC. He was an Executive Director of HHL during the period from 1 January 2002 to 25 July 2003.

Mr. Cheng Hui JIA

Aged 70, he was appointed as an Executive Director of the Company since 3 July 2003. He is responsible for liaison and project coordination with various PRC government authorities. He was primarily engaged in the development of projects in the PRC during the 18 years with HHL. He was an Assistant to Chairman and China Project Controller. He previously worked in aerospace research in the PRC for many years. He graduated from Harbin Industry University in 1964 with a Bachelor of Science degree.

Mr. Alan Ming Fai TAM

Aged 41, he was appointed as an Executive Director of the Company since 1 July 2009. He is responsible for the corporate planning, business operation and project planning and development of the Company. Mr. TAM holds a Master of Business Administration degree and a Bachelor of Engineering degree in Civil and Structural Engineering from The University of Hong Kong. He first joined HHL in 1995 and was engaged in construction, operation and financing of GS Superhighway of HHL. He left HHL in 1999 for about one year and re-joined HHL in 2000. Since then, Mr. TAM has all along been taking care of various highway projects of HHL and responsible for the day-to-day management of toll roads and planning and development of new projects in the PRC. He had actively involved in the floatation of the Company and transferred from HHL to the Company upon its listing in 2003.

Independent Non-Executive Directors

Mr. Philip Tsung Cheng FEI

Aged 69, he was appointed as an Independent Non-Executive Director of the Company in July 2003 and a member of the Audit Committee of the Company. Since 3 May 2011, he has been appointed as the Chairman of the Audit Committee of the Company. He was awarded a Bachelor of Architectural Engineering degree from Cheng-Kung University in Taiwan in 1962, a Bachelor of Architecture degree from North Carolina State University in 1965 and a Master of Science degree in City Planning from Pratt Institute in the U.S. in 1974. He is currently the managing partner at Fei & Cheng Associates, an architectural and planning firm. He has over 30 years' experience in planning and architectural projects. Prior to establishing Fei & Cheng Associates, he worked for a number of architecture firms in the U.S.

Mr. Kojiro NAKAHARA

Aged 70, he was appointed as an Independent Non-Executive Director of the Company in July 2003 and is also a member of the Audit Committee of the Company. He graduated from Tokyo Mercantile Marine University in 1964 with a Bachelor degree in Marine Engineering. He joined Kanematsu Corporation in 1964 and had held various senior positions in Tokyo, Singapore and Hong Kong offices. He was appointed Managing Director of Kanematsu (Hong Kong) Limited in 1996 and retired in 2000.

Dr. Gordon YEN

Aged 41, he was appointed as an Independent Non-Executive Director of the Company in July 2003 and is also a member of the Remuneration Committee of the Company in July 2005. Since 3 May 2011, he has been appointed as a member of the Audit Committee of the Company. He was awarded a Bachelor of Manufacturing Engineering degree from Boston University, U.S. in 1990, a Master of Business Administration degree from McGill University, Canada in 1992 and a Doctorate degree in Business Administration from The Hong Kong Polytechnic University, Hong Kong in 2005. He is currently an Executive Director of Fountain Set (Holdings) Limited, a public company listed on the Stock Exchange.

Mr. Philip Tsung Cheng FEI *Mr. Kojiro NAKAHARA* *Dr. Gordon YEN*

Professor Chung Kwong POON *GBS, JP*

Aged 71, he was appointed as an Independent Non-Executive Director of the Company since 1 July 2009 and is also the Chairman of the Remuneration Committee of the Company. Professor POON is the President Emeritus of The Hong Kong Polytechnic University and had devoted 40 years of his life to advancing university education in Hong Kong before he retired in January 2009 from his 18-year presidency at The Hong Kong Polytechnic University. He was honoured as one of the "Ten Outstanding Young Persons in Hong Kong" in 1979; was appointed a Non-official Justice of the Peace (JP) in 1989; received the OBE award in 1991, the Gold Bauhinia Star (GBS) in 2002 and also the "Leader of the Year Awards 2008 (Education)".

Professor POON is a Non-Executive Director of Lee & Man Paper Manufacturing Limited and an Independent Non-Executive Director of K. Wah International Holdings Limited and The Hong Kong and China Gas Company Limited, the all of whose shares are listed on the main board of the Stock Exchange.

Mr. Yuk Keung IP

Aged 59, he was appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Company on 1 July 2011. Mr. IP is an international banking and real estate professional with 33 years of experience at Citigroup, First National Bank of Chicago, Wells Fargo and Merrill Lynch in Hong Kong, Asia and United States. His areas of expertise are in real estate, corporate banking, financial institutions, transaction banking and wealth management. Mr. IP was named Managing Director of Citigroup in 2003 and Senior Credit Officer/Real Estate Specialist of Citicorp in 1990. He held senior executive positions at Citigroup such as the Managing Director/Head of Transaction Banking, Corporate Customer and Financial Institutions coverage and Managing Director/Head of Asia Regional Investment Finance of Wealth Management. He is currently an independent non-executive director and the chairman of the audit committee of Eagle Asset Management (CP) Limited as manager of Champion Real Estate Investment Trust, which is listed in Hong Kong.

Mr. IP is a Council Member of The Better Hong Kong Foundation, a Council and Court Member of Lingnan University, a Member of International Advisory Board of College of Business at City University of Hong Kong, a Member and Governor of Technological and Higher Education Institute of Hong Kong, an Advisory Board Member of Faculty of Business Administration at University of Macau, a Member of International Advisory Council Asia and an Advisory Board Member of Center for Finance and Accounting Research at Washington University in St. Louis, a Council Member of Cornell University and Board of Governor of Hong Kong America Center. He is an Adjunct Professor of Lingnan University and The City University of Hong Kong and an Executive Fellow in Asia of Washington University in St. Louis. He was a lecturer at University of Pittsburgh's MBA program in the United States.

Professor Chung Kwong POON

Mr. Yuk Keung IP

Mr. Brian David Man Bun LI

Mr. IP holds a Bachelor of Science degree in Applied Mathematics and Computer Science at Washington University in St. Louis (summa cum laude), a Master of Science degree in Applied Mathematics at Cornell University and a Master of Science in Accounting and Finance at Carnegie-Mellon University.

Mr. IP had been appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company and HHL on 13 August 2007 and resigned from all the aforesaid positions on 29 February 2008 due to his other business commitments. In view of his valuable experience in banking, accounting and real estate finance, Mr. IP was invited to re-join the Board of the Company to act as an Independent Non-executive Director and a member of the Audit Committee of the Company.

Mr. Brian David Man Bun LI

Aged 36, he was appointed as an Independent Non-Executive Director and a member of the Audit Committee of the Company on 1 July 2011. Mr. LI is the Deputy Chief Executive of The Bank of East Asia, Limited ("BEA"), a listed company in Hong Kong. He was the General Manager and Head of Wealth Management Division of BEA from July 2004 to March 2009. Mr. LI is currently an independent non-executive director of Towngas China Company Limited, a listed company in Hong Kong. He was an independent non-executive director of Xinjiang Goldwind Science & Technology Co., Ltd., which is a listed company on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, from March 2010 to June 2011.

Mr. LI holds a number of public and honorary positions, including being a Member of the Eleventh National Committee of the Chinese People's Political Consultative Conference, a Member of the Eleventh Beijing Municipal Committee of the Chinese People's Political Consultative Conference, a Member of the Hong Kong-Taiwan Business Cooperation Committee, a Member of the Advisory Committee of the Securities and Futures Commission of Hong Kong, a Member of the Small and Medium Enterprises Committee of the Government of the Hong Kong Special Administrative Region ("HKSAR"), a Member of the HKSAR Energy Advisory Committee, a Member of the HKSAR Standing Committee on Judicial Salaries and Conditions of Service, a Member of the HKSAR Financial Reporting Review Panel and a Member of the HKSAR Traffic Accident Victims Assistance Advisory Committee.

Mr. LI is a Fellow of the Hong Kong Institute of Certified Public Accountants and a Member of the Treasury Markets Association. He is also a Fellow of the Institute of Chartered Accountants in England and Wales and he holds a Master of Business Administration degree from Stanford University as well as a Master of Arts degree and a Bachelor of Arts degree from the University of Cambridge.

Business Review

Business Performance

Guangdong Province's economy remained robust during the year under review. Its import and export trades grew strongly and the total trade amount has reached historical high levels. Between January and June 2011, its GDP increased by 10.2%, while its import and export trades grew by 26%. These factors have boosted the demand for passenger and freight transportation in the region, thus benefiting the Group's projects there.

The car ownership in Guangdong Province maintained its growth momentum, driven mainly by sales of small cars. According to the latest statistics, the province's car ownership figure exceeded 7.8 million by the end of 2010, a year-on-year increase of 19%. Although the national car sales volume slowed during the first half of 2011, the number of newly registered passenger vehicles in Guangdong, according to the media, rose by about 440,000 vehicles or 7.3% during the first half of 2011, compared to a 3.4% growth to approximately 9.3 million vehicles in national car sales. In terms of car ownership, Guangdong Province's top three cities were Guangzhou, Shenzhen and Dongguan. By mid-2011, the number of cars owned in each of Guangzhou and Shenzhen has exceeded 1.7 million vehicles, while the figure for Dongguan has risen to 1 million vehicles. Passenger vehicles accounted for most of this increase. As far as the Group's expressways were concerned, Class 1 small cars made the most significant contribution to the overall rise in their traffic volume. The continuous growth in Guangdong's economy and car ownership will continue to invigorate the Group's operating performance.

During the year under review, the aggregate average daily traffic volume on the GS Superhighway and Phase I West increased by 12% to 429,000 vehicles year-on-year, while their aggregate average daily toll revenue increased by 6% to RMB10.58 million. Taking into account the opening of Phase II West in June 2010, the aggregate average daily traffic volume increased by 23% to 473,000 vehicles, whereas their aggregate average daily toll revenue increased by 13% to RMB11.33 million. The combined toll revenue from GS Superhighway, Phase I West and Phase II West amounted to RMB4,136 million during FY11.

Expansion and Improvement Works

The Group aims to develop efficient and safe expressway networks that deliver high-quality services. It has proactively monitored the traffic flow on its expressways and expanded busier sections after obtaining approvals from relevant authorities. During the past financial year, a number of expansion and improvement projects had been completed, which helped raise the operational efficiency and the standard of service quality.

To relieve the traffic pressure on the busier 3.5-kilometre road section between the Wudianmei and Taiping interchanges, the GS Superhighway JV undertook a project to widen it from 6 lanes to 10 lanes in dual directions. This began in July 2010 and was completed in June 2011. The flow of traffic along this section during peak hours has become much smoother since it was widened. Moreover the number of accidents along the section has dropped significantly, and the travelling speed has significantly increased. In addition, the new Xinlian interchange (southbound) to the north of Taiping interchange, which connects with Hugang Expressway was fully opened in April 2011. It has helped to ease the traffic pressure at the road section between Taiping interchange and Wudianmei interchange.

The approximately 2-kilometre section between the Hezhou and Fuyong interchanges had been widened from 6 to 8 lanes in dual directions in 2003. The GS Superhighway JV will begin widening this section from 8 to 10 lanes in dual directions in the coming months. This will help to maintain the smooth flow of traffic along the GS Superhighway to meet the increasing freight and passenger traffic arising from the Shenzhen Baoan International Airport, which is adjacent to the Fuyong interchange.

Meanwhile, GS Superhighway JV completed the expansion of the toll plazas at Huocun and Fuyong interchanges, whereas the expansion of the Nantou toll plaza is in progress. The GS Superhighway JV has also opened numerous additional electronic toll collection (ETC) lanes and automatic card-issuing lanes at various interchanges in order to cope with increased traffic and raise operational efficiency.

Safety Service Facilities

The Group has deployed ample resources to upgrade and enhance the safety and service facilities of its expressways, making it a top priority to ensure the safety and comfort of road users.

Project Development

Phase II West went into operation in June 2010. Together with Phase I West, it forms a major expressway directly linking Guangzhou and downtown Zhongshan, and it has substantially reduced the travelling time between these two cities from more than one hour via local roads to approximately 30 minutes. In the past year, it has proved convenient for people travelling in the area around Guangzhou, Foshan, Shunde and Zhongshan. Thus, it has helped to foster the region's economic development. Since it opened in June 2010, the traffic volume on Phase II West has been increasing continuously. Most road users have got used to the new road after several months of its opening, and toll revenue of Phase II West during the second half of FY11 reached the Group's target of achieving cash-flow breakeven in the first year of operation, i.e. RMB800,000 in average daily toll revenue. That means the total toll revenue in the second half of FY11 was sufficient to cover the project's expenses, including finance costs, and a net cash inflow was recorded during the same period. The Group believes the traffic volume and toll revenue of Phase II West will grow more strongly, in tandem with the region's economic growth and the development of a more comprehensive peripheral road network.

Construction of Phase III West has been advancing smoothly. Land requisition works were substantially completed during the year under review. Depending on the progress of construction, it is planned that Phase III West will be completed by the first half of 2013, earlier than the original schedule. Its opening will considerably reduce the travelling time between Guangzhou and Zhuhai, from approximately two hours at present to about one hour. The Group will endeavour to expedite the completion of Phase III West, the last phase of the Western Delta Route, in order to develop a more comprehensive expressway network in the region.

Corporate Social Responsibility

Over the years, the Group has deployed ample resources to upgrade and enhance the safety and service facilities of its expressways, making it a top priority to ensure the safety and comfort of road users. More than 150 traffic surveillance cameras have been installed on GS Superhighway to monitor traffic round the clock and in all weather conditions. The GS Superhighway JV also constantly upgrades and increases its fleet of patrol and rescue vehicles as well as its traffic management equipment in order to cope with its growing traffic volume and enhance its efficiency in detecting and dealing with accidents. Besides providing rescue and towing services on the Guangzhou and Dongguan sections, the GS Superhighway JV took up the same role on the Shenzhen section in early 2011, thus ensuring the entire expressway is covered by high-quality and efficient rescue and towing services. To ensure the smooth flow of traffic and road safety, the GS Superhighway JV collaborates closely with the traffic

police in order to implement the "4-Fast" principles of traffic-accident handling – "Fast Detection, Fast Arrival, Fast Handling and Fast Clearance", and it plans to organise traffic safety promotional campaigns with the traffic police. In addition, the GS Superhighway JV strives to raise the public's awareness by screening road safety messages on changeable message signboards along the expressway.

In response to the emphasis China is placing on energy saving and emission reductions in its national development strategies, the GS Superhighway JV and West Route JV actively promote low-carbon operating concepts, and they are adopting various measures to reduce energy consumption in their daily operations. The GS Superhighway JV replaced the lighting systems of its tunnel and toll plazas with an energy saving one in 2009 and 2010 respectively. The lighting systems along the main route will be gradually replaced in the near future. On the other hand, West Route JV will install LED lighting systems in the tunnels of Phase III West. Meanwhile, the JV companies are actively exploring the possibility of installing charging facilities for electric vehicles along their expressways, in order to support the national policy of promoting the use of environmental friendly electric vehicles.

To improve the expressway's peripheral environment, the West Route JV will landscape its interchanges in Shunde in partnership with the local governments.

Operating Environment

In the face of a constantly changing operating environment, the Group is maintaining the competitive advantages of its expressways by implementing effective cost controls, increasing their operational efficiency and enhancing service standards. The measures currently put in place include increasing staff productivity, enhancing energy savings and controlling the rise in administrative expenses.

According to the media, the Guangdong Provincial Government and Hong Kong Government have been conducting studies about the feasibility of gradually increasing the number of cross-border vehicle quotas. At the 14th Plenary of the Hong Kong/Guangdong Cooperation Joint Conference held on 23 August 2011, both governments decided to launch the first phase of the trial scheme to introduce ad hoc quotas for cross-boundary private cars in March 2012. Owners of Hong Kong private vehicles with 5 seats or less may apply for ad hoc quotas under the scheme to drive their private cars into Guangdong Province. The relevant arrangements and implementation details will be announced before the end of 2011. The Group expects the policy will facilitate cross-border traffic, and that it will benefit GS Superhighway. In addition, the new emigration complex and facilities at Huanggang border were expanded and went into operation in July 2011. This will help to speed up cross-border procedures, thus providing convenient and smooth services to emigrating travellers and vehicles.

To promote the healthy development of the toll road industry, the Ministry of Transport, National Development and Reform Commission (NDRC), Ministry of Finance, Ministry of Supervision and State Council Office for the Correcting Malpractice decided in June 2011 to launch a joint one-year national campaign against toll roads that fail to observe relevant regulations or which charge unreasonable tolls. Any details regarding the campaign's implementation in Guangdong Province would be further announced by the Guangdong Provincial Government.

Latest media reports indicate the 59-kilometre Guangzhou and Dongguan sections of the Coastal Expressway are scheduled for completion in the second half of 2011, while the 30-kilometre Shenzhen section will be completed by 2012. Nevertheless, till August 2011, its Guangzhou and Dongguan sections had not yet opened. The Coastal Expressway is designed to connect ports along the eastern shore of the PRD, and it will mainly serve trucks destined for them. The Group will continue to monitor the Coastal Expressway's progress closely. The Group believes GS Superhighway will maintain its leading position as Guangdong Province's main artery, in line with the continuous growth of car ownership in the province.

Group Financing

In line with the steady development of Hong Kong's offshore RMB bond market, the Company issued corporate bonds with a total value of RMB1.38 billion to institutional investors in July 2010, thus becoming the first non-financial institution to issue RMB corporate bonds successfully in Hong Kong. The Company then issued another tranche of RMB corporate bonds with a total value of RMB600 million in May 2011. These issues have further broadened the financing sources of the Company and its JV companies, strengthened its financial position, and helped it to maintain a healthy balance sheet that will enable it to explore new projects.

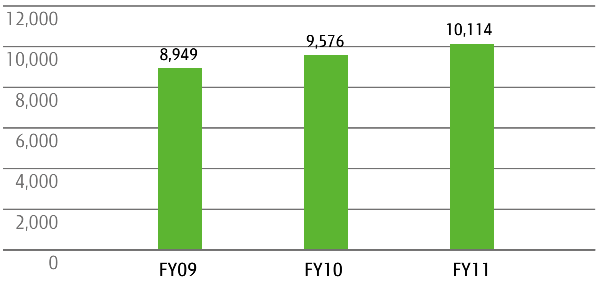
The Group has obtained approval from the relevant PRC authorities to use RMB for its injection of registered capital into and provision of RMB500 million shareholder's loans to the West Route JV for Phase III West. The total amount of registered capital required is RMB980 million, being a 50% share in the total registered capital. As at 30 June 2011, the Group had used part of the proceeds of the RMB corporate bonds for injecting a total of RMB496 million of registered capital and a total of RMB500 million of shareholder's loans into the West Route JV for the development of Phase III West. In view of the credit-tightening policies now in force in the PRC, the Group also plans to provide additional shareholder's loans totalling RMB600 million to the West Route JV for the further development of Phase III West. The shareholder's loans will broaden the JV company's financing sources.

Project Summary

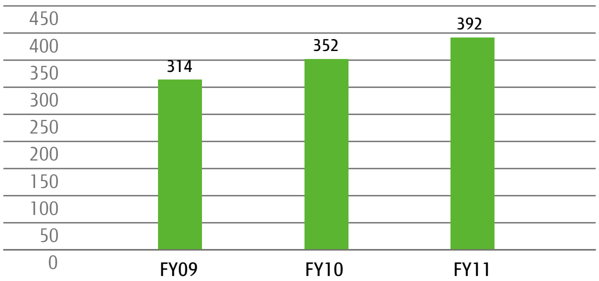
GUANGZHOU-SHENZHEN SUPERHIGHWAY

Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 8 to 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%

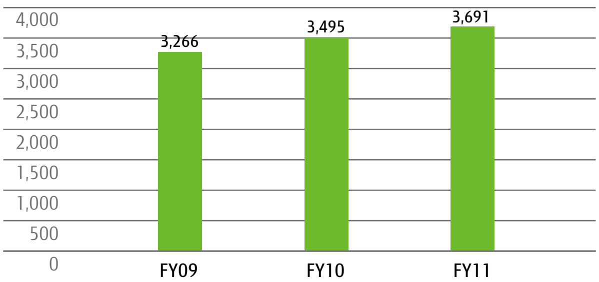
GS Superhighway
Average Daily Toll Revenue
(RMB thousand)



GS Superhighway
Average Daily Traffic
(No. of vehicles in thousand)



GS Superhighway
Annual Toll Revenue
(RMB million)



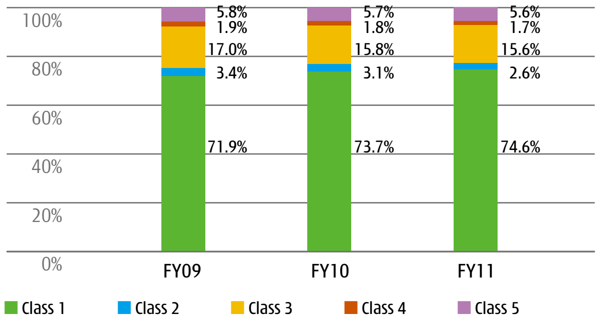
GS Superhighway is the main expressway that connects the three major cities – Guangzhou, Dongguan and Shenzhen in the PRD region and Hong Kong. During the year under review, its average daily toll revenue rose by 6% year-on-year to RMB10.11 million, while the total toll revenue amounted to RMB3,691 million. Meanwhile, its average daily traffic volume increased by 11% to 392,000 vehicles.

Benefiting from the growth in car ownership in the PRC, the traffic volume and toll revenue GS Superhighway derived from Class 1 small cars both increased steadily during the period under review. They accounted for 74.6% of its total traffic volume and 49.8% of its total toll revenue. Due to the higher proportion of Class 1 small cars, the average toll revenue per vehicle per kilometre dropped 2% from RMB0.93 to RMB0.91. Meanwhile, the traffic volume and toll revenue it derived from Class 4 and Class 5 commercial trucks continued to rebound from the trough in FY09 to overtake the FY08 level, approaching the historical high level in FY07.

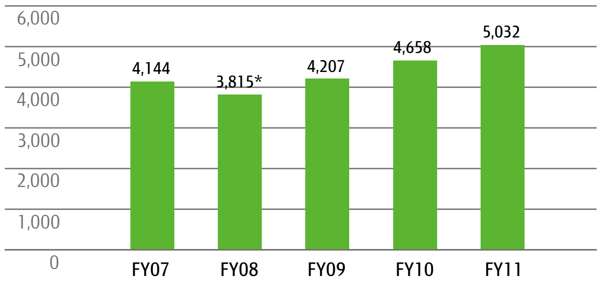
Shenzhen and Dongguan city closed all the toll stations on National Highway 107 in April 2011. The Jiangnan and Songan toll stations on National Highway 107, which are adjacent to GS Superhighway were removed, making the entire National Highway 107 toll-free. As a result, some vehicles (mainly Class 4 and Class 5 commercial trucks) that previously used GS Superhighway have now reverted to use National Highway 107.

On the other hand, the second runway of Shenzhen Baoan International Airport became operational on 26 July 2011. This has greatly increased the airport's flight-handling capacity, and traffic on GS Superhighway is set to surge as its passenger and freight turnovers grow in the future.

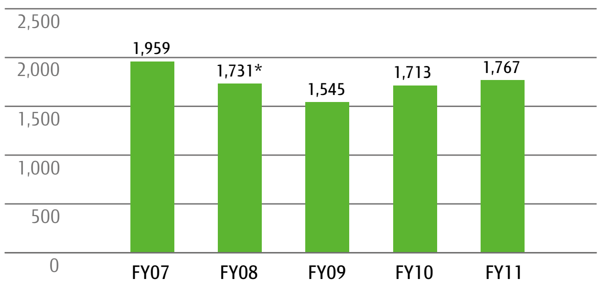
GS Superhighway
Traffic Breakdown by Class



Class 1 - Average Daily
Toll Revenue (FY07-FY11)
(RMB thousand)



Class 4 & 5 - Average Daily
Toll Revenue (FY07-FY11)
(RMB thousand)



* A section of GS Superhighway was closed for maintenance in phases between October 2007 and July 2008

Expansion of the 3.5-kilometre busier section between Wudianmei and Taiping interchanges from 6 lanes to 10 lanes in dual directions was completed in June 2011. Its expansion has effectively relieved the traffic pressure on that section during peak hours. In addition, the number of traffic accidents has declined and the travelling speed along the section has greatly increased.

Following the widening of the road section between Wudianmei and Taiping interchanges, the GS Superhighway JV will begin widening the approximately 2-kilometre section between the Hezhou and Fuyong interchanges from 8 to 10 lanes in dual directions in the coming months. This will help to maintain the smooth flow of traffic along the GS Superhighway to meet the increasing freight and passenger traffic arising from the Shenzhen Baoan International Airport, which is adjacent to the Fuyong interchange. Meanwhile, a study about the feasibility of widening the entire GS Superhighway to a total of 10 lanes in dual directions is being fine-tuned. When it is finalised, the GS Superhighway JV will submit an application for the project's approval by the relevant authorities.

The GS Superhighway JV has expanded the toll plazas at Fuyong and Huocun in order to provide quality services for road users by enhancing the traffic capacity and standards of toll-lane management at those plazas. Meanwhile, the expansion of the Nantou toll plaza is in progress.

To support the construction of the Hugang Expressway extension link, two refilling stations along the Taiping section of the GS Superhighway were demolished in 2010. A new high-standard service area with refilling stations, catering facilities and rest areas was built on the Houjie section (southbound) and it was opened in March 2011. The GS Superhighway JV will endeavour to expedite the construction and opening of another new service area on the Huojie section (northbound) to cater for highway users' needs.

In response to rising operating costs in the region, the GS Superhighway JV is continuously taking effective measures to contain cost increases and enhance productivity. It currently has 39 sets of ETC lanes and 14 sets of automatic card-issuing lanes. The average time vehicles spent waiting to be processed at expressway's exits and entrances has been significantly reduced. The ETC and automatic card-issuing lanes have also enhanced operational efficiency and service quality, and they help to keep the number of toll-collection staff at a reasonable level. The JV plans to install more ETC lanes and automatic card-issuing lanes to keep pace with growing traffic figures and to comply with the Guangdong Provincial Government's policy of encouraging the extensive use of Guangdong Unitoll Cards on expressways.

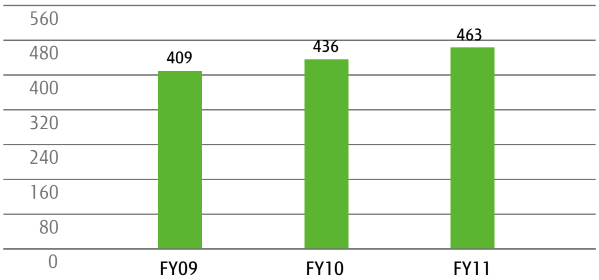
Neighbouring Road - Coastal Expressway

Project Summary

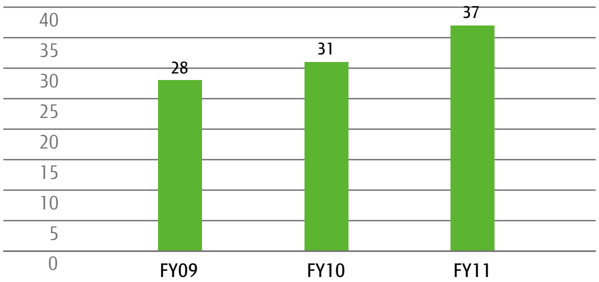
PHASE I OF THE WESTERN DELTA ROUTE

Location	Guangzhou to Shunde, Guangdong, PRC
Length	14.7 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	September 2003 - September 2033
Profit Sharing Ratio	50%

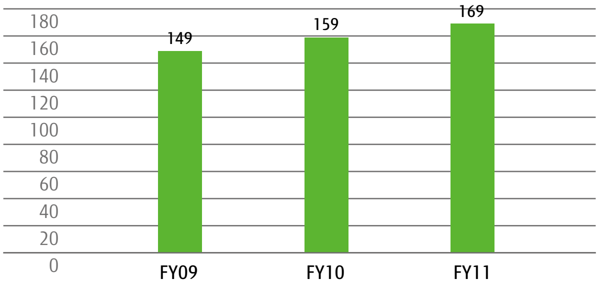
Phase I West
Average Daily Toll Revenue
(RMB thousand)



Phase I West
Average Daily Traffic
(No. of vehicles in thousand)



Phase I West
Annual Toll Revenue
(RMB million)



Phase I West is 14.7 kilometres long with a total of 6 lanes in dual directions. It connects with the Guangzhou East-South-West Ring Road to the north, and Phase II West and National Highway 105 at Shunde to the south. During the year under review, Phase I West's average daily traffic volume increased by 18% year-on-year to 37,000 vehicles, while its average daily toll revenue rose by 6% to RMB463,000. Its total toll revenue for the entire financial year amounted to RMB169 million.

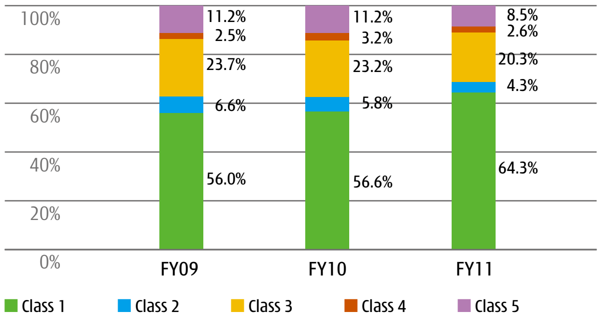
Since the opening of Phase II West in June 2010, Phase I West and Phase II West have formed the main expressway between Guangzhou and downtown Zhongshan, thus reducing the travelling time between the two cities from an hour via local roads to approximately 30 minutes. The synergy between Phase I West and Phase II West has led to exceptionally rapid growth in both the traffic volume and toll revenue of Class 1 small cars. These accounted for 64.3% of its total traffic volume in FY11, compared to 56.6% the previous year. The higher percentage of Class 1 small cars on Phase I West meant its average toll revenue per vehicle per kilometre declined by 8% from RMB0.94 to RMB0.86.

Maintenance works have been in progress at Yajisha Bridge on the Guangzhou East-South-West Ring Road from January 2010 to January 2012. As a result, heavy trucks weighing over 15 tons are prohibited from using the Yajisha Bridge section during the period. Moreover, the Yajisha Bridge has been completely closed at night since June 2011, to prevent any vehicles from crossing the bridge. These measures have affected the traffic volume and toll revenue on Phase I West. Enforcement of the traffic restriction has intensified since mid-July 2011. As a result, the average daily toll revenue of Phase I West fell to RMB427,000 during 17-31 July 2011 compared to RMB446,000 during 1-16 July 2011.

Guangzhou South Railway Station – Asia's largest high-speed railway station, which is close to Phase I West – opened in January 2010. The opening of a peripheral connecting road network between the new station and Phase I West in October 2010 means the journey between them via Shizhou interchange takes only a few minutes. This has helped to encourage more passenger vehicles to take Phase I West.

Furthermore, the Foshan First Ring Road extension link is connected to the Bijiang interchange of Phase I West in November 2010. Together with Foshan's strong economic growth, the traffic volume and toll revenue of Phase I West and Phase II West are set to increase further.

Phase I West
Traffic Breakdown by Class



Dongxin Expressway was opened at the end of December 2010. Although it runs parallel to Phase I West, this expressway connects regions of Guangzhou, Panyu and Nansha, while Phase I West and Phase II West connect regions of Guangzhou, Nanhai, Shunde and Zhongshan. The two expressways provide services for different regions. The impact of Dongxin Expressway on Phase I West has been insignificant since it opened in December 2010.

The expansion of Nanya and Bijiang interchanges' toll plazas to deal with the increased traffic volume on Phase I West were completed. In addition, 9 sets of ETC lanes and 2 sets of automatic card-issuing lanes were installed to enhance operational efficiency and service quality.

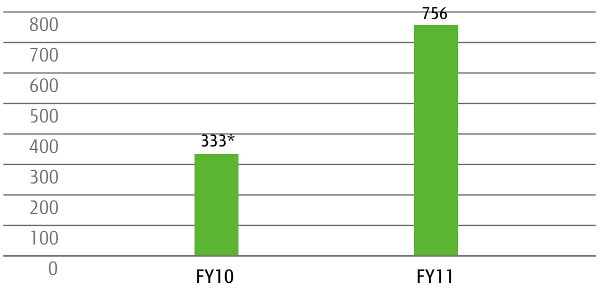
The final project cost of Phase I West is RMB1,507 million, which is less than the budgeted amount of RMB1,680 million.

Project Summary

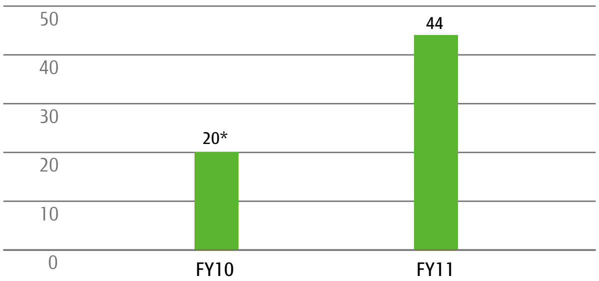
PHASE II OF THE WESTERN DELTA ROUTE

Location	Shunde to Zhongshan, Guangdong, PRC
Length	45.5 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	June 2010 - June 2035 (subject to the approval of the relevant PRC authorities)
Profit Sharing Ratio	50%

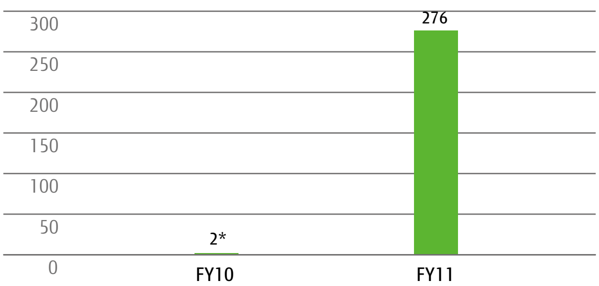
Phase II West
Average Daily Toll Revenue
(RMB thousand)



Phase II West
Average Daily Traffic
(No. of vehicles in thousand)



Phase II West
Annual Toll Revenue
(RMB million)



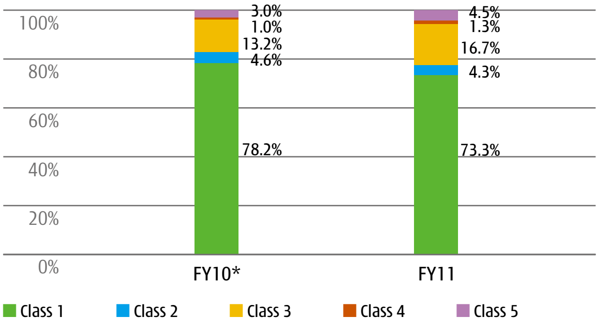
Phase II West was opened on 25 June 2010. A 45.5-kilometre closed expressway with a total of 6 lanes in dual directions, it is connected to Phase I West in Shunde to the north and Shaxi in Zhongshan to the south. It is also linked with National Highway 105, Guangzhou Southern Second Ring Road and Xiaolan Highway (currently under construction). Phase II West and Phase I West together form the major expressway linking Guangzhou and downtown Zhongshan and they have substantially reduced the travelling time between the two cities from more than one hour via local roads to approximately 30 minutes.

During the year under review, the average daily traffic volume on Phase II West was 44,000 vehicles, while the average daily toll revenue was RMB756,000. The total toll revenue for the entire financial year amounted to RMB276 million. Class 1 small cars were the main contributors which account for 73.3% of the total traffic volume.

The highway network connecting with Phase II West will be further enhanced in the near future. Guangzhou Southern Second Ring Road was opened in December 2010, providing a direct highway connection to Phase II West for vehicles between Gaoming, Shunde and Nanhai Districts of Foshan, as well as the Panyu District of Guangzhou. Its opening has had a positive impact on Phase II West's traffic growth. A connection to Xiaolan highway, which will be opened in FY12, will provide a faster link to downtown Zhongshan through the southern end of Phase II West. These developments will strengthen Phase II West's connectivity, thereby enhancing its competitive advantages.

Since its opening on 25 June 2010, the traffic volume of Phase II West has been increasing continuously. Its average daily traffic volume rose 89% from 29,000 vehicles in July 2010 to 55,000 vehicles in July 2011. The average daily toll revenue also increased by 85% from RMB500,000 in July 2010 to RMB925,000 in July 2011. Most road users have got used to the new road after several months of its opening, and its toll revenue during the second half of FY11 reached the Group's target of achieving cash-flow breakeven in the first year of operation, i.e. RMB800,000 in average daily toll revenue. That means the total toll revenue of Phase II West in the second half of FY11 was sufficient to cover the project's expenses, including finance costs, and a net cash inflow was recorded. The Group believes that Phase II West's traffic volume and toll revenue will grow even more rapidly in the future, along with the region's general economic growth and

Phase II West
Traffic Breakdown by Class



* Phase II West was opened on 25 June 2010

the development of a more comprehensive peripheral road network and nearby cities. The present rate of traffic growth leads the Group to target that even without the synergy from opening of Phase III West, Phase II West will achieve profit during 2014, with average daily toll revenue exceeding RMB1.3 million (equal to annual toll revenue of RMB10.5 million per kilometre). During the year under review, Phase I West's annual toll revenue amounted to RMB11.49 million per kilometre. The Group is also optimistic that Phase II West could achieve profit earlier, due to the synergy it will have with Phase III West when the latter opens in the first half of 2013.

The project cost of Phase II West is around RMB7,000 million, which is less than the budgeted amount of RMB7,200 million announced on 2 September 2008.

Project Summary

PHASE III OF THE WESTERN DELTA ROUTE

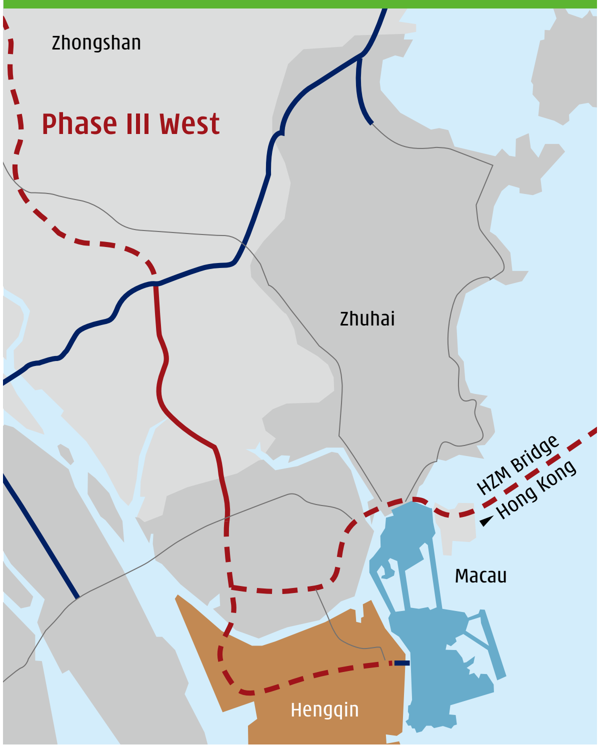
Location	Zhongshan to Zhuhai, Guangdong, PRC
Length	Approximately 38 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Subject to the approval of the relevant PRC authorities
Profit Sharing Ratio	50%

Phase III West will be a closed expressway with a total of 6 lanes in dual directions. It will connect to Phase II West in Zhongshan to the north, and extend southwards to link with the Zhuhai highway network, thus offering direct access to Hengqin State-level Strategic New Zone in Zhuhai, Macau, as well as expressways connecting to the Hong Kong-Zhuhai-Macau Bridge. Construction work commenced in December 2009 and has been advancing smoothly. Land requisition works have virtually been completed. Subject to construction progress, Phase III West is currently scheduled for completion by the first half of 2013, earlier than originally planned. When it is opened, the journey time between Guangzhou and Zhuhai will be greatly reduced from approximately two hours at present to around one hour.

The planned total investment for Phase III West is currently RMB5,600 million. In June 2010, the Group obtained approval from the relevant PRC authorities to use RMB for its injection of registered capital into the project. The total amount of registered capital required is RMB980 million and the first tranche of capital was injected in June 2010. As at 30 June 2011, the Group had injected a total of RMB496 million of registered capital into Phase III West. Against the backdrop of credit-tightening measures in the PRC, the Group also plans to provide shareholder's loans totalling RMB1,100 million to the West Route JV for the development of Phase III West. This will further broaden the financing sources of the JV company. As at 30 June 2011, a total of RMB500 million of shareholder's loans had been provided. The balance of RMB600 million will be provided when the relevant authorities' approval has been obtained. The Group's exposure in the Western Delta Route will increase mildly from 18% to 26% of the total investment if one includes both the total amount of registered capital and the RMB1,100 million shareholder's loans planned to be injected. The Group believes that given the economic growth of Guangdong Province, the continuous improvement of peripheral road networks and the opening of Phase III West, the strong fundamentals of the Western Delta Route will remain unchanged and it will provide the Group with steady income in the long term.

On completion of Phase III West, the Western Delta Route will become the main artery of a regional expressway network along the PRD's western coast. This will link Guangzhou, Foshan, Zhongshan, Zhuhai, Hengqin and Macau. It will also be directly connected with various major expressways along this route, including the Guangzhou Ring Road, Guangzhou-Gaoming Expressway, Guangzhou Southern Second Ring Road, Zhongshan-Jiangmen Expressway and Western Coastal Expressway, as well as expressways linking Hengqin (currently under development) in Zhuhai and the Hong Kong-Zhuhai-Macau Bridge.

Western Delta Route and Highway Network to HZM Bridge, Hengqin, Zhuhai and Macau



Hengqin is the third State-level Strategic New Zone after Shanghai's Pudong District and Tianjin's Binhai area. The state will focus on planning and developing its business services, tourism, and other areas including research and development in science and advanced technology, thereby making it a new hub for high economic growth in the regional economy, and fostering the flourishing development of the western coast of the PRD and Macau. As a strategic expressway that comprehensively covers the most affluent cities on the western coast of the PRD and offers convenient access to Macau and Hong Kong, the Western Delta Route will benefit from the region's economic prosperity and its huge development potential.

Financial Review

The Group's performance during the year ended 30 June 2011 was as follows:

	Year ended 30 June					
	2010			2011		
	Net toll revenue HK$ million	EBIT HK$ million	Results HK$ million	**Net toll revenue HK$ million**	**EBIT HK$ million**	**Results HK$ million**
Project contributions:						
GS Superhighway (Note 1)	1,851	1,296	984	**2,021**	**1,403**	**978**
Phase I West	88	59	35	**96**	**63**	**44**
Phase II West	1	0	(2)	**158**	**81**	**(55)**
Net toll revenue/EBIT/Net profit of projects	1,940	1,355	1,017	**2,275**	**1,547**	**967**
Year-on-year change				***+17%***	***+14%***	***-5%*** *(Note 2)*
Corporate results:						
Interest income			9			**83**
Other income			4			**2**
General and administrative expenses			(40)			**(48)**
Finance costs			(12)			**(53)**
Income tax expenses			(0)			**(3)**
			(39)			**(19)**
Exchange (loss) / gain, net of income tax expenses			(5)			**89**
Profit for the year			973			**1,037**
Portion attributable to non-controlling interests			(17)			**(19)**
Profit attributable to owners of the Company			956			**1,018**

Note 1: Excluding exchange-rate differences on US Dollar and HK Dollar loans, and related income tax expenses.
Note 2: If the impact from step up of EIT tax rate on GS Superhighway was excluded, year-on-year change of net profit of projects would rise 6%.

The aggregate net toll revenue from expressway projects proportionately shared by the Group during the year ended 30 June 2011 increased by 17% to HK$2,275 million, compared to the figure of HK$1,940 million for the same period in 2010. This increase was mainly driven by the growth in passenger and freight transportation, together with the increasing car ownership and economic growth in Guangdong Province. The first full-year of operation of Phase II West, which opened on 25 June 2010, also contributed to the rise in net toll revenue. GS Superhighway, Phase I West and Phase II West contributed 89% (HK$2,021 million), 4% (HK$96 million) and 7% (HK$158 million) respectively of the aggregate net toll revenue that was proportionately shared by the Group.

Despite the increased expressway operating, general and administrative expenses of the two JV companies, and higher depreciation charges in line with the growth in traffic volume, the aggregate EBIT of these projects (excluding the exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans and related income tax expenses) rose by 14% year-on-year, from HK$1,355 million to HK$1,547 million.

The aggregate net profit of the projects (excluding the exchange gain on the GS Superhighway JV's US Dollar and HK Dollar loans, and related income tax expenses) decreased by 5% from HK$1,017 million to HK$967 million year-on-year. This was mainly due to a significant rise in tax expenses as the result of a step-up in the EIT rate applicable to GS Superhighway from 10% to 22% in 2010 and from 22% to 24% in 2011, as well as a loss incurred by Phase II West during its first full-year of operation.

The profit attributable to owners of the Company increased by 6% from HK$956 million to HK$1,018 million, mainly because of (i) an increase in net toll revenue; (ii) an increase in interest income on the Group's bank deposits (excluding those of JV companies) as a result of higher interest rates and bank balances; and (iii) a net exchange gain on the GS Superhighway JV's loans denominated in US Dollar and HK Dollar. These factors offset the step up in the tax rate for GS Superhighway, the loss incurred by Phase II West during its first year of operation, and an increase in the finance costs of the Company (excluding JV companies) arising from its issue of RMB corporate bonds with total value of RMB1.98 billion on 13 July 2010 and 18 May 2011.

Consolidated Statement of Comprehensive Income

During the year ended 30 June 2011, the consolidated toll expressway operating, general and administrative expenses increased by 33% from HK$265 million to HK$352 million, compared to the previous year. This was mainly attributable to the addition of Phase II West's toll expressway operating, general and administrative expenses (Phase II West was opened on 25 June 2010), increase in staff cost, as well as the cost of improvement works carried out during the year.

The 29% increase in consolidated depreciation and amortisation charges, from HK$337 million to HK$435 million, was the result of (i) an increase in depreciation charges arising from a surge of 12% in the combined daily traffic on GS Superhighway and Phase I West, and (ii) depreciation charges for Phase II West.

The total amount of consolidated finance costs increased by 235%, from HK$72 million to HK$241 million. The principal factors for this were finance costs incurred by Phase II West during its first full-year of operation and the Company's issue of two RMB corporate bonds with a total value of RMB1.98 billion during the year.

The tax concessions for both GS Superhighway and Phase I West have been adjusted following the PRC's 2008 tax reform, and their EIT rates will increase gradually to 25%. The rate applicable to GS Superhighway rose from 10% to 22% in 2010, and has risen further to 24% in 2011. The rate applicable to Phase I West increased from 10% to 11% in 2010 and has risen to 24% in 2011. The EIT rate for GS Superhighway and Phase I West will be stabilised at 25% from 2012 until the expiry of the contractual operation periods of GS Superhighway JV and Phase I West of West Route JV. These increases in the EIT liabilities of JV companies' will not have significant impact on the Group's results for FY12. Phase II West is exempt from EIT from 2010 to 2012. Its applicable rate from 2013 to 2015 will be 12.5%, and will be raised to 25% from 2016 onwards until the expiry of the contractual operation period of Phase II West of West Route JV.

Liquidity and Financial Resources

The Group's debt balance consisted of the Company's RMB corporate bonds, which totalled RMB1.98 billion, the Group's short term bank loan and its proportionate share of the non-recourse project loans of its PRC JV companies. Its total debt to total assets ratio and gearing ratio (net debt to equity attributable to owners of the Company) were 46% (2010: 40%) and 57% (2010: 43%) respectively. The gearing structure was as follows:

	As at 30 June	
	2010 HK$ million	**2011** **HK$ million**
Total debt		
- Company and subsidiaries (including RMB corporate bonds)	0	**2,409**
- JV companies	6,465	**6,412**
Net debt (Note)	3,600	**5,019**
Total assets	16,093	**19,122**
Equity attributable to owners of the Company	8,300	**8,814**
Total debt / total assets ratio	40%	**46%**
Gearing ratio	43%	**57%**

Note: Net debt is defined as total debts less bank balances and cash together with pledged bank balances and deposits.

As at 30 June 2011, the Group's bank balances and cash on hand (excluding JV companies) amounted to RMB2,856 million, equal to HK$3,439 million or HK$1.16 per share. The Group's bank balances and cash on hand will be sufficient for capital contributions for Phase II West and Phase III West and further shareholder's loans of RMB600 million for Phase III West.

The major source of the Group's cash inflow is the dividends receivable from its JV companies. The major cash outflow is the payment of dividends to the Company's shareholders.

Based on its current operating cash flow and in view of its strong financial position, the Board believes the Group's target payout ratio of around 100% is sustainable.

The Company successfully issued two-year RMB corporate bonds with a total value of RMB1.38 billion on 13 July 2010, thus becoming the first non-financial institution to issue RMB corporate bonds in Hong Kong. The RMB corporate bonds issued by the Company in July 2010 will mature on 13 July 2012, while the second tranche of RMB600 million, with a term of three years, issued in May 2011 will mature on 18 May 2014. These bonds have strengthened the Company's financial position. Apart from investments in new projects and HHI's general working capital, most of the proceeds raised will be used to finance the development of Phase III West in the form of equity investment and shareholder's loans. Against the backdrop of the credit-tightening policies now being implemented in the PRC, the additional advance of shareholder's loans by the Company to West Route JV will significantly broaden the JV's financing sources. As at 30 June 2011, the Company had advanced shareholder's loans totalling RMB500 million to West Route JV. Currently, the interest costs of issuing RMB corporate bonds in Hong Kong are lower than those of RMB bank loans with the same maturity term in the PRC.

As at 30 June 2011, the Group's bank balances and cash on hand amounted to HK$3,439 million (2010: HK$2,475 million). Of this, 99.9% (2010: 12%) was denominated in RMB and 0.1% (2010: 88%) in HK Dollars. Net cash on hand at HHI corporate level (excluding JV companies) was RMB855 million, equal to HK$1,030 million or HK$0.35 per share, as at 30 June 2011. The bank balances and cash on hand of the JV companies proportionately shared by the Group amounted to HK$363 million (2010: HK$390 million). The Group received cash dividends from the GS Superhighway JV of HK$422 million, HK$982 million, HK$1,065 million, HK$614 million and HK$1,048 million for the financial years ended 30 June 2011, 2010, 2009, 2008 and 2007 respectively. The reduction in cash dividends from the GS Superhighway JV during FY11 was mainly brought by intercompany borrowings of RMB681 million provided by the GS Superhighway JV to the West Route JV in respect of Phase II West. The cash dividends it has already received and receivable from the GS Superhighway JV make the Group confident that it has sufficient financial resources to cater for its recurring operating activities, as well as its existing and potential investment activities. In view that the existing bank loans of GS Superhighway JV will be fully repaid in 2019 on schedule, the cash flows of GS Superhighway JV as well as the amount of cash dividends to be received by the Company will be much improved thereafter.

The project loans of JV companies that are proportionately shared by the Group are amply covered by the cash flows of those companies. The interest coverage (the ratio of EBITDA to finance costs) of the GS Superhighway JV and the West Route JV (Phase I West and Phase II West) for the year ended 30 June 2011 was 63 times (2010: 53 times) and 1.4 times (June 2010: 2.8 times) respectively. The decrease in the West Route JV's interest coverage was due to finance costs arising from Phase II West, which were no longer be capitalised after its opening in June 2010.

As at 30 June 2011, the total bank and other borrowings of the JV companies proportionately shared by the Group, together with the RMB corporate bonds raised by the Company and the Group's short term bank loan, amounted to approximately HK$8,589 million (2010: HK$5,916 million) with the following profile:

(a) 72% (2010: 99.9%) consisted of bank loans and 28% (2010: 0.1%) of other loans (including RMB corporate bonds with a total value of RMB1.98 billion); and

(b) 29% (2010: 45%) was denominated in US Dollar; 67% (2010: 50%) was denominated in RMB and 4% (2010: 5%) was denominated in HK Dollar. The increase in the percentage of RMB borrowings was due to the Company's issue of RMB corporate bonds.

The Group's net current assets increased by 114%, from approximately HK$1,089 million as at 30 June 2010 to approximately HK$2,328 million as at 30 June 2011. This was mainly attributable to the net proceeds of RMB1.98 billion from the Company's issue of RMB corporate bonds.

Debt Maturity Profile

The maturity profile of the bank and other borrowings of JV companies proportionately shared by the Group, the RMB corporate bonds raised by the Company and the Group's short term bank loan as at 30 June 2011 are shown below, together with the corresponding figures as at 30 June 2010:

	As at 30 June			
	2010 HK$ million	%	**2011 HK$ million**	**%**
Repayable within 1 year	651	11%	**317**	**4%**
Repayable between 1 and 5 years*	1,493	25%	**4,080**	**47%**
Repayable beyond 5 years	3,772	64%	**4,192**	**49%**
	5,916	100%	**8,589**	**100%**

* RMB corporate bonds with a total value of RMB1.38 billion and RMB600 million will mature in July 2012 and May 2014 respectively

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt prudent and conservative treasury policies in its financial and funding management. Its liquidity and financial resources are reviewed on a regular basis with a view to minimising its funding costs and enhancing the return on its financial assets. Generally, most of the Group's cash is placed in deposits denominated in RMB. Since holding RMB suits the Group's PRC-based operations and the Group can earn higher interest income from RMB deposits than HK Dollar deposits. Hence, the Group has increased the portion of its RMB bank deposits to those in HK Dollar deposits. The percentage of cash held in RMB bank deposits increased from 12% as at 30 June 2010 to 99.9% as at 30 June 2011. The Group's treasury yield improved to 2.1%, compared to 0.3% during the previous financial year. The Group will continue to reinforce its treasury management and evaluate the available options for improving the yields on its substantial cash-deposit portfolio.

Capital Commitments

As at 30 June 2011, the Group had agreed, subject to the approval of relevant authorities, to make additional capital contributions of approximately RMB402.5 million to the West Route JV for the development of Phase II West (2010: RMB402.5 million). It currently envisages making this capital contribution during FY12.

The Group also had an outstanding commitment to make capital contributions amounting to approximately RMB484 million to the West Route JV for the development of Phase III West (2010: RMB784 million) within one year from June 2011. It contributed a total of RMB196 million in FY10, and a further RMB300 million during the year under review. The Group will contribute the remaining capital share of RMB484 million for Phase III West's development before the end of FY12.

As at 30 June 2011, the GS Superhighway JV and the West Route JV were 48% and 50% proportionately shared by the Group respectively. Their outstanding but unfulfilled commitments to acquire property and equipment and for the construction of Phase III West amounted to approximately HK$1,099 million (2010: HK$1,331 million).

Pledge of Assets

As at 30 June 2011, certain assets of the Group's JV companies were pledged to banks in order to secure banking facilities that had been granted to them. The carrying amounts of these assets proportionately shared by the Group were as follows:

	As at 30 June	
	2010 HK$ million	**2011** **HK$ million**
Concession intangible assets	6,859	**7,316**
Property and equipment	164	**188**
Inventories	2	**2**
Other receivables and deposits	63	**57**
Bank balances and deposits	122	**295**
	7,210	**7,858**

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

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Material Acquisition or Disposal

During the year ended 30 June 2011, the Company's subsidiaries or associated companies made no material acquisitions or disposals.

Others

Employees and Remuneration Policies

As at 30 June 2011, the Group, excluding the joint venture companies, had 39 employees. We offered competitive remuneration packages which are fixed and determined with reference to the prevailing salary levels in the market and individual performance. The Group operates share option and share award schemes for eligible employees to provide incentive to the participants for recognising their contribution and continuing efforts. In addition, discretionary bonuses would be granted to employees based on both individual and the Group business performance. The Group also provided medical insurance coverage to all staff members and group personal insurance cover to senior staff members.

In compliance with the Minimum Wage Ordinance effective from 1 May 2011, the Group had conducted the full-scale review of the salary levels and organised briefing sessions for the management, department heads and employees to introduce the Ordinance and explain the impacts to the human resources related policies and practices. On top of offering competitive remuneration packages, the Group devoted to promote family-friendly employment policies and practices. Besides implementation of the 5-day work week arrangement since March 2010, stress management workshops and seminars had also been introduced to the employees, which are delivered by the professionals to share the experience and methods to handle stress.

The Group also invested in human capital development by providing relevant training programs to enhance employee productivity. Training programs are designed after taking into account employees' knowledge and skill gaps identified during performance appraisals. The overall training objectives are to enhance employees' personal productivity, prepare for their future roles and thereby contribute to the business success. Programs such as performance setting training workshop, business Mandarin classes and word processing training workshop were conducted during the year. In addition, the Group also organised different seminars, for instance, corruption prevention, anti-discriminations and also occupational health and safety seminars which were delivered by ICAC, Equal Opportunities Commission and Occupational Safety and Health Council respectively to raise employees' awareness and introduce the good practices of the respective topics.

To advocate Work-Life-Balance at the office, various staff events were organised during the year, such as Christmas party, staff recreation and sports events. Those activities can help building closer relationship across levels within the Group.

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 contained in Appendix 14 of the Listing Rules. Throughout the year ended 30 June 2011, the Company has complied with all code provisions set out in the CG Code.

Board of Directors

The Company is managed through the Board which currently comprises six Executive Directors (including the Chairman) and six Independent Non-Executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 14 to 19 of this Annual Report.

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 internal control system 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 Managing Director.

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

Sir Gordon WU served as Chairman of the Board throughout the year and is responsible for providing leadership and management of the Board. The role of the Chairman is separated from that of the Managing Director. Mr. Thomas Jefferson WU (a son of Sir Gordon WU), the Managing Director, is responsible for the day-to-day management of the business of the Company. The division of the responsibilities between the Chairman and the Managing Director has been established and clearly set out in writing.

Independent Non-Executive Directors are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgment. 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.

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 (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. All 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.

The Board regularly reviews the plans for orderly succession for appointments to the Board and its structure, size and composition. 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 will normally be made by the Chairman and/or the Managing Director and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

With a view to enhancing the corporate governance practice of the Company, Mr. Yuk Keung IP and Mr. Brian David Man Bun LI were appointed as Independent Non-Executive Directors and members of the Audit Committee of the Company on 1 July 2011. Each of them will receive a Director's fee at such rate as from time to time to be approved by the shareholders at the annual general meetings of the Company, currently being HK$200,000 per annum to be paid by the Company in arrears. Their emoluments are determined with reference to their duties and responsibilities within the Company, the remuneration policies of the Company and the prevailing market conditions and practice. 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.

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

Board Committees

The Board has established a Committee of Executive Directors in September 2004 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 of the Company.

The Company has also established the Audit Committee and the Remuneration Committee to deal with the following specific matters in the interest of all shareholders in an objective manner. Save for one member of the Remuneration Committee, members of these two committees comprise Independent Non-Executive Directors.

	Audit Committee	Remuneration Committee
Committee Members	Mr. Philip Tsung Cheng FEI# *(Chairman)* (appointed on 3 May 2011) Mr. Kojiro NAKAHARA# Dr. Gordon YEN# (appointed on 3 May 2011) Mr. Yuk Keung IP# (appointed on 1 July 2011) Mr. Brian David Man Bun LI# (appointed on 1 July 2011) Mr. Lee Yick NAM# *(Ex-Chairman)* (resigned on 3 May 2011)	Professor Chung Kwong POON# *(Chairman)* Mr. Alan Chi Hung CHAN* (appointed on 3 May 2011) Dr. Gordon YEN# Mr. Lee Yick NAM# (resigned on 3 May 2011)
Major responsibilities and functions	- Consider the appointment and independence of external auditor. - Review and supervise the Group's financial reporting process, internal control and compliance. - Review and monitor the interim and annual financial statements before submission to the Board.	- Assist the Board for development and administration of the policy and procedure on the remuneration of the Directors and senior management of the Company.
Work performed during the year	- Considered and approved the terms of engagement of the external auditor and their remuneration. - Reviewed the annual financial statements for the year ended 30 June 2010 and the interim financial statements for the six months ended 31 December 2010. - Reviewed the work performed by the Internal Audit Department and the Group's internal control system.	- Reviewed the level of Directors' fees and made recommendation on the Directors' fees for the year ended 30 June 2011.

* Executive Directors
\# Independent Non-Executive Directors

Attendance at Meetings

During the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meeting and Annual General Meeting were as follows:

	Number of meetings attended/held			
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Annual General Meeting
Number of meetings held	4	2	1	1
Executive Directors				
Sir Gordon WU GBS, KCMG, FICE (Chairman)	3 out of 4	N/A	N/A	1 out of 1
Mr. Eddie Ping Chang HO	4 out of 4	N/A	N/A	1 out of 1
Mr. Thomas Jefferson WU	4 out of 4	N/A	N/A	1 out of 1
Mr. Alan Chi Hung CHAN	4 out of 4	N/A	N/A	1 out of 1
Mr. Cheng Hui JIA	4 out of 4	N/A	N/A	1 out of 1
Mr. Alan Ming Fai TAM	3 out of 4	N/A	N/A	1 out of 1
Independent Non-Executive Directors				
Mr. Philip Tsung Cheng FEI (Audit Committee Chairman)	4 out of 4	2 out of 2	N/A	1 out of 1
Mr. Kojiro NAKAHARA	4 out of 4	2 out of 2	N/A	1 out of 1
Mr. Lee Yick NAM *(Resigned on 14 May 2011)*	4 out of 4	2 out of 2	1 out of 1	1 out of 1
Dr. Gordon YEN	4 out of 4	N/A	1 out of 1	1 out of 1
Professor Chung Kwong POON GBS, JP (Remuneration Committee Chairman)	4 out of 4	N/A	1 out of 1	1 out of 1

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, provident fund contribution and other benefits including insurance cover, as well as bonus, share options and share awards which are performance related elements. No Director is allowed to approve his own remuneration.

The fixed elements of the Executive Directors' remuneration are reviewed annually and will take into account the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the current financial year had been approved by the shareholders at the last Annual General Meeting of the Company held on 20 October 2010.

Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its model code for securities transactions by the Company's Directors and relevant employees who are or may be in possession of unpublished price sensitive information. Based on the specific enquiry made, all Directors have confirmed that they have complied fully with the Model Code throughout the year.

Financial Reporting

The Directors recognise their responsibility for preparing the 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 that may cast significant doubt on the Company's ability to continue as a going concern.

External Auditor

The Company's external auditor is DTT. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 62 and 63 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. Apart from the statutory audit of the Group's consolidated financial information, DTT was also engaged to perform a review on the interim financial statements of the Company for the six months ended 31 December 2010.

With respect to the issuances of the RMB fixed rate bonds (the "Bonds") by the Company in July 2010 and May 2011, the Board had engaged DTT for the provision of comfort letters in connection with the offering circulars relating to the Bonds.

Further, pursuant to Rule 14A.38 of the Listing Rules, DTT was engaged to perform certain agreed upon procedures in respect of the continuing connected transactions as set out under the section headed "Continuing Connected Transactions" in the Report of the Directors.

During the year ended 30 June 2011, the fees payable by the Group to the external auditor in respect of audit and non-audit services (including the amount payable by the jointly controlled entities proportionately shared by the Group) were as follows:

	HK$'000
Audit services	1,602
Non-audit services:	
Interim review	352
Others	410
Total	2,364

Internal Controls

The Board is of the opinion that a sound internal control system will contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations and will assist the Board in the management of any failure to achieve business objective.

The Group's internal control procedures include a comprehensive system for reporting information to the division head of each business unit and the Executive Directors.

Business plans and budgets are prepared annually by the management of each business unit and are subject to review and approval by the Executive Directors. Plans and budgets are reviewed on a quarterly basis to measure actual performance against the budget. When setting budgets and forecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks. Different guidelines and procedures have been established for the approval and control of operating expenditures, capital expenditures and the unbudgeted expenditures and acquisitions.

The Executive Directors review monthly management reports on the financial results and key operating statistics of each unit and hold periodical meetings with the senior management of each business unit and the finance team to review these reports, discuss business performance against budgets, forecasts and market conditions, and to address accounting and finance related matters.

The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness through the Audit Committee. Evaluation of the Group's internal control is independently conducted by the Internal Audit Department on an on-going basis. Internal Audit Department reports to the Audit Committee at least twice every year on significant findings on internal controls.

For the year under review, the Board has through the Audit Committee reviewed the effectiveness of the Group's internal control system.

Investor Relations

The Company believes maintaining timely and effective communication with shareholders and investors is an important element in upholding credible corporate governance standards. Since proactive communication with the investment community helps enhance shareholder value, the Company will continue to emphasise investor relations and, through ongoing dialogue, keep investors and shareholders informed of new corporate developments.

The Company disseminates corporate information such as annual and interim reports, company announcements, press releases and investor presentation slides via the Company's website www.hopewellhighway.com. The website also contains a wide range of operational information that is updated in a timely and accurate manner, including monthly traffic and toll revenue statistics for the Company's toll road projects.

During the year under review, the Company held meetings and teleconferences with investors and analysts in order to strengthen their understanding of the Company's businesses. Additionally, the Company participated in various conferences and road shows both locally and overseas. These events provided an excellent platform for investors and the Company's senior management to communicate directly.

Given that an effective investor relations policy creates value for shareholders, the Company will continue to attach importance to its principle of maintaining transparency and constantly communicating with the investment community.

The Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30 June 2011.

Principal Activities

The principal activities of the Group are to initiate, promote, develop and operate strategically important roads, tunnels, bridges and related infrastructure projects in the PRC through its jointly controlled entities established in the PRC. The principal activity of the Company is investment holding.

Results

The results of the Group for the year ended 30 June 2011 are set out in the Consolidated Statement of Comprehensive Income on page 64.

Dividends

The Directors recommend the payment of a final dividend of HK18 cents per share (2010: HK15 cents). Together with the interim dividend of HK16 cents per share (2010: HK17 cents) paid on 17 March 2011, total dividends for the year will be HK34 cents per share (2010: HK32 cents).

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section "Business Review" as set out on pages 20 to 35.

Share Capital

Movements in share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

Bonds

On 13 July 2010, the Company issued corporate bonds of RMB1.38 billion, due in July 2012, to institutional investors (the "2010 Bonds"). The 2010 Bonds carry an interest rate of 2.98% per annum, with the interest being payable semi-annually on 13 January and 13 July of each year, beginning on 13 January 2011. Proceeds from the issue of the 2010 Bonds will be used to develop and expand the business of the Company and for general financing purposes.

Moreover, on 18 May 2011, the Company further issued corporate bonds of RMB600 million, due in May 2014, to institutional investors (the "2011 Bonds"). The 2011 Bonds carry an interest rate of 1.55% per annum, with the interest being payable semi-annually on 18 May and 18 November of each year, beginning on 18 November 2011. Proceeds from the issue of the 2011 Bonds will be used to develop Phase III West, to invest in new projects and for the Company's general working capital.

Reserves

Movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 68 and note 24 to the consolidated financial statements.

Fixed Assets

Movements in property and equipment of the Group during the year are set out in note 14 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 of the Company and their profiles as at the date of this report are set out on pages 14 to 19 of the annual report.

Changes during the year and up to the date of this report are as follows:

Mr. Lee Yick NAM	(resigned on 14 May 2011)
Mr. Thomas Jefferson WU *(as alternate to Sir Gordon WU)*	(appointed on 14 May 2011)
Mr. Yuk Keung IP	(appointed on 1 July 2011)
Mr. Brian David Man Bun LI	(appointed on 1 July 2011)

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. Mr. Cheng Hui JIA and Mr. Kojiro NAKAHARA shall retire from office at the forthcoming annual general meeting and, being eligible, offered themselves for re-election.

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. Yuk Keung IP and Mr. Brian David Man Bun LI, who were appointed as Independent Non-Executive Directors of the Company on 1 July 2011, shall hold office until the forthcoming Annual General Meeting after their appointment and, being eligible, offered themselves for re-election.

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

Directors' Interest in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or were parties and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests and short positions of the Directors and chief executives of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(A) the Company[i]

	Shares					
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests[ii] (interests of controlled corporation)	Other interests	Total interests	% of issued share capital
Sir Gordon WU	13,717,724	5,244,000	21,249,999	6,136,000[iii]	46,347,723	1.56%
Eddie Ping Chang HO	4,751,000	275,000	14,000	-	5,040,000	0.17%
Thomas Jefferson WU	15,400,000	-	-	-	15,400,000	0.52%
Alan Chi Hung CHAN	478,500	-	-	-	478,500	0.02%
Cheng Hui JIA	324,100	-	-	-	324,100	0.01%
Alan Ming Fai TAM	120,000	-	-	-	120,000	0.00%
Kojiro NAKAHARA	2,134	-	-	-	2,134	0.00%
Chung Kwong POON	-	-	30,000	-	30,000	0.00%

Notes:

(i) All interests in the shares of the Company were long positions. None of the Directors or chief executives held any short position in the shares of the Company.

(ii) The corporate interests were beneficially owned by companies in which the relevant Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(iii) The other interests in 6,136,000 shares represented the interests held by Sir Gordon WU jointly with his wife Lady WU.

(B) Associated Corporation – HHL

	HHL Shares					
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (i) (interests of controlled corporation)	Other interests (ii)	Total interests	% of issued share capital
Sir Gordon WU	74,683,240	25,420,000	111,650,000	30,680,000	242,433,240	27.65%
Eddie Ping Chang HO	27,008,000	1,366,000	70,000	-	28,444,000	3.24%
Thomas Jefferson WU	27,600,000	-	-	-	27,600,000	3.15%
Alan Chi Hung CHAN	585,000	-	-	-	585,000	0.07%
Cheng Hui JIA	241,000	-	-	-	241,000	0.03%
Kojiro NAKAHARA	10,671	-	-	-	10,671	0.00%

Notes:

(i) The corporate interests of HHL Shares were beneficially owned by companies in which the relevant Directors were deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.

(ii) The other interests in 30,680,000 HHL Shares represented the interest held by Sir Gordon WU jointly with Lady WU.

All the above interests in the shares of associated corporation were long positions.

Save as aforesaid, as at 30 June 2011, none of the Directors or chief executives had any other interests or short position in shares, underlying shares and debentures of associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

(A) The share option scheme of the Company was approved by the written resolutions of the then sole shareholder of the Company passed on 16 July 2003 and approved by shareholders of HHL at an extraordinary general meeting held on 16 July 2003 (the "Option Scheme"). The Option Scheme will expire on 15 July 2013. A summary of some of the principal terms of the Option Scheme is set out in (B) below.

(B) The purpose of the Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professional and other advisers to each member of the Group; (iv) any chief executives, or substantial shareholders of the Company; (v) any associates of director, chief executive or substantial shareholder of the Company; and (vi) any employees of substantial shareholder of the Company or for such other purposes as the Board may approve from time to time.

Under the Option Scheme, the maximum number of shares in the Company which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme of the Company will not exceed 10% of the total number of shares of the Company in issue immediately following completion of the initial public offering, unless a fresh approval of shareholders of the Company is obtained. The maximum entitlement of each participant under the Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company. As at the date of this report, a total of 277,920,000 shares (representing 9.38% of the issued share capital of the Company) are available for issue under the Option Scheme.

The period during which an option may be exercised will be determined by the Board at its absolute discretion and 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 a period of 28 days from the date of offer. 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 and notified to a participant. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant (or, if such date is not a business day, the next following business day ("Grant Date")); (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 Grant Date; and (c) the nominal value of a share in the Company.

(C) Details of the movement of share options under the Option Scheme during the year ended 30 June 2011 were as follows:

			Number of share options						
	Date of grant	Exercise price per share (HK$)	Outstanding at 01/07/2010	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 30/06/2011	Exercise period	Closing price before date of grant falling within the year (HK$)
Employees	17/10/2006	5.858	4,440,000	-	-	72,000	4,368,000	01/12/2007-30/11/2013	N/A
Employees	19/11/2007	6.746	360,000	-	-	-	360,000	01/12/2008-30/11/2014	N/A
Employees	24/07/2008	5.800	400,000	-	-	-	400,000	01/08/2009-31/07/2015	N/A
Total			5,200,000	-	-	72,000	5,128,000		

No options were cancelled during the year.

The options granted on 17 October 2006, 19 November 2007 and 24 July 2008 are exercisable in the following manner:

Maximum options exercisable	Exercise period
Granted on 17 October 2006	
20% of options granted	01/12/2007 - 30/11/2008
40%* of options granted	01/12/2008 - 30/11/2009
60%* of options granted	01/12/2009 - 30/11/2010
80%* of options granted	01/12/2010 - 30/11/2011
100%* of options granted	01/12/2011 - 30/11/2013
Granted on 19 November 2007	
20% of options granted	01/12/2008 - 30/11/2009
40%* of options granted	01/12/2009 - 30/11/2010
60%* of options granted	01/12/2010 - 30/11/2011
80%* of options granted	01/12/2011 - 30/11/2012
100%* of options granted	01/12/2012 - 30/11/2014
Granted on 24 July 2008	
20% of options granted	01/08/2009 - 31/07/2010
40%* of options granted	01/08/2010 - 31/07/2011
60%* of options granted	01/08/2011 - 31/07/2012
80%* of options granted	01/08/2012 - 31/07/2013
100%* of options granted	01/08/2013 - 31/07/2015

* including those not previously exercised

Share Awards

(A) The Award Scheme was adopted by the Board on 25 January 2007 ("Adoption Date"). Unless terminated earlier by the Board, the Award Scheme shall be valid and effective for a term 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 Award Scheme is set out in (B) below.

(B) The purpose of the Award Scheme is to recognise the contributions by certain employees (including without limitation 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 Award Scheme, the Board (or where the relevant selected employee is a director of the Company, 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 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 shares which are the subject of awards granted by the Board under the Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of the Company as at the date of such grant.

(C) There were no awarded shares granted or outstanding during the year ended 30 June 2011 and accordingly no dividend income was received in respect of shares hold upon the trust for the Award Scheme (2010: Nil) during the year under review.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous sections headed "Share Options" and "Share Awards", at no time during the year ended 30 June 2011 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company 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 right to subscribe for the securities of the Company, or had exercised any such right.

Directors' Remuneration

The Directors' fees are determined by shareholders at the annual general meeting and the other emoluments payable to Directors are determined by the Board 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.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance, 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$20,000. The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries 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. During the year, the Group made contributions to the MPF Schemes amounted to HK$529,000.

Service Contracts of Directors

No directors proposed for re-election at the forthcoming 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 of the Company 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.

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 year or subsisted at the end of the year.

Substantial Shareholders

As at 30 June 2011, to the best knowledge of the Directors, the interests of persons (other than Directors and chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number of shares (corporate interests)	% of issued share capital
Anber Investments Limited	Beneficial owner	2,081,074,098 (i)	70.27%
Delta Roads Limited	Interests of controlled corporation	2,081,074,098 (i)	70.27%
Dover Hills Investments Limited	Interests of controlled corporation	2,081,074,098 (i)	70.27%
Supreme Choice Investments Limited	Interests of controlled corporation	2,081,074,098 (i)	70.27%
Hopewell Holdings Limited	Interests of controlled corporation	2,081,074,098 (i)	70.27%

Note:

(i) The 2,081,074,098 shares were held by Anber Investments Limited ("Anber"), a wholly-owned subsidiary of Delta Roads Limited ("Delta") which was wholly-owned by Dover Hills Investments Limited ("Dover"). Dover was in turn 100% owned by Supreme Choice Investments Limited ("Supreme"), a wholly-owned subsidiary of HHL. The interests of Anber, Delta, Dover, Supreme and HHL in the 2,081,074,098 shares were long positions, represented the same block of shares and were deemed under the SFO to have same interests with each other. Sir Gordon WU, Mr. Eddie Ping Chang HO and Mr. Thomas Jefferson WU, Directors of the Company, are also directors of Anber, Delta, Dover, Supreme and HHL.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 30 June 2011.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the securities of the Company during the year ended 30 June 2011.

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.

Confirmation on Independence

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and still considers such Directors to be independent.

Continuing Connected Transaction – Management Agreement of Phase III West with Nan Yue

On 24 May 2010, West Route JV entered into a management agreement with Nan Yue, a company incorporated in the PRC and its H shares are listed on the Stock Exchange, in relation to the management of the material-supply for Phase III West ("Phase III Management Agreement").

Pursuant to the Phase III Management Agreement, Nan Yue would provide to West Route JV the material logistics services, consisting of the planning, procurement and logistics management of the main construction materials for Phase III West ("Phase III Material Logistics Services"). The appointment is effective from the date of execution of such agreement and continues for three years or until the completion of the supply of the materials, payment of all material fees and after audit by the relevant departments of West Route JV, whichever is earlier. The appointment may be extended by mutual agreement. The Phase III Management Agreement will terminate after the end of the term of appointment of Nan Yue and the expiry of the warranty period (which is 24 months after the completion of Phase III West). The service fee is 2.5% of the fee for the materials supplied for Phase III West and shall be paid on a quarterly basis after deduction of the 5% assurance fee; such assurance fee shall be repayable without interest to Nan Yue upon completion of the term of the Phase III Management Agreement. The material shall be purchased by Nan Yue from the relevant material suppliers and supplied to the contractors appointed by West Route JV for the construction of Phase III West ("Phase III Construction Contractors"). The material fee shall be payable by the Phase III Construction Contractors to Nan Yue. In the event that the relevant material supplier shall fail to supply the materials on time, upon approval by West Route JV, Nan Yue shall take such actions as may be required (including using its own material stock or making purchase separately) to resume the supply of materials for Phase III West.

Relevant details of the Phase III Management Agreement were disclosed in the announcement dated 24 May 2010 jointly made by the Company and HHL.

Pursuant to the Listing Agreement between the Company and the Stock Exchange and the letter dated 7 August 2003 from HHL to the Stock Exchange, West Route JV, being a Sino-foreign co-operative joint venture enterprise jointly controlled by the Group and West Route PRC Partner, is deemed to be a subsidiary of the Company for the purposes of the then Chapter 14 of the Listing Rules (which has been subdivided into Chapters 14 and 14A since revisions of the Listing Rules came into effect on 31 March 2004).

West Route PRC Partner currently has a 50% interest in West Route JV and a 52% interest in GS Superhighway JV (which is a Sino-foreign co-operative joint venture between West Route PRC Partner and a subsidiary of the Company). West Route PRC Partner is a state-owned enterprise wholly owned by and under the administration of GPCG, which is in turn a state-owned enterprise established by the Guangdong Provincial Government. Nan Yue is a subsidiary of GPCG and is accordingly deemed to be a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. Therefore, the transaction contemplated under the Phase III Management Agreement constitutes continuing connected transaction of the Company under the Listing Rules.

The service fee paid and payable to Nan Yue for the Phase III Material Logistics Services provided during the year ended 30 June 2011 under the Phase III Management Agreement was RMB6,856,000.

The Independent Non-executive Directors of the Company have reviewed and confirmed that the Phase III Material Logistics Services provided by Nan Yue for the financial year ended 30 June 2011 has been entered into in the ordinary and usual course of business of the Group; on normal commercial terms; and in accordance with the Phase III Management Agreement on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report on the continuing connected transactions of the Group and the Group's jointly controlled entities in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and the auditor of the Company has issued an unqualified letter containing the findings and conclusions in respect of the aforementioned continuing connected transactions of the Group in accordance with Rule 14A.38 of the Listing Rules.

Save as disclosed above, related party transaction that did not constitute connected transaction or continuing connected transaction made during the year are disclosed in note 40 to the consolidated financial statements.

Public Float

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 issued shares as required under the Listing Rules.

Change in Information of Directors

As disclosed in the Interim Report for the six months period ended 31 December 2010, Professor Chung Kwong POON, Independent Non-executive Director of the Company, being a member of a special task force formed during the year to review and opine on the findings of a consultancy firm engaged jointly by the Company and HHL to conduct a review of the management model of the corporate functions of HHL and the Group, is entitled to an extra emolument of HK$10,000 for each special task force meeting attended. A total of 3 special task force meetings were held during the year ended 30 June 2011 and Professor POON was entitled to an extra emolument of HK$30,000.

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

Auditor

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman

Hong Kong, 25 August 2011

CONTENTS

Deloitte.
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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)

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 64 to 116, which comprise the consolidated and Company's statements of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2011, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 August 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	NOTES	2010 HK$'000	**2011 HK$'000**
Toll revenue		1,939,557	**2,274,571**
Revenue on construction		1,520,870	**1,536,527**
Turnover	5	3,460,427	**3,811,098**
Other income and other expense	6	9,083	**244,870**
Construction costs		(1,520,870)	**(1,536,527)**
Provision for resurfacing charges		(9,571)	**(21,166)**
Toll expressway operation expenses		(183,464)	**(244,155)**
Depreciation and amortization charges		(336,997)	**(434,810)**
General and administrative expenses		(81,992)	**(107,855)**
Finance costs	7	(72,067)	**(240,530)**
Profit before tax		1,264,549	**1,470,925**
Income tax expenses	8	(291,400)	**(433,631)**
Profit for the year	9	973,149	**1,037,294**
Other comprehensive income			
Exchange gain arising on translation to presentation currency		39,686	**413,485**
Total comprehensive income for the year		1,012,835	**1,450,779**
Profit for the year attributable to:			
Owners of the Company		955,912	**1,018,481**
Non-controlling interests		17,237	**18,813**
		973,149	**1,037,294**
Total comprehensive income attributable to:			
Owners of the Company		995,598	**1,431,966**
Non-controlling interests		17,237	**18,813**
		1,012,835	**1,450,779**
		HK cents	**HK cents**
Earnings per share	12		
Basic and diluted		32.28	**34.39**

Consolidated Statement of Financial Position

As at 30 June 2011

	NOTES	2010 HK$'000	2011 HK$'000
ASSETS			
Non-current Assets			
Property and equipment	14	307,095	**325,767**
Concession intangible assets	15	12,574,054	**14,337,184**
Balance with a jointly controlled entity	19	177,430	**232,440**
Bank deposits	21	-	**589,960**
		13,058,579	**15,485,351**
Current Assets			
Inventories		1,995	**2,360**
Deposits and prepayments		63,228	**14,214**
Interest and other receivables	22	67,339	**103,543**
Balance with a jointly controlled entity (note)	19	-	**304,367**
Other receivable from a jointly controlled entity	22	37,218	**-**
Pledged bank balances and deposits of jointly controlled entities	21	122,119	**294,836**
Bank balances and cash	21		
- The Group		2,474,859	**2,848,925**
- Jointly controlled entities		268,055	**68,564**
		3,034,813	**3,636,809**
Total Assets		16,093,392	**19,122,160**

Consolidated Statement of Financial Position

(continued)

As at 30 June 2011

	NOTES	2010 HK$'000	2011 HK$'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	23	296,169	296,169
Share premium and reserves		8,003,982	8,517,986
Equity attributable to owners of the Company		8,300,151	8,814,155
Non-controlling interests		51,847	60,386
Total Equity		8,351,998	8,874,541
Non-current Liabilities			
Bank and other loans of jointly controlled entities	25	5,265,080	5,888,041
Balance with a joint venture partner	26	177,376	232,381
Corporate bonds	27	-	2,383,920
Resurfacing obligations	28	28,010	52,518
Deferred tax liabilities	29	325,510	382,033
		5,795,976	8,938,893
Current Liabilities			
Provision, other payables, accruals and deposits received	30	831,805	831,489
Balances with joint venture partners	26	371,628	-
Balance with a jointly controlled entity	31	-	16,398
Bank loans	25		
- The Group		-	24,700
- Jointly controlled entities		650,867	292,095
Other interest payable		5,208	30,984
Tax liabilities		85,910	113,060
		1,945,418	1,308,726
Total Liabilities		7,741,394	10,247,619
Total Equity and Liabilities		16,093,392	19,122,160

Note:

Reconciliation of current portion of balance with a jointly controlled entity

	2010 HK$'000	2011 HK$'000
Loans from the Group to a jointly controlled entity	-	608,734
Less: Elimination of the Group's proportionate share of the corresponding amount of the jointly controlled entity	-	(304,367)
Balance with a jointly controlled entity	-	304,367

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

Company Statement of Financial Position

As at 30 June 2011

	NOTES	2010 HK$'000	2011 HK$'000
ASSETS			
Non-current Assets			
Investments in subsidiaries	16	2,390,323	2,559,028
Amount due from a subsidiary	18	715,432	1,164,969
		3,105,755	3,723,997
Current Assets			
Deposits and prepayments		2,575	7,441
Amounts due from subsidiaries	20	1,334,327	4,943,700
Bank balances and cash	21	1,994,050	61,764
		3,330,952	5,012,905
Total Assets		6,436,707	8,736,902
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	23	296,169	296,169
Share premium and reserves	24	6,133,830	6,025,617
		6,429,999	6,321,786
Non-current liability			
Corporate bonds	27	-	2,383,920
Current Liabilities			
Other payables and accruals	30	5,970	6,345
Other interest payable		-	24,276
Amounts due to subsidiaries	20	738	575
		6,708	31,196
Total Liabilities		6,708	2,415,116
Total Equity and Liabilities		6,436,707	8,736,902

Thomas Jefferson WU
Managing Director

Alan Chi Hung CHAN
Deputy Managing Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Attributable to owners of the Company								
	Share capital HK$'000	*Share premium HK$'000*	*PRC statutory reserves HK$'000*	*Translation reserve HK$'000*	*Share option reserve HK$'000*	*Retained profits HK$'000*	*Total HK$'000*	*Non-controlling interests HK$'000*	*Total HK$'000*
As at 1 July 2009	296,169	4,942,924	110,427	258,450	4,574	2,728,461	8,341,005	47,930	8,388,935
Exchange gain on translation to presentation currency	-	-	-	39,686	-	-	39,686	-	39,686
Profit for the year	-	-	-	-	-	955,912	955,912	17,237	973,149
Total comprehensive income for the year	-	-	-	39,686	-	955,912	995,598	17,237	1,012,835
Recognition of equity-settled share-based payments	-	-	-	-	140	-	140	-	140
Forfeiture of vested share options	-	-	-	-	(78)	78	-	-	-
Transfer between reserves	-	-	281	-	-	(281)	-	-	-
Dividends recognized as distribution during the year (note 11)	-	-	-	-	-	(1,036,592)	(1,036,592)	-	(1,036,592)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(13,320)	(13,320)
As at 30 June 2010	296,169	4,942,924	110,708	298,136	4,636	2,647,578	8,300,151	51,847	8,351,998
Exchange gain on translation to presentation currency	**-**	**-**	**-**	**413,485**	**-**	**-**	**413,485**	**-**	**413,485**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,018,481**	**1,018,481**	**18,813**	**1,037,294**
Total comprehensive income for the year	**-**	**-**	**-**	**413,485**	**-**	**1,018,481**	**1,431,966**	**18,813**	**1,450,779**
Recognition of equity-settled share-based payments	**-**	**-**	**-**	**-**	**162**	**-**	**162**	**-**	**162**
Dividends recognized as distribution during the year (note 11)	**-**	**-**	**-**	**-**	**-**	**(918,124)**	**(918,124)**	**-**	**(918,124)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,274)**	**(10,274)**
As at 30 June 2011	**296,169**	**4,942,924**	**110,708**	**711,621**	**4,798**	**2,747,935**	**8,814,155**	**60,386**	**8,874,541**

For the year ended 30 June 2011

	NOTE	2010 HK$'000	2011 HK$'000
OPERATING ACTIVITIES			
Profit before tax		1,264,549	**1,470,925**
Adjustments for:			
Revenue on construction	36	(1,520,870)	**(1,536,527)**
Construction costs		1,520,870	**1,536,527**
Interest expense		59,739	**235,148**
Interest income		(19,128)	**(97,251)**
Net exchange loss (gain)		595	**(121,434)**
Provision for resurfacing charges		9,571	**21,166**
Depreciation and amortization charges		336,997	**434,810**
Share-based payment expense		140	**162**
Impairment losses reversed on receivables		(59)	**(147)**
Gain on disposal of property and equipment		(3)	**(3)**
Provision charge		33,034	**-**
Operating cash flows before movements in working capital		1,685,435	**1,943,376**
Decrease (increase) in inventories		375	**(266)**
(Increase) decrease in deposits and prepayments		(48,036)	**4,876**
Increase in interest and other receivables		(4,614)	**(32,711)**
Increase in other payables, accruals and deposits received		56,962	**29,447**
Decrease in resurfacing obligations		(18,995)	**-**
Cash generated from operations		1,671,127	**1,944,722**
Income taxes paid		(236,898)	**(375,189)**
NET CASH FROM OPERATING ACTIVITIES		1,434,229	**1,569,533**
INVESTING ACTIVITIES			
Purchases of property and equipment		(146,520)	**(47,248)**
Construction costs paid		(1,101,502)	**(1,510,191)**
Proceeds on disposals of property and equipment		8	**8**
Advance to a jointly controlled entity (note (i))		(37,218)	**(298,200)**
Placement of bank deposits		-	**(574,080)**
Repayments of other receivable from a jointly controlled entity		-	**38,065**
Advance from a jointly controlled entity to another jointly controlled entity (note (ii))		-	**16,398**
Advance of registered capital contributions (note (i))		(112,406)	**(180,600)**
Interest received		10,601	**83,108**
NET CASH USED IN INVESTING ACTIVITIES		(1,387,037)	**(2,472,740)**
FINANCING ACTIVITIES			
New bank and other loans raised		1,387,515	**822,822**
Repayment of bank and other loans		(752,087)	**(685,017)**
Proceeds from issuance of corporate bonds		-	**2,303,460**
Registered capital contribution and loans made from joint venture partners		484,034	**180,600**
Repayment of balances with joint venture partners		-	**(381,641)**
Interest paid		(153,064)	**(240,822)**
Dividends paid to:			
- owners of the Company		(1,036,592)	**(918,124)**
- non-controlling interests of a subsidiary		(13,320)	**(10,274)**
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(83,514)	**1,071,004**

Consolidated Statement of Cash Flows

(continued)

For the year ended 30 June 2011

	2010 HK$'000	2011 HK$'000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(36,322)	167,797
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,870,069	2,837,505
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	3,758	178,127
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,837,505	3,183,429
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:		
Bank balances and cash	2,742,914	2,917,489
Pledged bank balances and deposits of jointly controlled entities	94,591	265,940
CASH AND CASH EQUIVALENTS CARRIED FORWARD	2,837,505	3,183,429

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes:

(i) The advance to a jointly controlled entity amounting to HK$298,200,000 and the advance of registered capital contributions amounting to HK$180,600,000 represent the loans and registered capital contributions made by the Group to 廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou – Zhuhai West Superhighway Company Limited ("West Route JV") with the principal amount of RMB500,000,000 and RMB300,000,000, respectively, during the year ended 30 June 2011, after elimination of the Group's proportionate share of the corresponding amounts of West Route JV.

(ii) The advance from a jointly controlled entity to another jointly controlled entity amounting to HK$16,398,000 represent the loan made by 廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") to West Route JV with the principal amount of RMB681,000,000 during the year ended 30 June 2011 after elimination of the Group's proportionate share of the corresponding amounts of both jointly controlled entities.

1. GENERAL INFORMATION

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 Anber Investments Limited, a limited company incorporated in the British Virgin Islands. The Company's ultimate holding company is Hopewell Holdings Limited ("HHL"), a public limited company incorporated in Hong Kong whose shares are listed on the Stock Exchange.

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 jointly controlled entities are set out in notes 35 and 17 respectively.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HKD") as the directors of the Company consider that HKD is the appropriate presentation currency since the shares of the Company are listed on the Stock Exchange.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the International Accounting Standards Board (collectively referred to as the "new and revised IFRSs"), which are effective for the Group's financial year beginning on 1 July 2010.

IFRSs (Amendments)	Improvements to IFRSs April 2009 that is effective for annual periods beginning on or after 1 January 2010
IFRSs (Amendments)	Improvements to IFRSs May 2010 except for the improvements that are effective for annual periods beginning on or after 1 January 2011
IAS 32 (Amendments)	Classification of Rights Issues
IFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective for the current financial year.

IFRSs (Amendments)	Improvements to IFRSs 2010 that are effective for annual period beginning on or after 1 January 2011[1]
IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[3]
IFRS 11	Joint Arrangements[3]
IFRS 12	Disclosure of Interests in Other Entities[3]
IFRS 13	Fair Value Measurement[3]
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement[1]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[3]
IAS 24 (Revised)	Related Party Disclosures[1]
IAS 27 (Revised 2011)	Separate Financial Statements[3]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[3]

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012

Except IFRS 11 and IAS 24 (Revised), the directors of the Company anticipate that the application of the new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

The directors of the Company anticipate that IFRS 11 and IAS 24 (Revised) will be applied in the Group's financial statements for the financial year ending 30 June 2014 and 30 June 2012, respectively and the potential impact is described below.

IFRS 11 replaced IAS 31 "Interests in Joint Ventures". IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in IFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under IAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas the Group accounted for its jointly controlled entities under IAS 31 using proportionate consolidation method. The Group's jointly controlled entities that are currently accounted for using proportionate consolidation method will have to be accounted for using the equity method of accounting if they are joint ventures under IFRS 11.

IAS 24 (Revised) modifies the definition of a related party and simplifies disclosures for government-related entities.

The directors of the Company consider that the disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when IAS 24 (Revised) is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of IAS 24 (Revised).

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, as explained in the principal accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and jointly controlled entities made up to the end of each reporting period.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The results of jointly controlled entities are accounted for using proportionate consolidation as described below.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary 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. Prior to 1 July 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Subsidiaries are those entities (including special purpose entities) in which the Company has control over the operations. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less any identified impairment loss. Results of the subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

Interests in jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control.

Joint venture arrangements which involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities. The Group recognizes its interests in jointly controlled entities using the proportionate consolidation method based on the profit-sharing ratios specified in the relevant joint venture agreements. The Group's share of each of the assets, liabilities, income and expenses of jointly controlled entities, other than the transactions and balances between the Group and jointly controlled entities, are combined with the Group's similar line items, line by line, in the consolidated financial statements. Transactions and balances between the Group and the jointly controlled entities are eliminated to the extent of the Group's share of the relevant income, expenses, receivables and payables of the jointly controlled entities. Unrealized profits and losses arising on transactions with the jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities, except to the extent that unrealized losses provide evidence of an impairment of the asset.

Construction contracts

Where the outcome of a construction contract, including construction services of the infrastructure under service concession arrangements, can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expenses immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment, including building held for use in the supply of services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress is stated at cost less any recognized impairment loss. Cost includes professional fee and, for qualifying assets, borrowing cost capitalized in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of items of property and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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 derecognized 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 net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

Concession intangible assets

When the Group has a right to charge for usage of toll expressway, as a consideration for providing construction services in a service concession arrangement, it recognizes a concession intangible asset at fair value upon initial recognition. The concession intangible asset is carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization of concession intangible assets is calculated to write off their costs over their useful lives of 25 to 30 years, which commence from the date of commencement of commercial operation of the underlying toll expressways to the end of the respective remaining concession periods. The annual amortization of concession intangible assets is calculated by applying the ratio of actual traffic volume of the underlying toll expressways compared to the total expected traffic volume of the underlying toll expressways over the respective remaining concession periods to the net carrying value of the assets. The expected traffic volume is estimated by management with reference to the traffic projection reports prepared by independent traffic consultants.

Gain or loss arising from derecognition of the concession intangible assets are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and related business taxes.

The Group provides construction services in exchange for concession intangible assets. The revenue on construction is recognized by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Toll revenue from the operation of toll expressways is recognized at the time of usage and when the tolls are received and receivable.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset 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.

Management fee income is recognized when the related services are provided.

Leasing

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.

The Group as lessor

Rental income from operating leases, which consists primarily of income from renting of machinery and equipment to local contractors and leasing of space along the toll expressway for advertising and oil stations, is recognized in profit or loss on a straight-line basis over the respective lease term.

The Group as lessee

Operating leases payment are recognized as an expense on a straight-line basis over the term of the relevant leases.

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) 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 when the fair value was determined. 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 recognized in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, 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 recognized in other comprehensive income and accumulated in equity (the translation reserve). Such translation differences are recognized in profit or loss in the year in which the foreign operation is disposed of.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as expenses in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to retirement benefit schemes are dealt with as payments to defined contribution plans where the obligations under the schemes of the Group and the jointly controlled entities are equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liabilities 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 recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognized 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 the 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 such 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 realized, 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 is recognized in profit or loss.

Inventories

Inventories, representing materials, spare parts and other consumable stores, are stated at the lower of cost and net realizable value. Cost comprises all costs of purchases and other costs that have been incurred in bringing the inventories to their present location and condition and is calculated using the first in, first out method.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Any difference arising on initial recognition between the fair value and the consideration given/received is recognized as fair value adjustment in profit or loss to the extent that this difference does not represent a capital contribution by the equity participant/ distributions to equity participant.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

If the estimate of payments or receipts is revised, the carrying amount of the financial asset or financial liability (or group of financial instruments) is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognized as income or expense in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The financial assets of the Group and the Company are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables (including balance with a jointly controlled entity, interest and other receivables, amounts due from subsidiaries, other receivable from a jointly controlled entity, bank balances and deposits, and cash) 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 are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where 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 default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are assessed for impairment on an individual basis. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts due from subsidiaries and interest 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 recognized in profit or loss. When the amounts due from subsidiaries and interest 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.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss 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 amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including other payables, accruals, balances with joint venture partners and a jointly controlled entity, amounts due to subsidiaries, bank and other loans, other interest payable and corporate bonds) are subsequently measured at amortized cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The cost of the Company's shares repurchased by the Company (or its subsidiaries) is recognized as a deduction from equity. For the shares repurchased for the shares award scheme, the cost of the Company's shares repurchased is recognized as a deduction from equity under the reserve of shares held for share award scheme. No gain or loss shall be recognized in profit or loss on the purchase, sale, issue or cancellation of such shares.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Resurfacing obligations

As part of its obligations under the contractual service arrangements, the jointly controlled entities of the Group assume responsibility for resurfacing of the toll expressways. The resulting resurfacing costs are recognized as resurfacing obligations, when the jointly controlled entities of the Group has a present legal or constructive obligation as a result of past events.

Resurfacing obligations are measured at the present value of the director's best estimate of the expenditures expected to be required to settle the obligation at the end of the reporting period that is proportional to the traffic volume by that date, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the resurfacing obligations due to passage of time (over the estimated resurfacing work for every twelve years) is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision

Provision is recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provision is measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Equity-settled share-based payment transactions

The fair value of services received, determined by reference to the fair value of share options and awarded shares granted at the grant date, is expensed as staff costs on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve and share award reserve respectively).

At the end of the reporting period, the Group revises its estimates of the number of share options and the awarded shares that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss, with a corresponding adjustment to share option reserve and share award reserve respectively.

At the time when the share options are exercised, the amount previously recognized in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share option reserve will be transferred to retained profits.

At the time when the awarded shares are vested, the amount previously recognized in share award reserve and the amount of the relevant treasury shares will be transferred to retained profits.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell 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 risk specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Amortization of concession intangible assets

Amortization of concession intangible assets is calculated based on the ratio of actual traffic volume of the underlying toll expressways compared to the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements. As part of the established policy of the Group, the Company's 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.

In the current year, the Group reported amortization of concession intangible assets amounting to approximately HK$392,427,000 (2010: HK$306,836,000). The management of the Company considers that these are 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 the future. The current year amortization charged to profit or loss is less than the amortization estimated in the prior financial year based on the then expected traffic volumes for future financial years by approximately HK$13,686,000 (2010: HK$2,507,000).

(b) Resurfacing obligations

The jointly controlled entities 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 recognized and measured as resurfacing obligations. Resurfacing obligations as at 30 June 2011 amounting to HK$52,518,000 (2010: HK$28,010,000) had been made at the present value of expenditures expected to be incurred by the Group to settle the obligations.

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 directors of the Company, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

In addition, the directors of the Company 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.

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

5. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the Group's proportionate share of the jointly controlled entities' toll revenue received and receivable from the operations of toll expressways in the People's Republic of China ("the PRC"), net of business tax, and revenue on construction and is analyzed as follows:

	2010 HK$'000	2011 HK$'000
Toll revenue before business tax	1,999,580	2,345,508
Business tax	(60,023)	(70,937)
	1,939,557	2,274,571
Revenue on construction	1,520,870	1,536,527
	3,460,427	3,811,098

Information reported to the chief operating decision maker, including segment revenue, earnings before interest and tax ("EBIT") and segment result, is more specifically focused on individual toll expressways projects jointly operated and managed by the Group and the relevant joint venture partners. The Group's operating segments under IFRS 8 are therefore as follows:

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

Information regarding the above segments is reported below.

Segment revenue and results

	2010			2011		
	Segment revenue HK$'000	EBIT HK$'000	Segment result HK$'000	Segment revenue HK$'000	EBIT HK$'000	Segment result HK$'000
GS Superhighway	1,850,658	1,295,863	984,361*	2,020,680	1,403,266	977,730
Phase I West	87,788	59,439	34,990	96,262	62,788	43,975
Phase II West	1,111	135	(2,404)	157,629	81,318	(54,696)
Total	1,939,557	1,355,437	1,016,947	2,274,571	1,547,372	967,009
Corporate interest income			8,851			83,452
Other income			4,560			1,572
Corporate general and administrative expenses			(40,164)			(47,563)
Corporate finance costs			(12,347)			(53,051)
Corporate income tax expense			(99)			(3,336)
Net exchange (loss) gain, net of related tax			(4,599)*			89,211
Profit for the year			973,149			1,037,294

* The tax relating to the net exchange (loss) gain was included in the segment results when preparing the segment information of the Group in previous years. During the year ended 30 June 2011, the tax relating to the net exchange (loss) gain is excluded from the segment results and presented with the net exchange (loss) gain on a net basis. Therefore, the segment result of GS Superhighway and the net exchange (loss) gain, net of related tax, for the year ended 30 June 2010 were restated to conform with current year's presentation.

5. TURNOVER AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

All of the segment revenue reported above is earned from external customers.

Segment result represents the profit earned or loss incurred by each segment without allocation of corporate interest income (from bank deposits and loan made by the Group to a jointly controlled entity), other income (excluding interest income from bank deposits of jointly controlled entities, rental income and other income derived from jointly controlled entities), corporate general and administrative expenses, corporate finance costs, corporate income tax expense and net exchange (loss) gain, net of related tax. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Reconciliation from segment revenue to turnover

	2010 HK$'000	***2011 HK$'000***
Segment revenue - toll revenue	1,939,557	**2,274,571**
Revenue on construction	1,520,870	**1,536,527**
Turnover	3,460,427	**3,811,098**

Other segment information

2010

	GS Superhighway HK$'000	*Phase I West HK$'000*	*Phase II West HK$'000*	*Segment total HK$'000*	*Reallocation HK$'000 (Note (i))*	*Unallocated HK$'000*	*Consolidated total HK$'000*
Amounts included in the measure of segment profit or loss:							
Depreciation and amortization	325,275	10,395	227	335,897	-	1,100	336,997
Interest income	(1,667)	(83)	-	(1,750)	(8,527)	(8,851)	(19,128)
Interest expenses	31,266	17,388	2,539	51,193	8,527	12,347	72,067
Income tax expenses	284,240	7,061	-	291,301	-	99	291,400

5. TURNOVER AND SEGMENT INFORMATION (continued)

Other segment information (continued)

2011

	GS Superhighway HK$'000	Phase I West HK$'000	Phase II West HK$'000	Segment total HK$'000	Reallocation HK$'000 (Note (i))	Elimination HK$'000 (Note (ii))	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss:								
Depreciation and amortization	366,245	12,509	54,978	433,732	-	-	1,078	434,810
Interest income	(7,793)	(453)	(363)	(8,609)	(10,802)	5,612	(83,452)	(97,251)
Interest expenses	28,200	18,074	136,015	182,289	10,802	(5,612)	53,051	240,530
Income tax expenses	429,558	737	-	430,295	-	-	3,336	433,631

Notes:

(i) Included in the measure of segment profit or loss, interest income from loan made by the Group to a jointly controlled entity and imputed interest income on interest-free registered capital contributions and loan made to a jointly controlled entity are presented with imputed interest on interest-free registered capital contributions and loan made by joint venture partners on a net basis. Amounts are reallocated to reconcile from "Segment total" to "Consolidated total".

(ii) Included in the measure of segment profit or loss, interest income/expense for the loan from GS Superhighway to Phase II West are presented on gross basis. Amounts are eliminated to reconcile from "Segment total" to "Consolidated total".

Geographical information

The Group's operations are located in the PRC. All of the Group's revenue from external customers by location where the services were provided and the location of the non-current assets amounting to HK$14,662,951,000 (2010: HK$12,881,149,000) are in the PRC.

Segment assets and liabilities

Information of the operating segments of the Group reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

6. OTHER INCOME AND OTHER EXPENSE

	2010 HK$'000	2011 HK$'000
Interest income from:		
Loan made by the Group to a jointly controlled entity	-	7,245
Bank deposits	10,601	79,204
Imputed interest income on interest-free registered capital contributions made to a jointly controlled entity	8,527	10,802
Net exchange (loss) gain	(595)	121,434
Rental income	4,525	4,125
Management fee income from jointly controlled entities	481	1,570
Gain on disposal of property and equipment	3	3
Provision charge (note)	(33,034)	-
Others	18,575	20,487
	9,083	244,870

Note: The amount represented the Group's proportionate share of the provision for compensation payable to a third party for the cause of direct economic loss upon early termination of an agreement entered into by a jointly controlled entity during the year ended 30 June 2010. The management of the Company considered the jointly controlled entity has the present obligation to pay out such amount as at year ended 30 June 2010 and 30 June 2011 which is the management's best estimate with reference to terms of the contract.

7. FINANCE COSTS

	2010 HK$'000	2011 HK$'000
Interest on:		
Bank loans	153,455	207,502
Corporate bonds	-	47,963
Loans made by a jointly controlled entity	-	233
Imputed interest on:		
Interest-free registered capital contributions made by a joint venture partner	8,525	10,801
Other interest-free loan	396	437
	162,376	266,936
Other financial expenses	12,328	5,382
	174,704	272,318
Less: Amounts included in toll expressway construction costs	(102,637)	(31,788)
	72,067	240,530

8. INCOME TAX EXPENSES

	2010 HK$'000	***2011 HK$'000***
The tax charge comprises:		
PRC Enterprise Income Tax		
The Group	60,370	**32,007**
Jointly controlled entities	228,372	**362,961**
Deferred taxation (note 29)	2,658	**38,663**
	291,400	**433,631**

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

Included in the PRC Enterprise Income Tax charge of the Group is the withholding tax in relation to the dividends distributed from GS Superhighway JV amounting to HK$28,672,000 (2010: GS Superhighway JV and West Route JV amounting to an aggregate of HK$60,270,000).

The PRC Enterprise Income Tax charge of the jointly controlled entities for the year ended 30 June 2011 represents the Group's proportionate share of the provision for the PRC Enterprise Income Tax of GS Superhighway JV for the year ended 30 June 2011 amounting to approximately HK$362,961,000, which is calculated at 22% for the half year ended 31 December 2010 and 24% for the half year ended 30 June 2011 of the estimated taxable profit for the year. No provision for the PRC Enterprise Income Tax of West Route JV has been made as West Route JV has no assessable profit for the year ended 30 June 2011.

The PRC Enterprise Income Tax charge of the jointly controlled entities for the year ended 30 June 2010 represented the Group's proportionate share of the provision for the PRC Enterprise Income Tax of GS Superhighway JV for the year ended 30 June 2010 amounting to approximately HK$224,292,000, which is calculated at 10% for the half year ended 31 December 2009 and 22% for the half year ended 30 June 2010 and the Group's proportionate share of the provision for the PRC Enterprise Income Tax of West Route JV for the year ended 30 June 2010 amounting to HK$4,080,000, which was calculated at 10% of the estimated taxable profit for the half year ended 31 December 2009 and 11% for the half year ended 30 June 2010.

GS Superhighway JV is entitled to a 5-year exemption from income tax commencing from the first profit-making year as computed under PRC accounting standards and tax regulations and 5-years half of the regular tax rate ("5 + 5" exemption). The first year for which GS Superhighway JV recorded profits for PRC tax purposes was the year ended 31 December 2000 and the "5+5" exemption from income tax expired in December 2009.

8. INCOME TAX EXPENSES (continued)

West Route JV is entitled to a 2-year exemption from income tax for income from Phase I West commencing from the first profit-making year as computed under PRC accounting standards and tax regulations and a 3-year concessionary rate of half of the regular tax rate ("2 + 3" exemption). The first year for which West Route JV recorded profit from Phase I West for PRC tax purpose was the year ended 31 December 2006 and 2-year exemption from income tax expired in December 2007.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC, which changed the tax rate from 18% (including 3% local tax) to 25% for the PRC jointly controlled entities of the Group from 1 January 2008. On 26 December 2007, the State Council announced the detailed measures and regulations of the New Law ("Implementation Rules"). The Implementation Rules ratcheted the PRC Enterprise Income Tax at 15% rate over five years to 25% for grandfathering of incentives. It has been stated that grandfathering would apply to both the "2+3" exemption or "5+5" exemption and for enterprises enjoying certain geographic incentive rates (often 15%). For those enterprises that paid at this 15% rate, the 15% rate would ratchet up to 18%, 20%, 22%, 24% and 25% in years 2008, 2009, 2010, 2011 and 2012 respectively. The deferred tax balances have been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realized or the liability is settled.

Under the Implementation Rules, West Route JV is entitled to a 3-year exemption from income tax from Phase II West commencing from the first receipt of toll revenue on 25 June 2010 and 3-year concessionary rate of half of the regular tax rate. The applicable regular tax rate is 25%.

The income tax expenses for the year can be reconciled to the profit before tax per consolidated statement of comprehensive income as follows:

	2010 *HK$'000*	***2011*** ***HK$'000***
Profit before tax	1,264,549	**1,470,925**
Tax at normal PRC income tax rate of 25% (2010: 25%)	316,137	**367,731**
Effect of concessionary rate on income tax expenses	(122,327)	**(34,198)**
Tax effect of income not taxable for tax purposes	(171,028)	**(306,782)**
Tax effect of expenses not deductible for tax purposes	210,760	**344,327**
Differential tax rate on temporary difference of jointly controlled entities	372	**839**
Deferred tax on undistributed earnings of PRC jointly controlled entities (note 29)	(2,303)	**32,450**
Withholding tax on earnings distributed by PRC jointly controlled entities	60,270	**28,672**
Others	(481)	**592**
Income tax expenses	291,400	**433,631**

9. PROFIT FOR THE YEAR

	2010 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,612	1,602
Directors' remuneration (note 10)	15,360	18,150
Other staff costs	114,239	150,004
Total staff costs	129,599	168,154
Amortization of concession intangible assets	306,836	392,427
Depreciation of property and equipment	30,912	42,437
Less: Amount included in toll expressway construction costs	(751)	(54)
	30,161	42,383
Impairment losses reversed on other receivables	(59)	(147)
Gain on disposal of property and equipment	(3)	(3)

10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 11 (2010: 12) directors were as follows:

	2010					2011				
	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonus HK$'000	Contributions to retirement benefits plans HK$'000	Total HK$'000	Directors' fees HK$'000	Salaries and other benefits HK$'000	Bonus HK$'000	Contributions to retirement benefits plans HK$'000	Total HK$'000
Sir Gordon Ying Sheung WU	300	3,000	-	-	3,300	300	3,000	-	-	3,300
Eddie Ping Chang HO	250	2,400	-	-	2,650	250	2,400	-	-	2,650
Thomas Jefferson WU	200	1,798	154	12	2,164	200	1,846	154	12	2,212
Alan Chi Hung CHAN	200	2,157	138	12	2,507	200	2,800	230	12	3,242
Cheng Hui JIA	200	1,734	70	-	2,004	200	3,000	250	-	3,450
Philip Tsung Cheng FEI	200	-	-	-	200	200	-	-	-	200
Lee Yick NAM (note a)	200	-	-	-	200	174	-	-	-	174
Kojiro NAKAHARA	200	-	-	-	200	200	-	-	-	200
Gordon YEN	200	-	-	-	200	200	-	-	-	200
Barry Chung Tat MOK (note b)	100	-	-	-	100	-	-	-	-	-
Alan Ming Fai TAM (note c)	200	1,345	78	12	1,635	200	1,920	160	12	2,292
Chung Kwong POON (note c)	200	-	-	-	200	200	30	-	-	230
	2,450	12,434	440	36	15,360	2,324	14,996	794	36	18,150

Notes:

(a) Mr. Lee Yick NAM resigned as an Independent Non-Executive Director of the Company with effect from 14 May 2011.

(b) Mr. Barry Chung Tat MOK resigned as Executive Directors of the Company with effect from 31 December 2009.

(c) Mr. Alan Ming Fai TAM and Professor Chung Kwong POON were appointed as Executive Director and Independent Non-executive Director of the Company respectively on 1 July 2009.

10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

Five highest paid individuals' emoluments

The five highest paid individuals of the Group in 2010 and 2011 were all directors of the Company and details of their emoluments are disclosed above.

During the two years ended 30 June 2011, no emoluments were paid by the Group to any of the persons who are directors or the five highest paid individuals of the Company as an inducement to join or upon joining the Group or as compensation for loss of office and none of the persons who are directors of the Company waived any emoluments.

11. DIVIDENDS

	2010 *HK$'000*	***2011*** ***HK$'000***
Dividends paid and recognized as a distribution during the year:		
Interim dividend paid of HK16 cents per share (2010: HK17 cents)	503,488	**473,870**
Final dividend for the year ended 30 June 2010 paid of HK15 cents per share (2010: year ended 30 June 2009 paid of HK18 cents)	533,104	**444,254**
	1,036,592	**918,124**
Final dividend proposed of HK18 cents per share (2010: HK15 cents)	444,254	**533,104**

A final dividend in respect of the financial year 2011 of HK18 cents per share totalling approximately HK$533,104,000 is proposed by the Board. The dividend is subject to approval by shareholders at the forthcoming annual general meeting and has not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

12. EARNINGS PER SHARE

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

	2010 HK$'000	***2011 HK$'000***
Earnings for the purposes of basic and diluted earnings per share	955,912	**1,018,481**

	2010 Number of shares	***2011 Number of shares***
Number of ordinary shares for the purposes of basic and diluted earnings per share	2,961,690,283	**2,961,690,283**

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for years ended 30 June 2010 and 30 June 2011.

13. RETIREMENT BENEFITS PLANS

The employees of the Group participate in the Mandatory Provident Fund ("MPF") Scheme operated by its ultimate holding company. Mandatory contributions to the scheme are made by both the employer and employees at 5% of the employees' monthly relevant income capped at HK$20,000 per employee. At 30 June 2011, there were no forfeited contributions available to reduce future obligations. The contributions made by the Group to the MPF Scheme for the year are approximately HK$529,000 (2010: HK$443,000).

The employees of the Group's jointly controlled entities in PRC are members of state-managed retirement benefit schemes operated by the PRC Government. These entities are required to contribute 18% of their payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the jointly controlled entities with respect to the retirement benefit schemes is to make the specified contributions. The Group's proportionate share of the contributions made by the jointly controlled entities for the year are approximately HK$13,253,000 (2010: HK$9,170,000).

14. PROPERTY AND EQUIPMENT

	The Group				
	Buildings HK$'000	Motor vehicles HK$'000	Ancillary traffic facilities furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST					
As at 1 July 2009	19,896	31,318	202,564	22,065	275,843
Exchange adjustments	228	424	2,471	253	3,376
Additions	2,671	4,726	610	138,513	146,520
Transfer	55,038	-	88,647	(143,685)	-
Disposals/written off	-	-	(146)	-	(146)
As at 30 June 2010	77,833	36,468	294,146	17,146	425,593
Exchange adjustments	3,748	1,980	14,516	852	21,096
Additions	-	5,519	2,495	39,234	47,248
Transfer	3,411	-	22,291	(25,702)	-
Disposals/written off	-	-	(7)	-	(7)
As at 30 June 2011	84,992	43,967	333,441	31,530	493,930
DEPRECIATION					
As at 1 July 2009	2,725	16,330	67,387	-	86,442
Exchange adjustments	40	274	971	-	1,285
Charge for the year	1,092	4,856	24,964	-	30,912
Eliminated on disposals/ written off	-	-	(141)	-	(141)
As at 30 June 2010	3,857	21,460	93,181	-	118,498
Exchange adjustments	274	1,327	5,629	-	7,230
Charge for the year	3,458	4,547	34,432	-	42,437
Eliminated on disposals/ written off	-	-	(2)	-	(2)
As at 30 June 2011	7,589	27,334	133,240	-	168,163
CARRYING AMOUNTS					
As at 30 June 2010	73,976	15,008	200,965	17,146	307,095
As at 30 June 2011	77,403	16,633	200,201	31,530	325,767

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	3% - 4%
Motor vehicles	9% - 20%
Ancillary traffic facilities, furniture, fixtures and equipment	3.45% - 20%

15. CONCESSION INTANGIBLE ASSETS

The Group

	HK$'000
COST	
As at 1 July 2009	13,783,117
Exchange adjustments	109,626
Additions	1,520,870
As at 30 June 2010	**15,413,613**
Exchange adjustments	**766,517**
Additions	**1,536,527**
As at 30 June 2011	**17,716,657**
AMORTIZATION	
At 1 July 2009	2,503,288
Exchange adjustments	29,435
Charge for the year	306,836
As at 30 June 2010	**2,839,559**
Exchange adjustments	**147,487**
Charge for the year	**392,427**
As at 30 June 2011	**3,379,473**
CARRYING AMOUNTS	
As at 30 June 2010	12,574,054
As at 30 June 2011	**14,337,184**

The amortization rates of the concession intangible assets for the year ended 30 June 2011 under the method set out in note 3 ranged from 0.82% to 4.37% (2010: 1.2% to 3.86%).

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	***2011***
	HK$'000	***HK$'000***
Investment in subsidiaries	2,083,697	**2,187,246**
Capital contributions to subsidiaries	306,626	**371,782**
	2,390,323	**2,559,028**

Particulars of the principal subsidiaries are set out in note 35.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

Particulars of the Group's jointly controlled entities as at 30 June 2011 and 2010 are as follows:

Name of company	*Place of establishment*	*Registered capital contribution*	*Principal activity*	*Proportion of registered capital contribution*
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
廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited	The PRC	RMB4,263,000,000	Development, operation and management of an expressway	50%

Both jointly controlled entities are sino-foreign co-operative joint venture enterprises established under the PRC laws.

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

(i) GS Superhighway JV

GS Superhighway JV is established to undertake the development, operation and management of an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou ("GS Superhighway"). 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 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 an expressway linking Guangzhou, Zhongshan and Zhuhai ("Western Delta Route") and is scheduled to be built in three phases. The operation period for Phase I West is 30 years commencing from 17 September 2003. 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 (equivalent to approximately HK$668,556,000) 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 initial estimated total investment for the Phase II West was RMB4,900,000,000, 35% of which was funded by an increase in the registered capital of West Route JV by RMB1,715,000,000 in total which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB857,500,000). On 2 September 2008, the Group entered into amendment agreements in relation to Phase II West with the PRC joint venture partner to increase the total investment for Phase II West by RMB2,300,000,000 to RMB7,200,000,000. 35% of the increase in total investment will be funded by an increase in the registered capital of West Route JV by RMB805,000,000 to be contributed by the Group and the PRC joint venture partner in equal shares. The additional capital contribution thereon to be made by the Group to West Route JV for the development of Phase II West is RMB402,500,000. The amendment agreements have been approved by the shareholders of the Company and HHL during the year ended 30 June 2009 and are being processed by the relevant PRC authorities as at the date of these consolidated financial statements approved for issuance.

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)

(ii) West Route JV (continued)

The currently planned total investment for the Phase III West is RMB5,600,000,000, 35% of which will be funded by an increase in the registered capital of West Route JV by RMB1,960,000,000 to be contributed by the Group and the PRC joint venture partner in equal shares (i.e. each to contribute RMB980,000,000). During the year ended 30 June 2011, the Group and the PRC partner made capital contributions to West Route JV in respect of Phase III West amounting to RMB300,000,000 (2010: RMB196,000,000) and RMB300,000,000 (2010: RMB196,000,000) respectively. As at 30 June 2011, the total capital contributions made to West Route JV in respect of Phase III West by the Group and the PRC partner amounting to RMB496,000,000 (2010: RMB196,000,000) and RMB496,000,000 (2010: RMB196,000,000), respectively.

During the year ended 30 June 2010, the expiration date of the joint venture operation period for West Route JV has been extended from 16 September 2038 to 16 September 2043. As at 30 June 2011, the approved registered capital of West Route JV was RMB4,263,000,000 (2010: RMB4,263,000,000).

The Group is entitled to 50% of the distributable profits from operation of West Route JV. At the end of the respective operation 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 PRC joint venture partner. The repayments are required to be approved by the board of directors of West Route JV.

The Group's proportionate share of the assets, liabilities, income and expenses of the jointly controlled entities before elimination of transactions, balances, income and expenses with group companies are set out below:

In respect of the year ended 30 June 2010:

	GS Superhighway JV HK$'000	*West Route JV HK$'000*	*Total HK$'000*
Current assets	182,043	335,342	517,385
Non-current assets	5,828,717	5,204,624	11,033,341
Current liabilities	563,888	1,459,168	2,023,056
Non-current liabilities	3,044,654	2,477,244	5,521,898
Income	1,997,072	1,675,790	3,672,862
Expenses	(646,840)	(1,480,686)	(2,127,526)
Profit before tax	1,350,232	195,104	1,545,336
Income tax expenses	(228,115)	(5,218)	(233,333)
Profit after tax	1,122,117	189,886	1,312,003

17. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (continued)

(ii) West Route JV (continued)

In respect of the year ended 30 June 2011:

	GS Superhighway JV HK$'000	West Route JV HK$'000	Total HK$'000
Current assets	624,952	220,512	845,464
Non-current assets	6,305,197	6,501,014	12,806,211
Current liabilities	885,450	1,360,364	2,245,814
Non-current liabilities	2,855,553	3,327,639	6,183,192
Income	2,622,133	1,649,819	4,271,952
Expenses	(1,026,081)	(1,394,227)	(2,420,308)
Profit before tax	1,596,052	255,592	1,851,644
Income tax expenses	(368,436)	(737)	(369,173)
Profit after tax	1,227,616	254,855	1,482,471

18. AMOUNT DUE FROM A SUBSIDIARY

The Company

The amount due from a subsidiary classified under non-current assets is interest-free, unsecured and with no fixed repayment term. In the opinion of the directors of the Company, based on their assessment as at 30 June 2010 and 2011 of the estimated future cash flows from a subsidiary, the amount due from a subsidiary will not be repayable within one year from the end of the reporting period, accordingly this amount is classified as non-current. The effective interest rate on the amount due from a subsidiary at the end of the reporting period ranged from 0.66% to 4.92% (2010: 0.79% to 4.92%) per annum, representing the borrowing rates of that subsidiary. As at 30 June 2011, included in the amount due from a subsidiary amounting to approximately HK$561,899,000 (2010: HK$715,432,000) are denominated in HKD, the remaining amount due from a subsidiary amounting to approximately HK$603,070,000 (2010: nil) are denominated in RMB.

19. BALANCE WITH A JOINTLY CONTROLLED ENTITY

	The Group	
	2010 HK$'000	2011 HK$'000
Registered capital contribution made by the Group to West Route JV	177,430	232,440
Amount due from a jointly controlled entity:		
Loans made by the Group to a jointly controlled entity	–	304,367
	177,430	536,807

The total balance represents registered capital contributed by the Group and loans made by the Group to a jointly controlled entity after elimination of the Group's proportionate share of the corresponding amounts of the jointly controlled entity.

The registered capital contributions with principal amount of RMB1,647,500,000 (2010: RMB1,347,500,000) made by the Group to West Route JV are interest-free and the repayments of registered capital contributions are required to be approved by the board of directors of West Route JV. The directors of the Company consider that the repayment would be made at the expiry dates of the relevant joint venture periods. The effective interest rate adopted for measurement at fair value at initial recognition of the registered capital contribution made by the Group to West Route JV ranged from 4.67% to 7.05% (2010: 4.67% to 7.05%).

The loans made by the Group to West Route JV are unsecured, carry fixed interest rates ranging from 5.27% to 5.76% and repayable within twelve months from the end of the reporting period.

20. AMOUNTS DUE FROM/TO SUBSIDIARIES

The Company

The current portion of amounts due from subsidiaries and the amounts due to subsidiaries are unsecured, interest-free and repayable on demand. As at 30 June 2011, included in the amounts due from subsidiaries amounting to approximately HK$1,289,718,000 (2010: HK$2,049,759,000) are denominated in HKD, the remaining amounts due from subsidiaries amounting to approximately HK$3,653,982,000 (2010: nil) are denominated in RMB. As at 30 June 2011, the amounts due to subsidiaries are denominated in HKD (2010: HKD).

21. BANK DEPOSITS/PLEDGED BANK BALANCES AND DEPOSITS OF JOINTLY CONTROLLED ENTITIES/BANK BALANCES AND CASH

The Group

Bank deposits

The bank deposits of HK$589,960,000 (2010: nil) are denominated in RMB and carry variable interest rates. The interest rates of the bank deposits for the year ended 30 June 2011 was ranged from 3.25% to 4.15% (2010: nil) per annum and the contractual maturity of the bank deposits are two years from the placement.

Pledged bank balances and deposits of jointly controlled entities and bank balances and cash

Pledged bank balances and deposits of jointly controlled entities, and bank balances and cash include time deposits of HK$28,896,000 (2010: HK$27,528,000) with maturities range from 1 day to 6 months (2010: 1 day to 6 months) that carry interest at prevailing interest rates range from 0.36% to 3.05% (2010: 0.10% to 2.41%) per annum. Remaining bank balances and cash carried interest at market rates which range from 0.01% to 0.50% (2010: 0.01% to 1.17%) per annum.

The pledged bank balances and deposits of jointly controlled entities were for the purpose of securing banking facilities granted to respective jointly controlled entities of the Group. As at 30 June 2011, other than the amount of approximately HK$28,896,000 (2010: HK$27,528,000) with maturity period of six months, the remaining amount of approximately HK$265,940,000 (2010: HK$94,591,000) was available for use by the jointly controlled entities by servicing notices to relevant banks providing the banking facilities.

Analysis of the Group's proportionate share of bank balances and cash of the Company, its subsidiaries and jointly controlled entities by foreign currencies (i.e. USD and HKD) and functional currency (i.e. RMB):

	2010 *HK$'000*	***2011*** ***HK$'000***
RMB	685,484	**3,208,834**
United States dollars ("USD")	354	**88**
HKD	2,179,195	**3,403**
	2,865,033	**3,212,325**

21. BANK DEPOSITS/PLEDGED BANK BALANCES AND DEPOSITS OF JOINTLY CONTROLLED ENTITIES/BANK BALANCES AND CASH (continued)

The Company

Bank balances and cash include time deposits of HK$60,211,000 (2010: HK$1,992,220,000) with original maturity range from 1 day to 6 months (2010: 1 day to 6 months) that carry interest at prevailing interest rates range from 0.50% to 1.10% (2010: 0.10% to 2.41%) per annum. Remaining bank balances and cash carried interest at market rates which ranged from 0.01% to 0.3% (2010: 0.01% to 1.17%) per annum.

Analysis of the Company's bank balances and cash by foreign currencies (i.e. USD and HKD) and functional currency (i.e. RMB):

	2010 *HK$'000*	***2011*** ***HK$'000***
RMB	92,868	**61,212**
USD	304	**36**
HKD	1,900,878	**516**
	1,994,050	**61,764**

22. INTEREST AND OTHER RECEIVABLES/OTHER RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY

Interest and other receivables

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

	The Group	
	2010 *HK$'000*	***2011*** ***HK$'000***
Interest receivable	2,502	**21,597**
Rental income receivables	985	**-**
Toll revenue receivables	46,132	**62,836**
Others	25,023	**26,629**
Less: Allowance for doubtful debts	(7,303)	**(7,519)**
Total interest and other receivables	67,339	**103,543**

Included in the interest and other receivables are debtors with aggregate carrying amount of HK$1,321,000 (2010: HK$742,000) which are past due within one year for which no impairment loss has been provided. There is no collateral held over these balances.

22. INTEREST AND OTHER RECEIVABLES/OTHER RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY (continued)

Interest and other receivables (continued)

The Group has fully provided for past due receivables that are not expected to be recovered.

Movement in the allowance for doubtful debts

	2010 HK$'000	2011 HK$'000
Balance at beginning of the year	7,279	7,303
Impairment losses reversed on other receivables	(59)	(147)
Exchange adjustments	83	363
Balance at end of the year	7,303	7,519

Allowance for doubtful debts are provided for individually impaired other receivables with a balance of HK$7,519,000 (2010: HK$7,303,000) which have severe financial difficulties. No collateral is held over these balances.

Other receivable from a jointly controlled entity

The other receivable from a jointly controlled entity represented the other receivable from GS Superhighway JV after elimination of the Group's proportionate share of the corresponding amount of the jointly controlled entity. The amount was unsecured, interest-free and fully repaid during the year.

23. SHARE CAPITAL

The Group and the Company

	Number of shares	Nominal amount HK$'000
Ordinary shares of HK$0.1 each		
Authorized:		
As at 1 July 2009, 30 June 2010 and 30 June 2011	10,000,000,000	1,000,000
Issued and fully paid:		
As at 1 July 2009, 30 June 2010 and 30 June 2011	2,961,690,283	296,169

Share option scheme

A share option scheme (the "Option Scheme") was adopted by the Company pursuant to the written resolutions of the then sole shareholder of the Company passed on 16 July 2003 and approved by the shareholders of HHL, at an extraordinary general meeting held on 16 July 2003. The Option Scheme shall be valid and effective for a period of 10 years and the purpose of which is to provide the Company with a means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professionals and other advisers to each member of the Group; (iv) any chief executives, or substantial shareholders of the Company; (v) any associates of director, chief executives, or substantial shareholders of the Company; and (vi) any employees of substantial shareholders of the Company or for such other purposes as the Board of Directors may approve from time to time.

23. SHARE CAPITAL (continued)

Share option scheme (continued)

Share options granted must be taken up within 28 days from the date of the offer letter upon payment of HK$1, payable as consideration on acceptance, which is recognized in profit or loss when received.

The following table discloses the details of share options granted under the Option Scheme by the Company to its directors and employees at nominal consideration:

		Number of shares under options granted						
			Movements during the year			At 30 June 2010		
Date of grant	Subscription price per share HK$	Outstanding at 1 July 2009	Granted	Exercised	Lapsed	Outstanding	Exercisable	Weighted average share price at the date of exercise HK$
17 October 2006	5.858	4,440,000	-	-	-	4,440,000	2,664,000	N/A
19 November 2007	6.746	760,000	-	-	(400,000)	360,000	144,000	N/A
24 July 2008	5.800	400,000	-	-	-	400,000	80,000	N/A
		5,600,000	-	-	(400,000)	5,200,000	2,888,000	
Weighted average exercise price		HK$5.974	N/A	N/A	HK$6,746	HK$5.915	HK$5.901	

		Number of shares under options granted						
			Movements during the year			At 30 June 2011		
Date of grant	Subscription price per share HK$	Outstanding at 1 July 2010	Granted	Exercised	Lapsed	Outstanding	Exercisable	Weighted average share price at the date of exercise HK$
17 October 2006	**5.858**	**4,440,000**	**-**	**-**	**(72,000)**	**4,368,000**	**3,552,000**	**N/A**
19 November 2007	**6.746**	**360,000**	**-**	**-**	**-**	**360,000**	**216,000**	**N/A**
24 July 2008	**5.800**	**400,000**	**-**	**-**	**-**	**400,000**	**160,000**	**N/A**
		5,200,000	**-**	**-**	**(72,000)**	**5,128,000**	**3,928,000**	
Weighted average exercise price		**HK$5.915**	**N/A**	**N/A**	**HK$5.858**	**HK$5.916**	**HK$5.905**	

23. SHARE CAPITAL (continued)

Share option scheme (continued)

The followings are the particulars of share options granted under Option Scheme:

Date of Grant	*Number of share options*	*Vesting period*	*Exercisable period*	*Exercise price per share HK$*
17 October 2006	1,240,000	1 December 2006 to 30 November 2007	1 December 2007 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2008	1 December 2008 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2009	1 December 2009 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2010	1 December 2010 to 30 November 2013	5.858
17 October 2006	1,240,000	1 December 2006 to 30 November 2011	1 December 2011 to 30 November 2013	5.858
19 November 2007	152,000	19 November 2007 to 30 November 2008	1 December 2008 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2009	1 December 2009 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2010	1 December 2010 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2011	1 December 2011 to 30 November 2014	6.746
19 November 2007	152,000	19 November 2007 to 30 November 2012	1 December 2012 to 30 November 2014	6.746
24 July 2008	160,000	1 August 2008 to 31 July 2009	1 August 2009 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2010	1 August 2010 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2011	1 August 2011 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2012	1 August 2012 to 31 July 2015	5.800
24 July 2008	160,000	1 August 2008 to 31 July 2013	1 August 2013 to 31 July 2015	5.800

Share option expenses charged to the profit or loss are based on valuation determined using the Binomial model. Share options granted were valued based on the following assumptions:

Date of grant	*Number of options granted*	*Fair values of options granted HK$*	*Closing share price at date of grant HK$*	*Exercise price HK$*	*Expected volatility*	*Option life*	*Risk-free rate*	*Expected dividend yield*	*Suboptimal exercise factor*
17 October 2006	6,200,000	5,814,000	5.70	5.858	23.00%	7 years	3.969%	4.75%	2
19 November 2007	760,000	705,000	6.55	6.746	23.83%	7 years	3.330%	5.78%	2
24 July 2008	800,000	843,000	5.80	5.800	25.94%	7 years	3.600%	4.66%	1.31

23. SHARE CAPITAL (continued)

Share option scheme (continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioural considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

The Group recognised the total expense of HK$162,000 for the year (2010: HK$140,000) in relation to share options granted.

24. SHARE PREMIUM AND RESERVES

The Company

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 30 June 2011, the Company's reserves available for distribution to its shareholders amounting to approximately HK$5,688,300,000 (2010: HK$6,079,188,000), comprising retained profits of approximately HK$745,376,000 (2010: HK$1,136,264,000) and share premium of approximately HK$4,942,924,000 (2010: HK$4,942,924,000).

	Share premium HK$'000	*Translation reserve HK$'000*	*Share option reserve HK$'000*	*Retained profits HK$'000*	*Total HK$'000*
As at 1 July 2009	4,942,924	(11,675)	4,574	1,054,853	5,990,676
Exchange gain on translation to presentation currency	-	61,681	-	-	61,681
Profit for the year	-	-	-	1,117,925	1,117,925
Total comprehensive income for the year	-	61,681	-	1,117,925	1,179,606
Recognition of equity-settled share-based payments	-	-	140	-	140
Forfeiture of vested share options	-	-	(78)	78	-
Dividends recognized as distribution during the year *(note 11)*	-	-	-	(1,036,592)	(1,036,592)
As at 30 June 2010	**4,942,924**	**50,006**	**4,636**	**1,136,264**	**6,133,830**
Exchange gain on translation to presentation currency	**-**	**282,513**	**-**	**-**	**282,513**
Profit for the year	**-**	**-**	**-**	**527,236**	**527,236**
Total comprehensive income for the year	**-**	**282,513**	**-**	**527,236**	**809,749**
Recognition of equity-settled share-based payments	**-**	**-**	**162**	**-**	**162**
Dividends recognized as distribution during the year *(note 11)*	**-**	**-**	**-**	**(918,124)**	**(918,124)**
As at 30 June 2011	**4,942,924**	**332,519**	**4,798**	**745,376**	**6,025,617**

25. BANK AND OTHER LOANS OF JOINTLY CONTROLLED ENTITIES/BANK LOAN OF THE GROUP

Bank and other loans of jointly controlled entities

The following is an analysis of the Group's proportionate share of bank and other loans of jointly controlled entities at the end of the reporting period:

	The Group	
	2010	2011
	HK$'000	HK$'000
Bank loans of the jointly controlled entities proportionately shared by the Group, secured	5,910,165	6,173,600
Other loan of the jointly controlled entities proportionately shared by the Group, unsecured	5,782	6,536
	5,915,947	6,180,136
The borrowings are repayable as follows:		
Within one year	650,867	292,095
In the second year	290,225	375,182
In the third to fifth years inclusive	1,202,798	1,321,242
After five years	3,772,057	4,191,617
	5,915,947	6,180,136
Less: Amounts due for settlement within one year (shown under current liabilities)	(650,867)	(292,095)
Amounts due for settlement after one year	5,265,080	5,888,041

Analysis of the Group's proportionate share of borrowings of jointly controlled entities by foreign currencies (i.e. USD and HKD) and functional currency (i.e. RMB):

	2010			
	USD loans	HKD loan	RMB loans	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	2,665,538	320,225	2,924,402	5,910,165
Other loan	-	-	5,782	5,782
	2,665,538	320,225	2,930,184	5,915,947

	2011			
	USD loans	HKD loan	RMB loans	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Bank loans	2,498,140	306,011	3,369,449	6,173,600
Other loan	-	-	6,536	6,536
	2,498,140	306,011	3,375,985	6,180,136

25. BANK AND OTHER LOANS OF JOINTLY CONTROLLED ENTITIES/BANK LOAN OF THE GROUP (continued)

Bank and other loans of jointly controlled entities (continued)

As at 30 June 2011, the Group's proportionate share of floating rate bank loans of jointly controlled entities of approximately HK$6,173,600,000 (2010: HK$5,910,165,000) carries interest at prevailing commercial lending rate. The effective interest rates for bank loans for the year were ranged from 0.75% to 6.80% (2010: 0.75% to 5.35%) per annum.

As at 30 June 2011, the Group's proportionate share of other loan of a jointly controlled entity of approximately HK$6,536,000 (2010: HK$5,782,000) is interest-free and repayable at the end of the operation period of the GS Superhighway JV (i.e. June 2027) ("GS interest-free loan") with a principal amount of approximately RMB16,720,000. The effective interest rate adopted for measurement at fair value at initial recognition of the interest-free loan is 6.75%.

Bank loan of the Group

The bank loan of the Group amounting to HK$24,700,000 (2010: nil), denominated in HKD, is unsecured, carries interest at prevailing commercial lending rate and repayable within twelve months from the end of the reporting period. The effective interest rates for bank loans for the year were ranged from 0.62% to 0.70% (2010: nil) per annum.

As at 30 June 2011, the Group has available unutilised banking facilities of HK$225,300,000 (2010: HK$3,600,000,000).

26. BALANCES WITH JOINT VENTURE PARTNERS

	2010 *HK$'000*	***2011*** ***HK$'000***
Registered capital contributions made by the PRC joint venture partner of:		
West Route JV	177,376	**232,381**
Amounts due to the PRC joint venture partners:		
Payable to the PRC joint venture partner of GS Superhighway JV	10,323	**-**
Loan made by the PRC joint venture partner of West Route JV	361,305	**-**
	371,628	**-**
	549,004	**232,381**

The total balances represent the Group's proportionate share of registered capital contributions made to a jointly controlled entity by the PRC joint venture partner and amounts due to the PRC joint venture partners.

26. BALANCES WITH JOINT VENTURE PARTNERS (continued)

The registered capital contributions with principal amount of RMB1,647,500,000 (2010: RMB1,347,500,000) made by the PRC joint venture partner to West Route JV are interest-free and the repayments of registered capital contributions during the relevant terms of the joint venture are required to be approved by the board of directors of West Route JV. At the expiry dates of the relevant joint venture periods, any remaining registered capital contributions will have to be repaid to the PRC joint venture partner. The directors of the Company estimated that the repayment would be made at the expiry dates of the relevant joint venture periods. The effective interest rate adopted for measurement at fair value at initial recognition of the registered capital contribution made by joint venture partner to West Route JV ranged from 4.67% to 7.05% (2010: 4.67% to 7.05%).

The payable to the PRC joint venture partner of GS Superhighway JV was unsecured, interest-free and fully repaid during the year.

The loan made by the PRC joint venture partner of West Route JV was unsecured, carried interest at prevailing commercial lending rate and fully repaid during the year. The interest rate for the year was 4.78% (2010: 4.78%) per annum.

27. CORPORATE BONDS

The corporate bonds are unsecured. The corporate bonds with principal amounts of RMB1,380,000,000 (approximately HK$1,661,520,000) and RMB600,000,000 (approximately HK$722,400,000) which are due on 13 July 2012 and 18 May 2014, carry interest at fixed rate of 2.98% and 1.55% per annum, respectively.

28. RESURFACING OBLIGATIONS

The balances represent the Group's proportionate share of resurfacing obligations of the jointly controlled entities under the service concession arrangements.

The Group

	HK$'000
As at 1 July 2009	36,600
Exchange adjustments	834
Addition to provision in the year	9,571
Utilization of resurfacing obligations	(18,995)
As at 30 June 2010	**28,010**
Exchange adjustments	**3,342**
Addition to provision in the year	**21,166**
As at 30 June 2011	**52,518**

The resurfacing obligations represent the management's estimation of the Group's proportionate share on the obligations of the resurfacing work to be provided by the jointly controlled entities of the Group on an approximate twelve year cycle. The balances will be discharged after twelve months from the end of the reporting period and therefore is classified as non-current liabilities.

29. DEFERRED TAX LIABILITIES

The deferred tax liabilities (assets) represent the Group's proportionate share of such liabilities (assets) of the jointly controlled entities. The major components and movements in the deferred tax liabilities (assets) are as follows:

	The Group					
	Accelerated tax depreciation HK$'000	Resurfacing obligations HK$'000	Other deductible temporary differences HK$'000	Tax losses HK$'000 (Note)	Undistributed earnings of PRC jointly controlled entities HK$'000	Total HK$'000
As at 1 July 2009	273,647	(73,950)	(3,240)	-	123,850	320,307
Exchange adjustments	2,010	(848)	(37)	-	1,420	2,545
Charge (credit) to profit or loss (note 8)	15,804	(578)	(10,265)	-	(2,303)	2,658
As at 30 June 2010	**291,461**	**(75,376)**	**(13,542)**	**-**	**122,967**	**325,510**
Exchange adjustments	**13,281**	**(3,747)**	**(673)**	**-**	**9,009**	**17,870**
Charge (credit) to profit or loss (note 8)	**19,585**	**(588)**	**(3,547)**	**(9,247)**	**32,450**	**38,653**
As at 30 June 2011	**324,327**	**(79,711)**	**(17,762)**	**(9,247)**	**164,426**	**382,033**

Note: At 30 June 2011, deferred tax asset has been recognised in respect of the Group's proportionate share of the unused tax losses available to offset against future profits amounting to approximately HK$38,528,000 (2010: nil). The losses will expire on 31 December 2016.

30. PROVISION, OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

The Group

The provision, other payables, accruals and deposits received represent provision for compensation payable, construction payables, and accrued charges on payroll and utility expenses.

The Company

The provision, other payables and accruals represent mainly accrued charges on utility expenses.

31. BALANCE WITH A JOINTLY CONTROLLED ENTITY

The balance with a jointly controlled entity represents the loans made by GS Superhighway JV to West Route JV after elimination of the Group's proportionate share of the corresponding amounts of the jointly controlled entities. The amount is unsecured, carries interests at prevailing commercial lending rate and repayable within twelve months from the end of the reporting period. The interest rate for the year ranged from 5.45% to 5.68% (2010: nil) per annum.

32. 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 maximizing the return to owners through the optimization 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 bank and other loans of jointly controlled entities and corporate bonds disclosed in notes 25 and 27, respectively, equity attributable to owners of the Company, comprising issued capital, share premium, retained profits and other reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company 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 of the Company monitors the utilization of bank borrowings and ensures full compliance with loan covenants during the year.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		*The Company*	
	2010	***2011***	*2010*	***2011***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
Financial assets				
Loans and receivables including cash and cash equivalents	3,147,020	4,442,635	4,046,146	6,170,447
Financial liabilities				
Amortized cost	7,241,522	9,635,583	4,742	2,413,188

(b) Financial risk management objectives

The directors of the Company 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 analyze 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 of the Company 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.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(i) Foreign currency risk management

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

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities of the Group and its jointly controlled entities, and the Company at the end of the reporting period are as follows:

The Group

	Assets		*Liabilities*	
	2010	***2011***	*2010*	***2011***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
USD	354	**88**	2,666,306	**2,498,651**
HKD	2,181,280	**6,396**	328,814	**315,445**

The Company

	Assets		*Liabilities*	
	2010	***2011***	*2010*	***2011***
	HK$'000	***HK$'000***	*HK$'000*	***HK$'000***
USD	304	**36**	–	**-**
HKD	3,952,939	**1,852,142**	4,737	**4,992**

The Group and its jointly controlled entities, and the Company currently do not have a foreign currency hedging policy in respect of foreign currency exposure.

Sensitivity analysis

The foreign currency risk of the Group and its jointly controlled entities, and the Company is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and jointly controlled entities as at 30 June 2011, against USD and HKD. The following sensitivity analysis includes currency risk related to USD and HKD denominated monetary items of the Company, the subsidiaries and the Group's jointly controlled entities. The sensitivity analysis of the Group also includes currency risk exposure on inter-company balances.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(i) Foreign currency risk management (continued)

Sensitivity analysis (continued)

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.

The Group

	2010		2011	
	RMB strengthen (weaken)	Increase (decrease) in profit before tax HK$'000	RMB strengthen (weaken)	Increase (decrease) in profit before tax HK$'000
USD	5%	133,298	5%	124,928
	(5%)	(133,298)	(5%)	(124,928)
HKD	5%	(99,747)	5%	14,700
	(5%)	99,747	(5%)	(14,700)

The Company

	2010		2011	
	RMB strengthen (weaken)	Increase (decrease) in profit before tax HK$'000	RMB strengthen (weaken)	Increase (decrease) in profit before tax HK$'000
USD	5%	(15)	5%	(2)
	(5%)	15	(5%)	2
HKD	5%	(197,410)	5%	(92,358)
	(5%)	197,410	(5%)	92,358

(ii) Interest rate risk management

The interest rate risk of the Group and its jointly controlled entities relates primarily to variable rate bank loans of the Group and its jointly controlled entities, and bank deposits (2010: variable rate bank loans of its jointly controlled entities, and bank balances, and deposits of the Group and its jointly controlled entities). The Group and its jointly controlled entities manage its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flow of the operations and the debt markets, when considered appropriate, the Group would refinance these borrowings with instruments with a lower cost.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

The Group and the Company are exposed to fair value interest risk in relation to fixed rate corporate bonds, with details as set out in note 27. Management continues to monitor the fair value interest rate exposure of the Group and the Company.

Sensitivity analysis

The sensitivity analyzes below have been determined based on the exposure to interest rates in relation to the variable rate bank loans of the Group and its jointly controlled entities, and bank deposits (2010: variable rate bank loans of the jointly controlled entities, and bank balances and deposits of the Group and its jointly controlled entities) at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. The 50 (2010: 100) basis point increase or decrease represents management's assessment of the reasonably possible changes in interest rate.

The Group

If interest rate had been 50 (2010: 100) basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 30 June 2011, after considering the impact of interest capitalization, would decrease/increase by HK$27,040,000 (2010: HK$32,834,000).

(iii) Credit risk management

The Group

The Group's credit risk is primarily attributable to its balance with a jointly controlled entity, interest and other receivables, other receivable from a jointly controlled entity, bank balances and deposits, and cash.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has significant concentration of credit risk in its balance with a jointly controlled entity. The management of the Company is responsible to exercise the joint control on the financial and operating activities of the jointly controlled entities with the joint venture partners to ensure the jointly controlled entities maintaining favorable financial position in order to reduce such credit risk.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(iii) Credit risk management (continued)

The Group (continued)

In addition, the management of the Company and the respective jointly controlled entities are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts, in order to minimize 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 losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk in its interest and other receivables as 57% (2010: 61%) of the interest and other receivables was due from one (2010: one) major debtor as at 30 June 2011. However, the credit risk on that debtor is limited since the debtor has good repayment history.

The pledged bank balances and deposits, and the bank balances and cash of the Group and its jointly controlled entities are concentrated on certain counterparties and the credit risk on liquid funds is limited because the counterparties are certain state-owned banks in the PRC.

The Company

The Company's credit risk is primarily attributable to amounts due from subsidiaries. The Company has concentration of risk as 51% (2010: 77%) of total amounts due from subsidiaries represented the two largest amounts due from subsidiaries. The credit risk is limited because the subsidiaries are under the same management of the Company with some financial risk management policies.

The bank balances and cash of the Company are concentrated on certain counterparties and the credit risk on liquid funds is limited because the counterparties are banks with good reputation.

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

(iv) Liquidity risk management

The Group's treasury activities are centralized to achieve better risk control and minimize the cost of funds. Cash is generally placed in short-term deposits mostly denominated in RMB or HKD. 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.

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on undiscounted cash flows of financial liabilities (including interest payments computed using contractual rates or, if floating, based on rate current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

	Interest rate %	*Repayable on demand HK$'000*	*Less than 1 year HK$'000*	*1-2 years HK$'000*	*3-5 years HK$'000*	*After 5 years HK$'000*	*Total undiscounted cash flows HK$'000*	*Carrying amounts HK$'000*
2010								
Other payables, accruals and deposits received	-	771,363	-	-	-	-	771,363	771,363
Balance with a joint venture partner (note)	-	-	-	-	-	772,791	772,791	177,376
Other interest payable	-	5,208	-	-	-	-	5,208	5,208
Bank and other loans of jointly controlled entities	1.04 - 5.35	-	812,732	448,639	1,627,136	4,394,428	7,282,935	5,915,947
Balances with joint venture partners	4.78	-	380,958	-	-	-	380,958	371,628
		776,571	1,193,690	448,639	1,627,136	5,167,219	9,213,255	7,241,522

	Interest rate %	*Repayable on demand HK$'000*	*Less than 1 year HK$'000*	*1-2 years HK$'000*	*3-5 years HK$'000*	*After 5 years HK$'000*	*Total undiscounted cash flows HK$'000*	*Carrying amounts HK$'000*
2011								
Other payables, accruals and deposits received		767,064	-	-	-	-	767,064	767,064
Balance with a joint venture partner (note)	-	-	-	-	-	991,795	991,795	232,381
Other interest payable		30,984	-	-	-	-	30,984	30,984
Bank and other loans of jointly controlled entities	0.75 - 6.80	-	506,366	601,425	1,942,498	5,052,742	8,103,031	6,180,136
Bank loans of the Group	0.62 - 0.70	24,700	-	-	-	-	24,700	24,700
Corporate bonds	1.55 - 2.98	-	60,877	1,674,480	732,278	-	2,467,635	2,383,920
Balance with a jointly controlled entity	5.45 - 5.68	-	17,091	-	-	-	17,091	16,398
		822,748	584,334	2,275,905	2,674,776	6,044,537	12,402,300	9,635,583

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives (continued)

(iv) Liquidity risk management (continued)

The Company

	Interest rate %	Repayable on demand HK$'000	Less than 1 year HK$'000	1-2 year HK$'000	3-5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2010								
Other payables and accruals	-	4,004	-	-	-	-	4,004	4,004
Amounts due to subsidiaries	-	738	-	-	-	-	738	738
		4,742	-	-	-	-	4,742	4,742

	Interest rate %	Repayable on demand HK$'000	Less than 1 year HK$'000	1-2 year HK$'000	3-5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
2011								
Other payables and accruals	-	4,417	-	-	-	-	4,417	4,417
Other interest payable	-	24,276	-	-	-	-	24,276	24,276
Amounts due to subsidiaries	-	575	-	-	-	-	575	575
Corporate bonds	1.55 - 2.98	-	60,877	1,674,480	732,278	-	2,467,635	2,383,920
Financial guarantee contracts	-	24,700	-	-	-	-	24,700	-
		53,968	60,877	1,674,480	732,278	-	2,521,603	2,413,188

Note: The repayment of balance with a joint venture partner is subject to the availability of cash flows and consensus of all joint venture partners. Hence, the maturities of the undiscounted cashflows of balance with a joint venture partner are based on the estimated future cash flows of the jointly controlled entity.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

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

Except that the fair values of the non-current balance with a jointly controlled entity (with carrying amount of HK$232,440,000 (2010: HK$177,430,000)) and non-current balance with a joint venture partner (with carrying amount of HK$232,381,000 (2010: HK$177,376,000)) as at 30 June 2011 were approximately HK$261,562,000 (2010: HK$222,896,000) and HK$261,562,000 (2010: HK$222,896,000), respectively, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortized costs in the consolidated financial statements approximate their fair values.

34. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group

The Group's total assets less current liabilities as at 30 June 2011 amounted to approximately HK$17,813,434,000 (2010: HK$14,147,974,000). The Group's net current assets as at 30 June 2011 amounted to approximately HK$2,328,083,000 (2010: HK$1,089,395,000).

The Company

The Company's total assets less current liabilities as at 30 June 2011, amounted to approximately HK$8,705,706,000 (2010: HK$6,429,999,000). The Company's net current assets as at 30 June 2011 amounted to approximately HK$4,981,709,000 (2010: HK$3,324,244,000).

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains the particulars of the subsidiaries of the Company at 30 June 2011 and 2010 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 any loan capital outstanding during the year or at the end of the year.

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

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

36. MAJOR NON-CASH TRANSACTION

During the year ended 30 June 2010 and 30 June 2011, construction costs of HK$419,025,000 and HK$327,897,000 respectively included by the Group in the proportionate share were unpaid and accrued in other payables, accruals and deposits received at the end of the reporting period.

During the year ended 30 June 2011, the jointly controlled entities of the Group provided construction service for the toll expressways of HK$1,536,527,000 (2010: HK$1,520,870,000) in return for the concession intangible assets.

37. OPERATING LEASES

The Group as lessee

	2010 HK$'000	2011 HK$'000
Minimum lease payments paid under operating lease during the year:		
Premises	1,445	1,445

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

	2010 HK$'000	2011 HK$'000
Within one year	1,445	-

Leases are negotiated for a lease term of 1 to 2 years with fixed rentals.

38. CAPITAL COMMITMENTS

As at 30 June 2011, the Group had agreed, subject to approval of relevant authorities, to make additional capital contributions to West Route JV for development of Phase II West of approximately RMB402,500,000 (2010: RMB402,500,000).

As at 30 June 2011, the Group had outstanding commitments to make capital contributions to West Route JV for development of Phase III West of approximately RMB484,000,000 (2010: RMB784,000,000).

As at 30 June 2011, GS Superhighway JV and West Route JV had outstanding commitments 48% and 50% proportionately shared by the Group respectively in respect of the acquisition of property and equipment, and construction of Phase III West contracted but not provided for totalling approximately HK$1,098,579,000 (2010: HK$1,331,155,000).

39. PLEDGE OF ASSETS

As at 30 June 2011, certain assets of the jointly controlled entities of the Group were pledged to banks to secure banking facilities granted to the jointly controlled entities. The carrying amounts of these assets proportionately shared by the Group are analyzed as follows:

	The Group	
	2010 HK$'000	2011 HK$'000
Concession intangible assets	6,858,629	7,315,492
Property and equipment	164,119	188,402
Inventories	1,877	2,159
Interest and other receivables, and deposits and prepayments	63,003	57,064
Bank balances and deposits	122,119	294,836
	7,209,747	7,857,953

In addition to the above, 100% of the toll collection rights of GS Superhighway and Phase II West, and 53.4% of the toll collection right of Phase I West were pledged to banks to secure banking facilities granted to the respective jointly controlled entities.

40. RELATED PARTY TRANSACTIONS

Amounts due by and from related parties are disclosed in the consolidated statement of financial position and relevant notes. During the year ended 30 June 2011, the Group paid rentals, air-conditioning, management fee and car parking charges to a fellow subsidiary amounting to approximately HK$1,835,000 (2010: HK$1,771,000).

The Group's jointly controlled entities had the following significant transactions with their joint venture partners other than the Group during the year:

Relationship	*Nature of transaction*	*2010 HK$'000*	*2011 HK$'000*
Joint venture partner of the GS Superhighway JV	Reimbursement of operating expenses	1,738	**2,050**
	Dividend paid and payable	1,395,598	**700,461**
Joint venture partner of the West Route JV	Dividend paid and payable	28,295	**-**

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

Compensation of key management personnel

The remuneration of key management personnel who are all directors of the Company is disclosed in note 10.

41. GUARANTEE

As at 30 June 2011, the revolving credit facilities of the Company's wholly-owned subsidiary in the aggregate amount of HK$250,000,000 (2010: HK$3,600,000,000) are guaranteed by the Company. The Company controls the utilization of the facilities. As at 30 June 2011, the subsidiary had utilized part of such facilities of HK$24,700,000 (2010: nil).

42. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements on page 64 to 116 were approved and authorized for issue by the Board of Directors on 25 August 2011.

Glossary

"Award Scheme"	the share award scheme adopted by the Board on 25 January 2007
"Board"	the Board of Directors of the Company
"CG Code"	the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules
"Company" or "HHI"	Hopewell Highway Infrastructure Limited
"Coastal Expressway"	Guangzhou-Shenzhen Coastal Expressway
"Director(s)"	Director(s) of the Company
"DPS"	Dividend per share
"DTT"	Messrs. Deloitte Touche Tohmatsu
"EBIT"	Earnings before interest and tax
"EBITDA"	Earnings before interest, taxation, depreciation and amortization
"EPS"	Earnings per share
"ESW Ring Road"	Guangzhou East-South-West Ring Road
"FY07"	the financial year ended 30 June 2007
"FY08"	the financial year ended 30 June 2008
"FY09"	the financial year ended 30 June 2009
"FY10"	the financial year ended 30 June 2010
"FY11"	the financial year ended 30 June 2011
"FY12"	the financial year ending 30 June 2012
"GDP"	Gross Domestic Product
"GPCG"	Guangdong Provincial Communication Group Company Limited 廣東省交通集團有限公司
"Group"	the Company and its subsidiaries
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GS Superhighway JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture company established for the GS Superhighway
"HHL"	Hopewell Holdings Limited
"HHL Group"	HHL and its subsidiaries
"HHL Shares"	Ordinary shares of HK$2.50 each in the capital of HHL
"HK$" or "HK Dollar"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Hong Kong Government"	the Government of Hong Kong
"HZM Bridge"	the Hong Kong-Zhuhai-Macau Bridge

"JCE/JCEs"	the jointly controlled entity/entities
"km"	kilometre
"Lady WU"	Lady WU Ivy Sau Ping KWOK
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of PRC
"Mainland China"	PRC excluding Hong Kong and Macau
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MPF Scheme"	the mandatory provident fund scheme set up by the Group
"Nan Yue"	Guangdong Nan Yue Logistics Company Limited
"Phase I West"	Phase I of Western Delta Route
"Phase II West"	Phase II of Western Delta Route
"Phase III West"	Phase III of Western Delta Route
"PRC" or "China"	the People's Republic of China
"PRD"	Pearl River Delta
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Sir Gordon WU"	Sir Gordon Ying Sheung WU
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US" or "USA" or "United States"	the United States of America
"US$" or "US Dollar"	United States Dollars, the lawful currency of the United States
"West Route JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the Western Delta Route
"West Route PRC Partner"	Guangdong Provincial Highway Construction Company Limited 廣東省公路建設有限公司
"Western Delta Route"	the route for a network of toll expressways comprising Phase I West, Phase II West and Phase III West
"YoY"	year-on-year

Board of Directors

Sir Gordon Ying Sheung WU GBS, KCMG, FICE
Chairman
Mr. Eddie Ping Chang HO
Vice Chairman
Mr. Thomas Jefferson WU*
Managing Director
Mr. Alan Chi Hung CHAN
Deputy Managing Director
Mr. Cheng Hui JIA
Mr. Alan Ming Fai TAM
Mr. Philip Tsung Cheng FEI#
Mr. Kojiro NAKAHARA#
Dr. Gordon YEN#
Professor Chung Kwong POON# GBS, JP
Mr. Yuk Keung IP#
Mr. Brian David Man Bun LI#

* *Also as Alternate Director to Sir Gordon Ying Sheung WU*
\# *Independent Non-Executive Directors*

Audit Committee

Mr. Philip Tsung Cheng FEI
Chairman
Mr. Kojiro NAKAHARA
Dr. Gordon YEN
Mr. Yuk Keung IP
Mr. Brian David Man Bun LI

Remuneration Committee

Professor Chung Kwong POON GBS, JP
Chairman
Mr. Alan Chi Hung CHAN
Dr. Gordon YEN

Company Secretary

Mr. Richard Cho Wa LAW

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
Wanchai, Hong Kong
Tel: (852) 2528 4975
Fax: (852) 2861 0177

Solicitors

Woo, Kwan, Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Listing Information

The Stock Exchange of Hong Kong Limited
Ordinary Shares (Stock Code: 737)

Principal Bankers+

Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
BNP Paribas
China CITIC Bank Corporation Limited
China Development Bank
China Everbright Bank Corporation Limited
Guangdong Development Bank Co., Limited
Industrial and Commercial Bank of China Limited
Shenzhen Development Bank Co., Limited
Sumitomo Mitsui Banking Corporation
Zhanjiang City Commercial Bank Co., Limited

\+ *names are in alphabetical order*

Cayman Islands Share Registrar and Transfer Office

HSBC Trustee (Cayman) Limited
P.O. Box 484
HSBC House
68 West Bay Road
Grand Cayman
Cayman Island KY1-1116

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, Wanchai, 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

Investor Relations Manager
Tel: (852) 2863 4340
Fax: (852) 2861 2068
Email: ir@hopewellhighway.com

Website

www.hopewellhighway.com

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

Financial Calendar

Interim results announcement	24 February 2011
Ex-dividend Date	9 March 2011
Closure of Register of Members	11 March 2011
Interim dividend paid *(HK16 cents per share)*	17 March 2011
Final results announcement	25 August 2011
Closure of Register of Members	13 October 2011 to 20 October 2011 (both days inclusive)
Annual General Meeting	20 October 2011
Ex-dividend Date	24 October 2011
Closure of Register of Members	26 October 2011
Proposed final dividend payable# *(HK18 cents per share)*	2 November 2011

Subject to approval by shareholders at the Annual General Meeting to be held on 20 October 2011

HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

ROOM 63-02, 63rd FLOOR,
HOPEWELL CENTRE
183 QUEEN'S ROAD EAST
WANCHAI, HONG KONG
TEL: (852) 2528 4975
FAX: (852) 2861 0177
www.hopewellhighway.com

HHI Promotes Low-Carbon Operations and the Use of EVs

We adopt various measures to reduce energy consumption in the daily operations of our expressways and we are actively looking into the possibility of installing charging facilities for electric vehicles along our expressways to support the national policy of promoting the use of environmental friendly electric vehicles.

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